The County of Erie, New York

Four-Year Financial Plan: FY2006 - FY2009

Transmitted by

The Honorable Joel A. Giambra

Erie County Executive

to

The Erie County Fiscal Stability Authority

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I. SUMMARY OF FINANCIAL CHALLENGES & APPROACH TO RECOVERY

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The County Government's Financial Challenges

Despite the County of Erie's many strengths, it has struggled to adapt to economic change over the last half century. The Giambra Administration took office seeking to reverse this course, aiming to create an environment conducive to expanded private investment and quality of life by improving the County's infrastructure and reducing the cost of government through local government merger and tax reductions.

There have been successes. The County's employees have moved to a single healthcare provider. A modern financial management system is being put in place. Eying regionalism, the County assumed responsibility for City of Buffalo parks assets, and has entered into an agreement with a non-profit organization to operate them. The County Government has invested heavily in its roads, public buildings, and other capital assets, while maintaining a moderate debt burden. Using 2003 data, out of nine New York counties used in a comparison, seven had higher debt service as a percent of total expenditures than did Erie County (2.5 percent), while five counties had outstanding debt per capita higher than Erie County ($489).[1]

Such achievements noted, the County Government faces severe financial challenges which quick fixes cannot overcome. The first step to recovery is to acknowledge these challenges. Eager to reduce the price of government, the County cut property taxes 35 percent at the beginning of the decade, only to be swept over by a tide of swelling employee costs, the Medicaid burden, the effects of a sluggish economy upon sales tax revenues, and lost opportunities for efficiencies due to the slow pace of organization change, particularly with respect to the County's Government's desire for greater regionalization. Medicaid spending as a share of the County's General Fund budget climbed from 17.4 percent in 1993 to 22.1 percent in 2003, at a cost to Erie County of $91.8 million.

When anticipated revenues and savings did not materialize, the County did not make enough difficult decisions to financially right itself. Until 2005, potential gains in revenue associated with an increase in property values were offset by a policy of reducing the tax rate to hold the total levy flat, even as the County's costs grew. The County's property tax policy has put hundreds of dollars back into the pockets of Erie County's taxpayers, but at the cost of depleting too much of the County's most stable, predictable revenue source.

A structural fiscal imbalance – an excess of recurring expenditures over recurring revenues – has ballooned in size over the decade. The County's operating deficits have climbed from $10 million in FY2001 to $39.9 million in FY2002, $44.1 million in FY2003, and $100 million in FY2004. Estimates of this fiscal gap reached as high as $118.4 million in FY2005 and $278.9

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[1] Counties are Albany, Dutchess, Erie, Genesee, Monroe, Nassau, Niagara, Onandaga, Suffolk. Source: 2005 Annual Report of Local Governments by the Office of the New York State Comptroller. The County's debt is described more fully in Financing Chapter of this Four-Year Plan.

million by FY2009, as identified by the Office of the New York State Comptroller.[2] Over $346 million in one-time measures have been used to bridge this gap, including the draw down of over $200 million in fund balance, the use of nearly $60 million in tobacco securitization proceeds, and $85 million from the transfer of the Erie County Medical Center, as well as a heavy reliance on expanding cash flow borrowings.

Over the last year, the County experienced a series of rating downgrades by firms which analyze the County Government's credit, Moody's and Fitch. Erie County's credit ratings have fallen from a high investment grade of A2/AA- in June 2004 to Baa3/BBB- in June 2005, the lowest investment grade ratings. Further downgrades will cause the County Government's rating to fall below investment grade. Erie County would then become the only major county in this country to be labeled with "junk bond status," adversely impacting the County's cost of borrowing and jeopardizing the County Government's ability to continue long term financings of important capital projects, as well as seasonal cash flow financings.

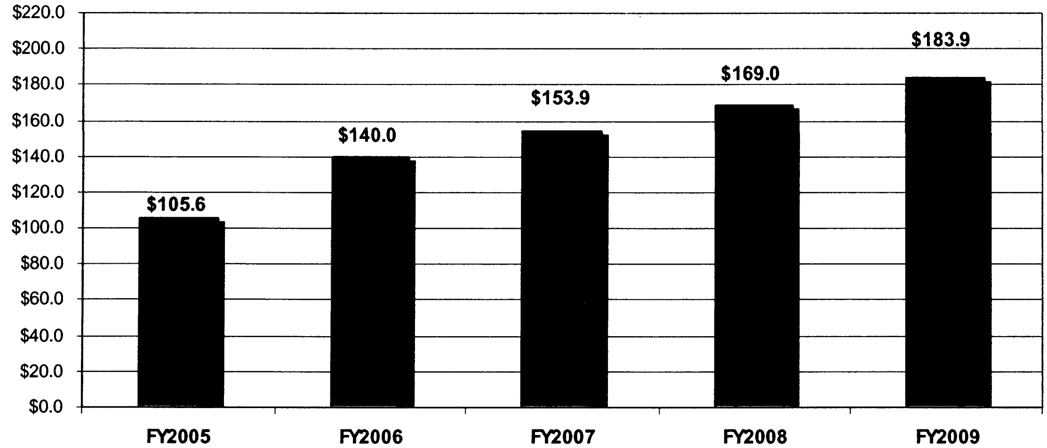
In March 2005, the County undertook a sweeping round of layoffs, which reduced the workforce by 1,130 full-time employees. This was followed by the adoption of a 0.25 percent Sales Tax increase, expected to generate $15.4 million in revenue in FY2005, and $31.6 million in FY2006. In July, the State of New York promulgated a statute creating the Erie County Fiscal Stability Authority ("ECFSA" or "Authority"). Fitch then adjusted its negative outlook on the County's credit to a stable outlook, albeit still at Fitch's lowest investment grade rating. Also in July, the County undertook a transaction to free $108.0 million in tobacco securitization proceeds for use in closing its FY2005 gap, meeting its cash flow needs through early 2006, and providing about $18.0 million in funding for capital projects.

Through this combination of measures, the County will balance its budget in FY2005. But meeting the immediate budget need does not suggest that a permanent solution has been found -- far from it. Before factoring in the effects of the 2005 0.25 percent Sales Tax increase, the County Executive and County Comptroller, with technical assistance provided by consultants of the Authority, have projected a fiscal gap for FY2006 of $140.0 million if corrective action is not taken. This gap is projected to reach $183.9 million by FY2009. The Fiscal Gap chapter of the Four-Year Plan expands upon this projected gap, as well as a number of financial risks facing Erie County.

The statute authorizing the creation of ECFSA requires that the County adopt a Four-Year Financial Plan for FY2006, and subsequent years, which is to be reviewed and ultimately approved by the ECFSA. Aiming to reduce the County's reliance on one-time measures to meet immediate budget needs, the FY2006 Four-Year Plan is to identify sufficient recurring savings and revenues to close 10 to 15 percent of the $118.4 million gap identified by the Office of the New York State Comptroller in FY2005 (a minimum of $11.8 million), and increasing shares of the fiscal gap in future years.

[2] Office of the New York State Comptroller, Division of Local Government Services & Economic Development, *Budget Review Erie County*, June 2005.

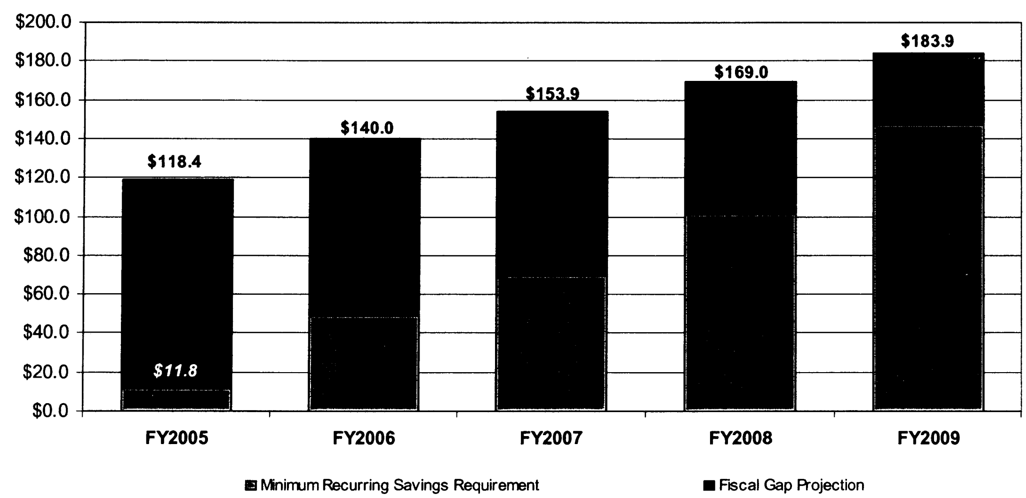
ERIE COUNTY GOVERNMENT'S PROJECTED FISCAL GAP
(In $ Millions, As of August 2005)



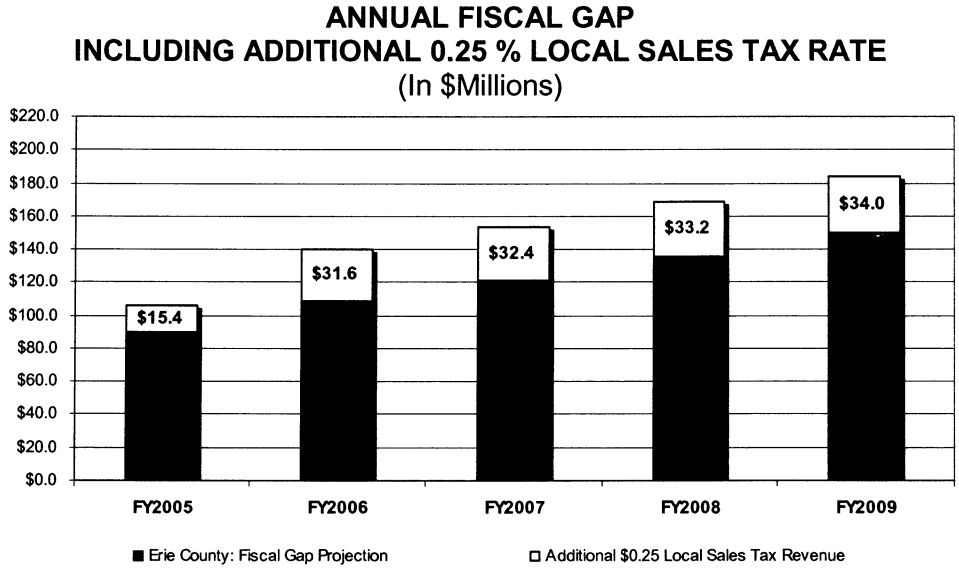
The FY2006 Four-Year Financial Plan, like the FY2005 Four-Year Plan to be adopted, will identify new sources of recurring revenues and savings to close the projected fiscal gap:

- FY2006: at least 35 percent of the gap to be closed by recurring savings and revenues ($49.0 million)
- FY2007: minimum 45 percent closed by recurring savings and revenues ($69.2 million)
- FY2008: recurring revenues and savings are to close at least 60 percent of the gap ($101.4 million)
- FY2009: at least 80 percent of the gap ($147.1 million) is to be eliminated by recurring revenues and savings.

FISCAL GAP COMPARED TO RECURRING GAP-CLOSING TARGETS
(In $ Millions, As of August 2005)



The County has already implemented its first major gap-closing initiative, passing of a 0.25 percent local sales tax rate increase as of July 1, 2005. This increase is projected to add $15.4 million in revenue in FY2005, and $31.6 million in FY2006, reaching $34.0 million by FY2009.



The revenue projected by this sales tax increase is expected to be sufficient to meet the minimum recurring revenue/savings initiative threshold for FY2005. The chart which follows presents these requirements through FY2009.

The Four-Year Financial Plan's Approach

There are a number of approaches to closing the fiscal gap. Perhaps the easiest would be a single, massive restoration in property and sales taxes, followed by continuation of business as usual. The FY2006 Four-Year Plan follows a different path. It is designed to maintain the focus of the County Government upon policy decisions and operational practices which will make the Government more efficient, more accountable, and more effective – fundamental conditions for the County's economic recovery. This balanced approach is built upon the following foundation:

- Management savings and cost-recovery initiatives with accumulated fiscal impact of $262.0 million through FY2009, which serve as a cornerstone of the Four-Year Plan

- Property tax restoration of 17.4 percent in FY2006, held in check by the Four-Year Plan's management initiatives

- Diminished, then ultimately eliminated, use of one-time budget balancing measures, such as tobacco securitization proceeds in FY2005. The use of one-time measures will be much lower than that allowed in the fiscal stability statute

- Building of $68.1 million of fund balance by the close of FY2009 – over 5 percent of General Fund expenditures.

2005	
2005 Structutral Gap	**$105,691,000**
New 0.25% Sales Tax	$15,400,000
Use of Tobacco Proceeds	$90,158,000
Net Gap After Actions to close	$0
Tobacco Proceeds	**$108,000,000**
Less Use to Close 2005 Gap	$90,158,000
Tobbaco Proceeds for Capital (in addition to $85.7MM borrowing)	$17,842,000
Actions to Reach Structural Budgetary Balance	**$15,400,000**
Minimum Recurring Revenue or Recurring Savings Required by Statute in 2005	**$10,569,100**
Amount Actions Exceed Statutory Minimum	**$4,830,900**
One Time Actions to Close Gap	**$90,158,000**

2006	
2005 Gap	**$140,020,000**
Actions to Reach Structural Budgetary Balance	
0.25% Sales Tax of 2005	$31,608,257
0.50% New Sales Tax Increase	$63,216,514
17.4% Property Tax Increase	$24,919,000
Cut in Operating Subsidy to ECMCC	$13,500,000
Recurring Savings & Cost Recovery Initiatives (Not Counting Initiatives Needing Union/State Approval)	$14,047,000
Total Recurring Gap Closure 2006	**$143,457,770**
Higher Capital Borrowing from $30mm in 2005	($1,210,000)
Net Gap Closure	**$142,247,770**
Remaining Gap to Be Closed by One-Time Measures	**$0**
Minimum Recurring Revenue or Recurring Savings Required by Statute in 2006	$49,000,000
Amount Actions Exceed Statutory Minimum	**$93,247,770**
One Time Actions to Close Gap	
Contributions to Fund Balance	$2,227,770
Net Gap After Actions to Close	**$0**

2007	
2007 Gap	**$153,880,000**
Actions to Reach Structural Budgetary Balance	
0.25% Sales Tax in Place (expires 11-30-07)	$26,989,505
0.50% New Sales Tax	$64,774,812
Property Tax Increase of 2006	$25,322,000
Recurring Savings & Cost Recovery Initiatives ($24.2 Million County Controlled; $29.5 Million Union or State Control)	$53,742,000
Cut in Operating Subsidy to ECMCC	$13,500,000
Total Recurring Gap Closure 2007	**$184,328,317**

Management Initiatives. Consistent with the theme of balance, the Four-Year Plan sets forth a large number of "tough love" management initiatives that may require sacrifices from a broad number of stakeholders. The Plan emphasizes over 150 of these management initiatives aimed at fundamentally strengthening the way the County's finances and workforce are managed, how its services are structured and delivered, and its costs recovered. Indeed, some initiatives suggest that the County may get out of certain businesses altogether. A summary of these initiatives is provided in Appendix C, with principal initiatives described in greater detail throughout the Plan.

Most of these management initiatives – with an estimated accumulated impact of $137.2 million – can be implemented at the discretion of the Executive and Legislature. Other initiatives, potentially closing $142.6 million of the gap, will likely be affected by union reaction, or the consent of State, or other local governments. If the latter group of initiatives is not approved, painful rounds of service reductions or tax increases will be necessary.

Of the Four-Year Plan's approach to closing the fiscal gap, its management initiatives are expected to close 59 percent of the gap by FY2009. Savings initiatives alone (not those aimed at recovering costs) are planned to account for 41 percent of fiscal gap closure by the Plan's final year. About 45 percent of the total management initiatives should yield savings in FY2006, growing to 70 percent in FY2009.

	FY2006	FY2007	FY2008	FY2009
Fiscal Gap Closed by Savings/Cost-Recovery Initiatives	13%	35%	48%	59%
Fiscal Gap Closed by Savings Initiatives Only	6%	23%	33%	41%
Management Initiatives from Savings Instead of Cost Recovery	45%	67%	69%	70%

Context is important in considering the scale of the savings initiatives. From the beginning of January 2005, through the end of August – the month in which the ECFSA was established – layoffs and attrition reduced the General Fund workforce by 1,016 employees (not counting funded vacancies), including 748 individuals who had worked full-time. Even reducing savings estimates to account for employee costs which would have been reimbursed, this elimination of 20 percent of the General Fund workforce amounted to an estimated $180 million in savings from FY2006 through FY2009 – $180 million which otherwise would have been realized through the Four-Year Plan process. Adding $180 million to the $262.0 million in accumulated savings and cost recovery initiatives identified in the Four-Year Plan, the County is undertaking a course of action to achieve $442 million in fiscal gap closure by the close of FY2009.

While certain initiatives are aimed at making existing processes more efficient, many others call for fundamental restructuring of approach and/or organization in the provision of the services -- aimed at reducing spending, increasing cost recovery, or getting out of certain "businesses" altogether. These include the following:

- Sheriff "Road Patrol" Services – The FY2005 Plan called for towns relying on Sheriff to provide municipal-type policing services (at present, such towns, with less than 15% of the County's population, account for nearly 80% of service calls) to enter into a contract for these services. The FY2006 Plan, however, phases this initiative in over a three-year period, to allow communities more time to adjust

- Parks & Recreation – The FY2006 Plan's many initiatives in this area reflect a two-phased approach. The first phase makes Parks and Recreation more efficient through combination of managed competition/outsourcing, cost recovery, revenue-generating advertising, use of part-time employees and other staffing adjustments. The second phase turns the County's assets over to a non-profit regional parks conservancy. There is precedent for doing this at a smaller scale, with the County already assuming responsibility for certain City parks assets, and turning over day-to-day management to the non-profit Olmstead Conservancy on a contract basis. Time will be needed to encourage the formulation of a regional conservancy on a sufficient scale to manage all of the County's parks and recreational assets effectively, and even outsourcing initiatives will require concessions from employee unions; thus, the two-phased approach

- Compensation and work rules affecting the County's workforce
- 911 Communications Consolidation
- Criminal Justice Processes Associated with Corrections Costs
- Social Services/Health
- Risk Retention/Risk Management
- Road Maintenance/Snowplowing
- Purchasing
- Fleet Management
- Capital Program Management
- Centralization of Collections & Receivables Management
- Merger of Emergency Services into Central Police Services.

The FY2006 Plan also provides for efforts to reconfigure the relationship between the County Government, the Erie County Community College, and Erie County Medical Corporation, though it is acknowledged that a number of measures must be first put in place before savings can be contemplated.

While emphasizing restructuring and efficiencies, the Plan is not some mere litany of cuts. It is acknowledged that the layoffs which occurred in the first quarter of the year eliminated a number of employee positions which have constrained the County Government's ability to recover its costs (e.g., Medicaid Fraud) and constrain spending (e.g., the absence of probation officers contributing to spending at the Jail; the elimination of central Workers' Compensation and fleet manager positions). Initiatives with fiscal impacts which are currently "To Be Determined" ("TBD") will continue to be developed and will be implemented.

On the heels of the sweeping layoffs of the prior months, the Four-Year Plan contemplates hiring full-time and part-time staff principally aimed at controlling expenses and recovering revenue. The Plan also provides for continued investment in the County's infrastructure, including $85.7 million in capital improvements for the City's waterfront, the Erie County Medical Center, and other projects by the close of FY2005, and $30.0 million each year thereafter. Borrowing associated with this investment will be done in accordance with a debt management policy which takes into consideration the burden of debt upon the County's operating budget, and holds total outstanding debt to prudent levels.

To be conservative, the estimated impact of most of these management initiatives is heavily discounted in FY2006, and often the out-years as well, to allow time for implementation. The fiscal impact of many initiatives is not yet calculated. Additional savings and revenues generated by discounted initiatives and those with impacts yet to be determined will contribute to building the County's fund balance. Sufficient initiatives are identified in FY2007 and beyond to provide the County Government with options regarding which initiatives to adopt.

Affecting recurring gap closure will be the level of County Government support to the Erie County Medical Center Corporation ("ECMCC"). The County is currently in litigation with the hospital corporation over the County subsidy, and the disagreement is about the interpretation of the terms of the contract of sale. The hospital corporation contends that the agreement requires the County to subsidize the hospital at a rate adequate to cover any budget deficit the hospital may realize. The County, however, believes that its only obligation is to cover $5.6 million to $7.6 million in annual debt service costs incurred by ECMCC to finance the purchase of the hospital and other assets. This case is scheduled to be ruled upon by the end of this calendar year, and the decision is likely to significantly impact the General Fund by either increasing or decreasing the required subsidy level to the hospital.

The Four-Year Plan assumes litigation will result in the County's favor, reducing the base case fiscal gap projection by $13.5 million. If the County loses and is obliged to pay the operating subsidy, exposure to the County could have to pay the $13.5 million, $18.6 million (based upon the ECMCC projection for FY2006 of $24.2 million less $5.6 million of debt service the County already intends to pay), or another amount ultimately determined. In such case, an alternative source of savings or revenue be in place as a contingency to offset the cost of the subsidy. Because the recurring revenues and savings identified in the FY2006 Plan exceed the minimum statutory threshold by such a wide margin, one-time measures may be used as the contingency.

Property Tax Restorations. The Four-Year Plan calls for property tax rate restorations of 17.4 percent in FY2006. This restoration is expected to generate $ 24.9 million of recurring revenue in FY2006. While property tax adjustments are undesirable, this tax restoration will keep the County competitive with respect to the rates of other Upstate New York counties, and will be lower than the tax hike needed to balance the budget in FY2006 if the Four-Year Plan's more balanced strategy were not in place. Erie County's property tax rates will still compare favorably to the 2004 rates in Monroe County, at $7.85; Niagara County at $8.86; and Onondaga County at $7.71, as well as the average of $8.11 for Upstate counties.

One-Time Measures. A financial recovery plan based only on one-shot use of tobacco proceeds or deficit borrowing would not be credible. But within the context of a multi-year financial plan such as Erie County's, the use of a modest and declining amount of one-time measures in the early years of the recovery process is not unusual, as it allows a large government to buy time until management initiatives take hold. The County of Nassau, NY and the County/City of Philadelphia, PA both applied this strategy as part of their successful financial recovery efforts.

Reliance upon one-shots must diminish each year. The statute creating the Fiscal Stability Authority contemplated this when setting forth the minimum thresholds of gap closing which had to be accomplished through recurring revenue and savings. Erie County's Plan applies over $90.0 million of tobacco securitization proceeds in FY2005. No additional one-shots would be required in FY2007, or beyond, if the County's management initiatives are achieved.

However, if unfavorable events occur, such as a large operating subsidy payment to the ECMCC, or shortfall in the realization of initiatives whose outcomes are affected by unions or the State Government, some combination of tax increases, service cuts, or additional borrowing will be necessary.

Efficiency Incentive Grant

The statute which puts in place the ECFSA sets forth an Efficiency Incentive Grant available to the County of Erie and City of Buffalo, from FY2006 through FY2010, to support initiatives to improve productivity. The County seeks a portion of the $10 million to fund initiatives which will reduce County expenses, improve cost recovery, and in a number of instances, facilitate efficient, joint provision of services by the City and the County. If authorized by the State, funding would be directed to the following priorities:

- SAP Information System: Integrated Social Services Case Management System;
- SAP Information System: Plant Management, Project Systems, Fleet Management;
- eProcurement, Including Strategic Sourcing Capacity-Building;
- Technology to Support Alternatives to Incarceration Initiatives (e.g., electronic monitoring);
- Consolidated 911 Communications: (County Departments & County-City);
- "County-CitiStat," Combining County and City Performance Management Systems (i.e., apply a system similar to the City Baltimore to improve transparency, accountability, focus on results - supports initiative management and more jointly provided services);
- Consolidated Fleet Management Center: (Phase One: County, Phase Two County-City);
  - Productivity Bank: Similar to County of Philadelphia's successful approach, capitalize a "Productivity Bank" which re-lends to County departments for productivity enhancing projects (e.g., automated field reporting for Sheriff deputies, market-based revenue

initiatives, consolidated fleet center once planned), repaid through savings/cost-recovery from the departments' operating budgets). This Efficiency Incentive Grant funding for FY2006 invests only seed funding for technical assistance to implement non-capital intensive savings initiatives. As an alternative, if State funding to offset staff and related operating costs of Four-Year Plan savings/cost recovery initiatives does not materialize, the Productivity Bank would receive higher capitalization ($3.83 million) to launch other capital improvement projects immediately;

- **Erie County Office of Management & Productivity**. Undertaking significant government reform and change requires a consistent, focused agent and advocate for change. Multi-year financial recovery plans, such as the Erie County Four-Year Plan, do little more than take up space on a bookshelf without the capacity and will to implement savings, productivity, and cost-recovery management initiatives.

  The Four-Year Plan assumes that the Office of the County Executive, in consultation with the County Legislature and the Erie County Fiscal Stability Authority (ECFSA), will lead the initiative implementation effort. While policy leadership from the County Executive is a necessity, to maintain and sustain the day-to-day management of Four-Year Plan initiatives requires additional capacity and responsibility. An Erie County Office of Management & Productivity (ECOMP) would be the linchpin of the government reform and restructuring effort – it would ensure that the initiatives contained within the Four Year Plan are fully developed, implemented, and the results determined and communicated to elected officials and the citizens and taxpayers of Erie County.

  This approach will also work to sustain the momentum for change. The Director of ECOMP and staff will have dual reporting responsibilities, to the County Executive and the County Legislature, and will be required to provide information and make presentations at the ECFSA's request.

How the Four-Year Plan Has Been Developed

The Four-Year Financial Plan is the County's document. The County Executive transmits it to the Legislature. The Legislature is to review it and, it is hoped, provide its consent. The Executive transmits it to the ECFSA for its review, and – again it is hoped – its approval. It is the County Executive's responsibility to manage the Four-Year Plan's implementation and report on its results. The Legislature will be asked to authorize the initiatives requiring its authorization. The figures and management initiatives presented in this Four-Year Plan are the County's. The ECFSA has made available a consultant, experienced in the development of multi-year financial recovery plans, to provide technical assistance to the County in formulating reasonable initiatives to close the gap and strengthen the credibility of its numbers.

Given the benefit of time, the FY2006 Four-Year Financial Plan includes more in-depth analysis to identify additional savings and cost-recovery initiatives than did the FY2005 Plan, which has been sent back to the County for further refinement. It can be expected that the final FY2005 Plan presented to the Authority for approval will mirror the FY2006 Four-Year Plan.

The ECFSA's consultants worked with the County Comptroller, Budget Director and their staffs in identifying Erie County Government's fiscal gap, using standard five-year fiscal gap projection methodology. To build the foundation of the projections, detailed FY2002 and FY2003 audited budget actual data and FY2004 preliminary budget actual data by fund, fund center, and account from the County's SAP financial system were used. Personal services costs were modified using year-to-date actual payroll data through pay period 16 of 26 annual pay periods. This data included salaries and wages, other compensation, health insurance and other benefits, workers' compensation and pension costs. FY2005 personal services costs were then derived by projecting the remainder of the fiscal year based on the first 16 pay periods, supplemented by historic trends and, where appropriate, additional information as provided by County department and financial staff. Lastly, FY2005 budget and/or year-to-date information was used where appropriate to reflect current service and subsidization levels and revenue trends as in, for example, the Social Services Department, the Parks Department, County Clerks Office, and the annual contract payment to the ECMC.

Once the base of the projections was set using this information, extensive data gathering and research was conducted with County finance and budget analysts to ascertain appropriate levels of growth rate assumptions for FY2005 and each of the next four years based on the three-year trends from the initial data. Where possible, revenue growth rate assumptions were developed based on five- to ten-year historic trends and/or independent analysis to apply longer-term historic trend assumptions. Additionally, third-party sources were consulted where available and appropriate to provide independent analysis including the State Comptroller's Division of Budget, the New York State and Local Retirement System, the Niagara Insurance Group, and the Buffalo Niagara Convention and Visitors Bureau. Also, regional and national trends were used where appropriate based on Size Class B Urban CPI data from the US Bureau of Labor and Statistics or the Survey of Professional Forecasters at the Federal Reserve Bank of Philadelphia. In all cases, County financial staff was consulted continually to ensure consensus on the accuracy and reasonableness of the findings of this analysis.

Management initiatives have been identified from discussions and analysis involving the County Executive, senior executive staff, the technical consultant provided to the County by the ECFSA, financial and operations managers, other elected officials and their staff, members of the Judiciary, and contractors supporting department operations. Intensive analysis has been applied to financial and personnel data drawn directly from the County's central financial and personnel management systems. A number of findings and recommendations of such documents as the Buffalo-Niagara Partnership Report and the Breaking the Cycle Report have been incorporated in the Four-Year Plan. This spirit of collaboration will be necessary if the Four-Year Plan is to be successfully put in place, and the County is to regain sound financial footing and effective organizational change.

Putting the County Government's fiscal house in order will depend on the cooperation of the County's elected officials. Virtually everyone with a stake in County Government will have to bear some measure of burden; but this burden will be much less than the long-term costs of lost economic competitiveness, quality of life, and credibility if the County's financial woes were allowed to continue.

The Four-Year Plan is as much a process as a document. As time passes, projections will change. Some initiatives may work more effectively than expected, others less so. As such, the County will update the Plan in years ahead, and establish a system to report on its implementation. In the final analysis, the Four-Year Plan will only be as good as the will to make it happen.

II. FISCAL GAP

THE FISCAL GAP

Projections of the County's budget from FY2005 are the foundation of the examined fiscal position of Erie County's funds. To gain a clear understanding of its financial health, the County embarked on a detailed analysis of its two main operating fund categories: the General Fund and Debt Service Fund. The General and Debt Service Funds are of particular concern because they directly impact the County's tax base and tax payers. Any shortfall in these two funds may adversely impact service provision or the tax rate. This chapter describes factors affecting the General and Debt Service Funds by defining and analyzing detailed budget projections, identifying potential fiscal gap(s), and introducing initiatives to remedy the fiscal gaps identified. This chapter also summarizes the results, along with associated key trends and assumptions.

The following section defines terms that are important for interpreting these projections.

Terms

The term *baseline projection* refers to the County's fiscal position if historical revenue and expenditure trends were to continue. Information provided by analysis of historical trends is supplemented by research into specific factors, such as the annual payment to the Erie County Medical Center ("ECMC"). The *deficits* that are projected in each of the Plan's five years reflect the excess of expenditures over revenues in a given year. As described below, the projections indicate that Erie County has a *structural deficit*; i.e., recurring expenditures exceed recurring revenues on an ongoing basis, factoring out one-time events.[1] The projections discussed herein do not project one-time events into the future.

The County's *total fiscal gap* is equal to its total projected deficit in each Plan year if no corrective action were taken to bring the County's revenues and expenditures into balance. The total fiscal gap is the target to be equaled or exceeded by the dollar value of gap-closing management *initiatives*. These initiatives include strategies for organizational restructuring, spending reductions, cost recovery and other increases in recurring revenues, labor cost containment, and productivity enhancements[2]. Reliance upon one-shot measures to close the gap, such as use of tobacco securitization proceeds for the operating deficit in FY2005, or deficit borrowing in FY2006, would not be consistent with sound fiscal strategy if relied upon as the principal means of meeting immediate budget pressures. Within the context of the Four-Year Financial Plan, these one-time measures will not be used to paper over structural imbalances in the County's revenues and expenditures. Instead, coupled with the FY2005 sales tax increase and 22 percent property tax increases in FY2006 and FY2007, one-time use of tobacco proceeds and then deficit borrowing will play a steadily diminishing role in bridging budget shortfalls in the Plan's early years, buying time to allow the management initiatives to take hold. The fiscal impact of these initiatives will ramp up each year of the Four-Year Plan, eliminating increasing shares of the fiscal gap each year.

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[1] *Budget deficits* are the excess of expenditures over revenues counting one-time events as well as recurring expenditures and revenues.

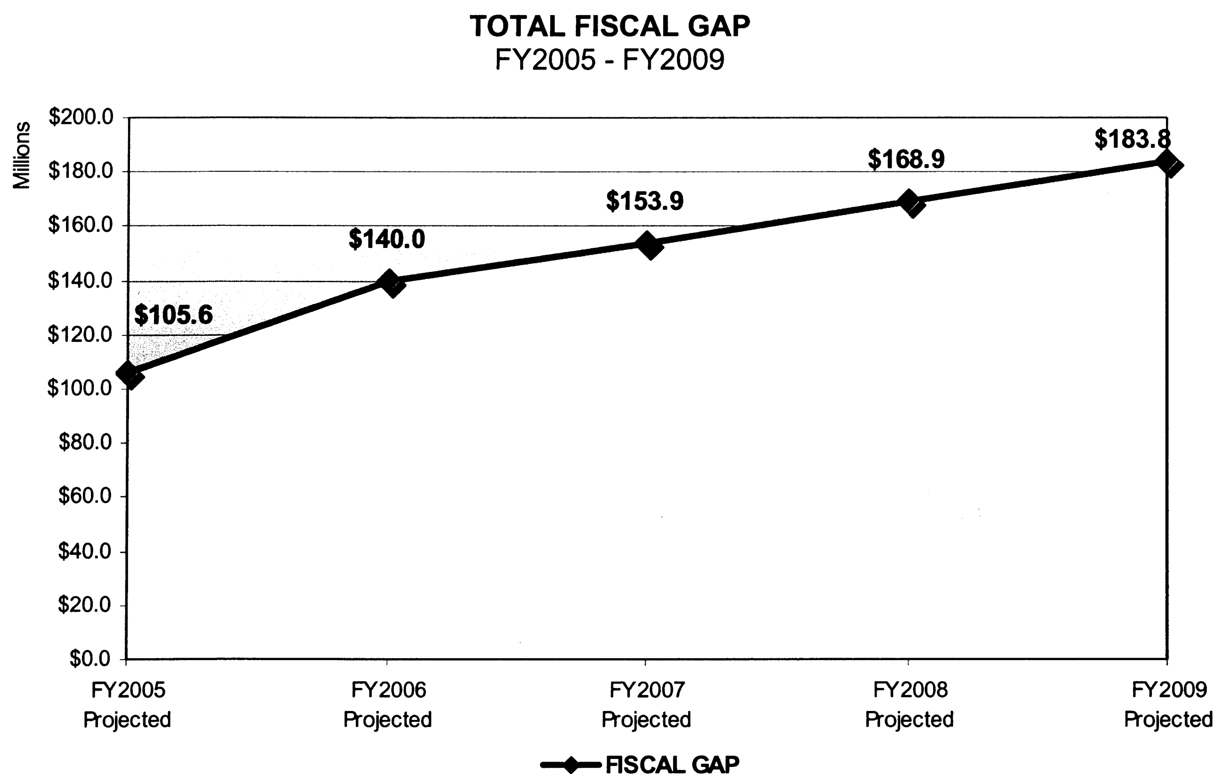
[2] Some initiatives are intended to improve internal controls, transparency, and accountability of County government, but are not necessarily expected to have a quantifiable impact on the fiscal gap.

A *fund* is a component or group of components of the County's budget. Funds are used to categorize operating and other monies by function, department, source, use or other characteristic for management purposes. For example, the General Fund is made up of monies used for the general operation of the County, and tracks revenues and costs of several but not all departments. The Debt Service Fund is earmarked for bond revenue and payments.

The Fiscal Gap

The analysis of the County's finances has uncovered fiscal distress, and the immediacy of the problem is demonstrated in the size of the total fiscal gap. The total fiscal gap is composed of the excess of expenditures over revenues in this and each of the next four fiscal years in the General Fund. Several parts work together to drain the County of budget dollars.

As shown in the graph below, the County faces a fiscal gap that grows successively to $183.8 million by FY2009. Without corrective action, Erie County faces a cumulative fiscal gap of $752.2 million through the next four years.



The following table breaks out the fiscal gap projections. Appendix A presents the projections for each fund in detail.

GENERAL FUND PROJECTED FISCAL GAP
FY2005 - FY2009

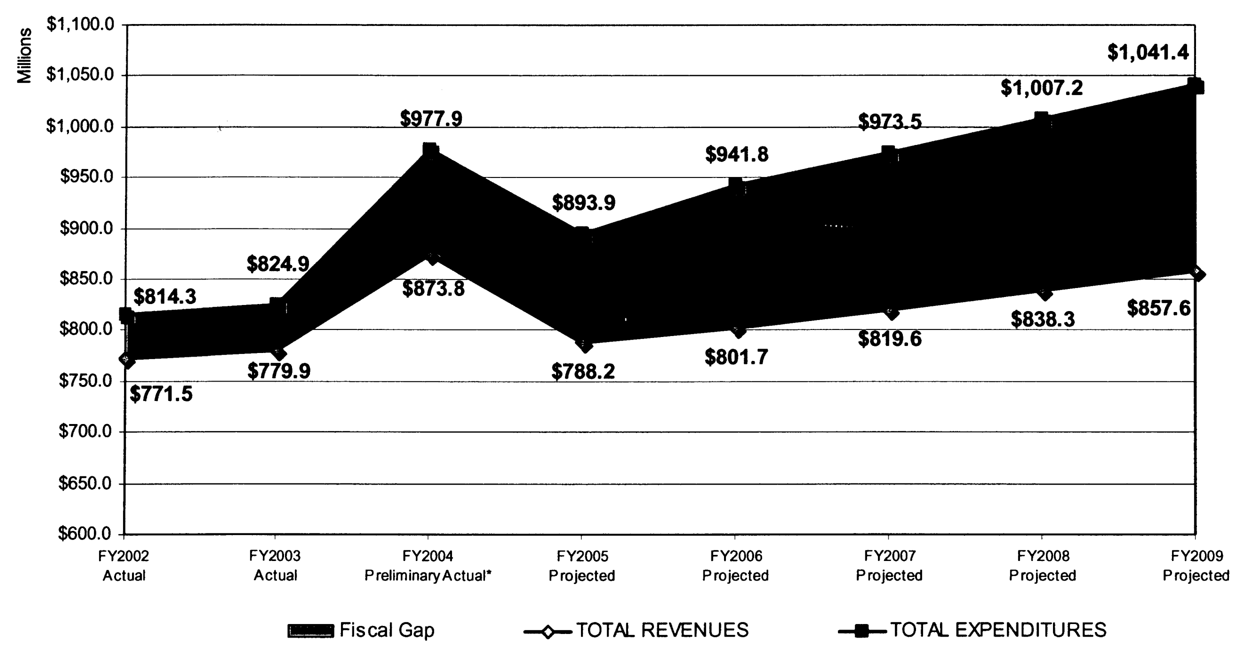
	FY2005	FY2006	FY2007	FY2008	FY2009
Revenues	$ 788,231,362	$ 801,743,122	$ 819,613,226	$ 838,282,274	$ 857,568,418
Expenditures	$ 893,872,280	$ 941,758,758	$ 973,484,483	$1,007,202,338	$1,041,369,705
TOTAL FISCAL GAP	($105,640,918)	($140,015,635)	($153,871,257)	($168,920,065)	($183,801,287)

General Fund

The General Fund is composed of operating funds used for essential County services, encompasses the majority of County departments' spending, and is almost entirely supported by State and Federal aid and local tax revenue. In addition to supporting County operations, the General Fund provides subsidies in the form of payments and fund transfers to cover debt service payments and operating expenses for other County functions.

Since FY2002, the General Fund has struggled to maintain balance amidst rising personnel costs and slower growth in revenues. General Fund revenues have grown each of the last two years, buoyed by the sale of the ECMC in FY2004. However, FY2003 and FY2004 saw personnel cost growth of over 10 percent. Expenses overall have grown an average 9.9 percent per year in the last three years, compared to revenue growth of 6.7 percent per year on average including the one-time ECMC sale revenues and expenditures. As a result, the County was forced to spend down the General Fund balance to below $0.5 million by the end of FY2004.

GENERAL FUND:
REVENUES AND EXPENDITURES
FY2002 – FY2009



*Note: The Erie County Medical Center was sold in FY2004, resulting in one-time expenditures and revenues accounting for some irregularity in that year.

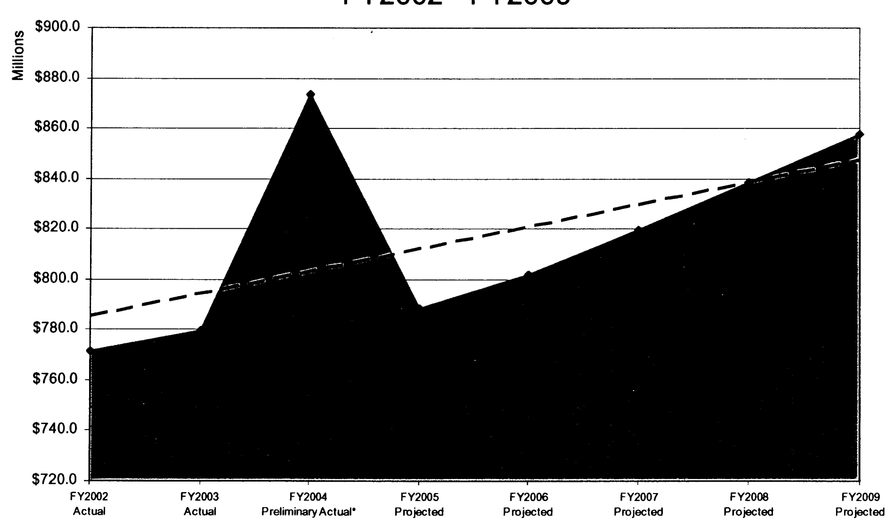
In each of the next four years, General Fund spending is projected to continue to surpass revenues. Without corrective action, General Fund expenditures are projected to be $893.9 million is FY2005, growing to $1,041.4 million in FY2009 with revenues of $788.2 million and $857.6 million respectively. This mismatch results in a General Fund budget deficit of $105.6 million in FY2005 growing to $183.8 million by FY2009.

Major Budget Drivers. The largest cost drivers in the General Fund are social service program expenditures, the apex of which is the local share of the Medicaid program. From FY2002 through FY2004, these costs accounted for 44.6 to 47.0 percent of total General Fund expenditures. Other than social service program costs, the General Fund budget is dominated by personnel expenditures, which are 54.2 percent of the FY2005 projected expenses. Therefore, social services and personnel expenses drive a majority of the General Fund deficit. On the revenue side, local taxes make up 51.6 percent of the revenues, of which property tax and sales tax revenue are 95.9 percent. State and federal aid for social service programs account for a large share of General Fund revenues. State and federal aid for social service and other programs account for 39.3 percent of the General Fund revenues projected for FY2005. State aid contributes 21.3 percent to annual revenue while Federal aid is projected to add 17.7 percent in General Fund revenue in FY2005. Fines, fees and charges are projected to be 3.4 percent of revenues in FY2005, while other sources and interfund revenue are projected to account for the remaining 5.7 percent of General Fund revenues.

Revenue

Budget projections for FY2005 through FY2009 show revenues growing at a steady average annual rate of 2.1 percent. Overall growth from FY2002 through FY2009 is shown in the graph below.

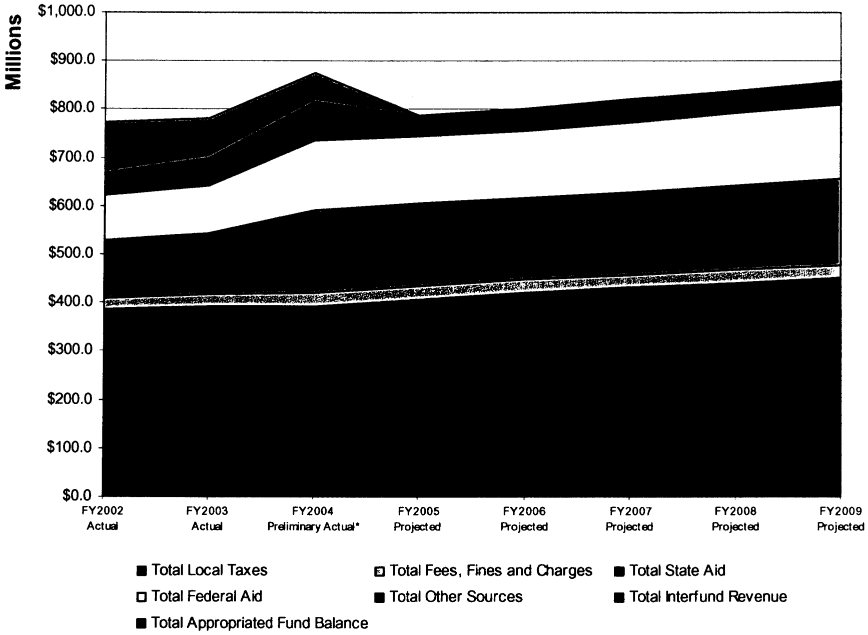
TOTAL REVENUE GROWTH
FY2002 - FY2009



*Note: The County sold the Erie County Medical Center in FY2004 netting $36.7 million in one-time revenues. Additionally, a one-time accounting change moved approximately $30 million in revenues from Grants Funds into the General Fund, accounting for the unusual increase in revenue that year.

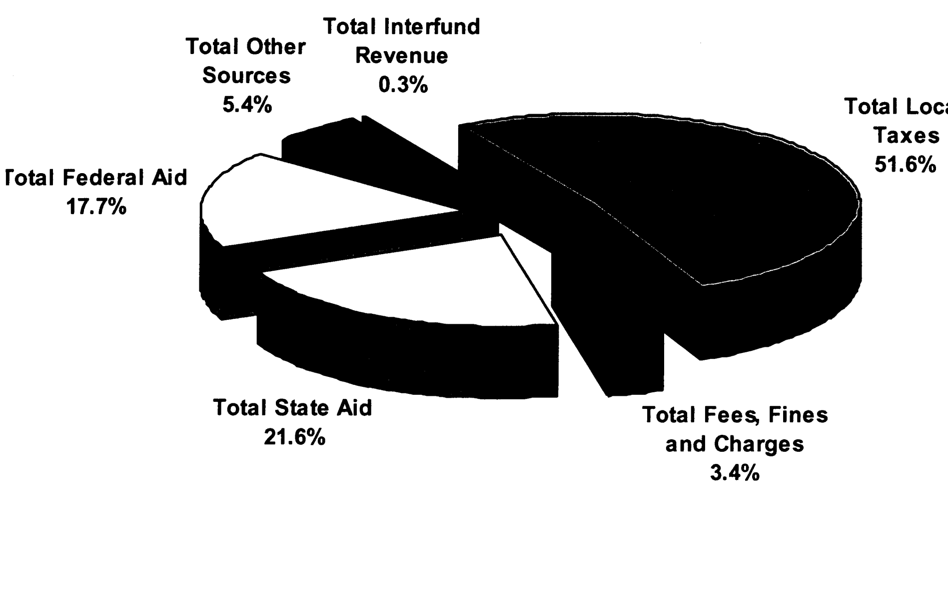
As shown in the following graph, the General Fund's revenue growth have been historically moderate, presenting a great challenge to the County as it faces expenditure growth that outweighs the growth of its limited revenue sources. The dynamics of individual revenue types will be described in greater detail in the following paragraphs.

ACTUAL AND PROJECTED GROWTH: MULTIPLE REVENUE SOURCES
FY2002 - FY2009



Based on factors of each component, the baseline budget projections anticipate a modest growth in overall revenue of 1.7 percent in FY2006, reaching a high of 2.3 percent in FY2009 and averaging 2.1 percent per year, compared to a growth of 3.9 percent in expenditures.

GENERAL FUND REVENUE SOURCES
FY2005 Projected



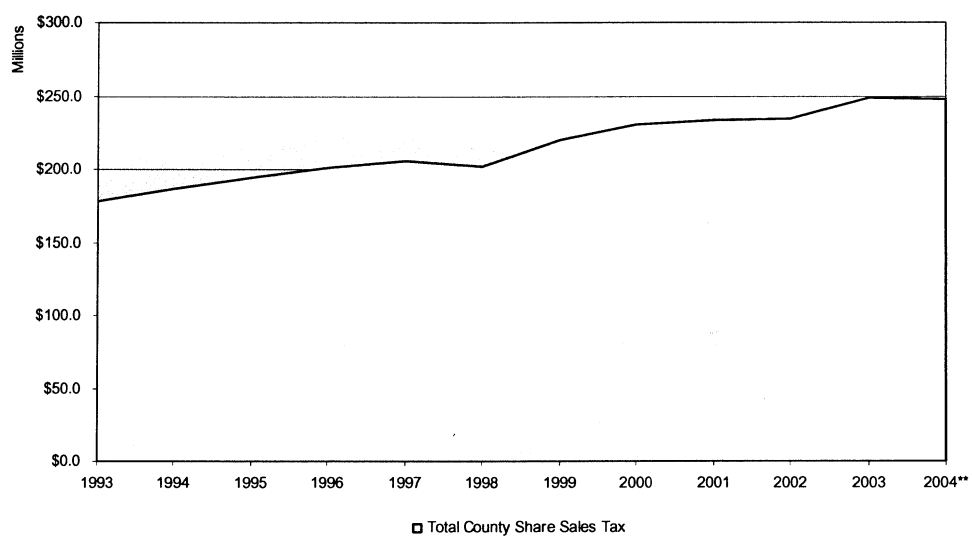
Local Taxes. Other than aid for social services, the General Fund is predominantly dependent on revenues from local taxes, which make up almost 51.6 percent of the $788.2 million FY2005 projected revenue. Of the 11 local taxes in this fund, Property Taxes make up 33.4 percent of local tax revenue, and sales tax revenue make up 62.5 percent as shown in the chart below.

GENERAL FUND PROJECTED LOCAL TAX REVENUE

	FY2005	Percent of Total Tax Revenue	Four-Year Average Annual Growth
Revenue From Real Property Taxes	$135,969,466	33.4%	3.05%
Sales And Use Tax	$130,797,034	32.1%	2.47%
1% Sales Tax Increase - Erie Co Purposes	$123,391,407	30.3%	2.47%
TOTAL	$406,909,989	95.8%	2.57%

The largest component of local tax revenue in Erie County is local sales tax revenue. Since 1993, sales tax revenue growth peaked at 9.1 percent in 1999 due to favorable tax law changes, but also saw declines as low as 1.8 percent the prior year. Total sales tax revenue has shown a five-year average annual growth of 2.5 percent per year.

HISTORICAL SALES TAX REVENUE
FY1993 ACTUAL – FY2004 ACTUAL



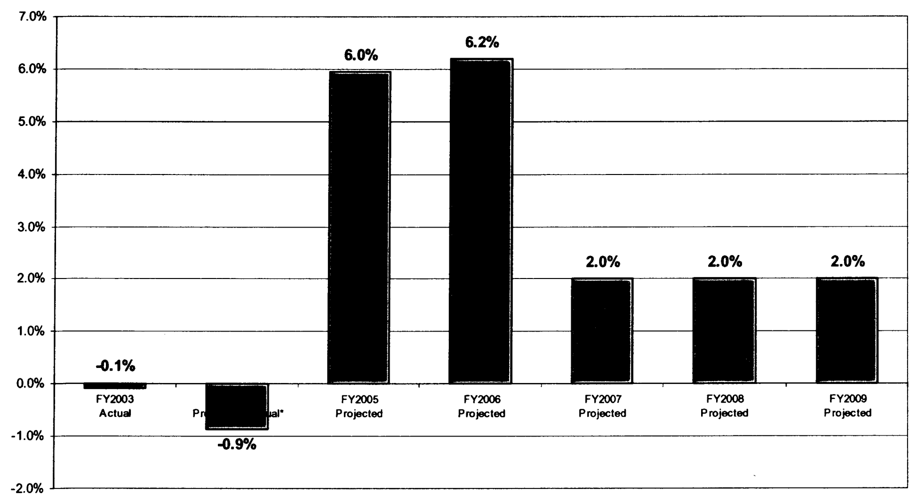
The County is projected to earn $130.8 million in FY2005 in local share tax revenue from the state's portion of sales taxes charged within the County. In addition, the County is enabled to charge an additional 1.0 percent local sales tax for County purposes. This tax is projected to earn $123.4 million in revenue in FY2005. Total sales tax revenue is projected to grow at the five-year historic trend of 2.5 percent per year to reach $280.2 million in FY2009.

The next largest component of local tax revenue is Real Property Taxes. Until the current fiscal year, the County Executive's policy for property tax revenue was to hold the total combined General Fund and Library Fund tax levy constant by adjusting the tax rate down to accommodate annual increases in assessed value. However, as of FY2005, the Executive has maintained that the General Fund tax rate will instead be held constant to allow the levy to rise. This policy change will realize additional property tax revenues in the General Fund as assessed property values increase. Additionally, in FY2002 and FY2003 the County had allocated an increasing share of the flat property tax levy to the library. However, the County also changed the policy regarding funding to the library for FY2005 into the near future by reducing the tax rate to the library by ten percent and, simultaneously, increasing the tax rate to the General Fund.

The County underwent property revaluation this year that will affect next year's property tax bills. The revaluation will cause a one-time increase in property value growth, with each of the outyears realizing more modest natural growth in property values. The County's property tax collection and tax payment delinquency rates are expected to remain steady.

During the Plan period, property taxes are projected to grow 6.2 percent in FY2006, and 2.0 percent each year thereafter based on projected growth in property value.

GENERAL FUND PROPERTY TAX GROWTH RATES
FY2002 - FY2009



Other property related local taxes are the payments in lieu of taxes and revenue from interest and penalties on real property taxes. Payments in lieu of taxes, or PILOTs, are payments made by local property owners by agreement with the County. Since FY2002, PILOT revenue has declined 4.5 percent per year primarily due to the expiration of PILOT agreements. This trend is projected to continue through each of the plan years.

Interest and penalties revenue is realized when property owners elect to pay their property tax bills past the due date. Interest and penalty fees are required to be paid in addition to the overdue taxes. Because this revenue is based on property taxes, the projected natural growth of property values of 2.0 percent per year is projected to apply to interest and penalties as well. Also reflected in interest and penalties revenue are residual payments from tax liens sold through agreement with Xspand. In FY2003 the County sold approximately seventy percent of its past due property tax liability to Xspand, a company that specializes in collecting revenue from municipal tax liens. In exchange for this sale, the County received a portion of the value of the liens at the time of sale with residual revenue to be forwarded to the County as it is collected either from property owners or through foreclosure. The County is projected to begin realizing $1.5 million in residual revenue beginning in FY2005, this revenue is also projected to grow 2.0 percent per year.

There are six other local tax revenues that contribute revenue to the General Fund. However, those cumulative revenues account for just over 4.1 percent of the total tax revenue in the General Fund and are expected to have varying growth and decline in the next five years based on historical trends. The hotel occupancy tax is expected to show 6.8 percent growth in FY2005 based on increased tourism this year, with 3.0 percent annual growth projected in the outyears; exemption removal revenue is projected to decline by 4.5 percent per year based on historical trends; off-track pari-mutuel tax is projected to decline 14.5 percent per year based on historic trends; mortgage tax is projected to grow 9.3 percent based on historic trends, while real estate transfer tax is projected to remain steady based on varying historic growth and year-to-date smaller collections.

Fees, Fines and Charges. In addition to local taxes, the County collects a variety of fees and fines that impact the General Fund, many of them collected through the public safety and judicial systems. As a whole, these funds are expected to decline initially for FY2005, and then grow moderately at an average annual rate of 2.1 percent based on historic trends.

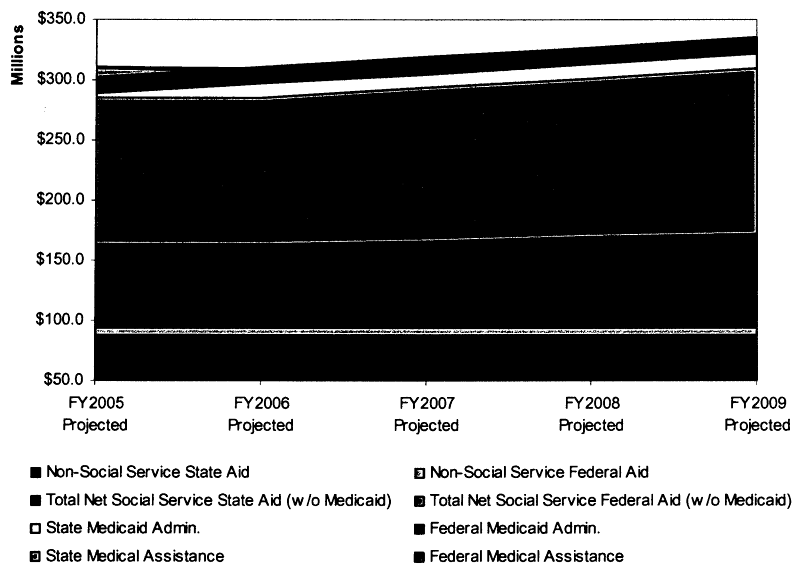
State and Federal Aid. The second largest revenue source for the County is State and Federal aid. Most of this funding is used for Medicaid and other social service related programs. The small portion of State and Federal aid revenues outside of social service programs are projected to hold steady.

State and Federal aid related to social service programs is generally intended to reimburse the County for operating these programs. While the rate of reimbursement varies by program, the rates of reimbursement are assumed to hold steady. Therefore, the state and federal aid dollars projected to be received by the County are projected to grow at the same rate as program expenditures. For FY2005 budgeted social service revenues are projected; in the out years growth rate projections are calculated based on projected social service expenses. State and Federal aid for social services not related to Medicaid is projected to grow 0.4 percent in FY2006, and an average 4.0 percent per year thereafter. Medicaid State and Federal aid revenue is projected separately as follows.

The Medicaid program is one of the largest cost centers for the County. The cost of this program is shared by Erie County, the State of New York, and the federal government. However, the County bears the cost of the program and the State and federal government provide their share through State and Federal aid to the County. Because a large portion of this program is reimbursed through State and Federal aid, this revenue is a correspondingly large portion of revenue to the County in the General Fund. In FY2005, the State Comptroller's office enacted a cap to Medicaid local share costs of program expenses for Erie County that would set FY2005 as the base year and limit growth in Medicaid expenditures each year going forward. As part of that cap, which will be discussed further under the expenditure section of this chapter, there are a few one-time effects on State aid revenue for Medicaid. The first is a one-time $8.2 million increase in the Medicaid portion of State aid for Medicaid administrative costs for which the State is reimbursing a larger portion under the cap. However, there is also a one-time $10.7

million decline in State aid medical assistance dollars also due to the cap. The County is also projected to realize an $8.0 million windfall from the shift in State aid from an accrual to cash basis. State and Federal aid for medical assistance and the Medicaid portion of administrative costs are projected to remain flat in each of the outyears.

STATE AND FEDERAL AID
FY2005 – FY2009



All Other Sources. Other sources of revenue to the General Fund include rental income, donated funds, and miscellaneous earnings that are projected at the FY2004 actual revenue levels with no growth projected in the out years. Also, included in this category are community college respreads – revenues received from other Counties for students who reside outside of Erie County. Those dollars have grown historically at 13.4 percent per year, for which they are projected in FY2005 and each year thereafter. There is also $6.1 million in revenue from the ECMC and the Erie County Home projected to grow 3.7 percent per year. Finally, interest earnings are included here. Based on a cash flow analysis based on projected available funds during the year, the County is projected to earn $1.4 million in interest in FY2005, growing to $1.6 in FY2006 and leveling off at $1.5 million through the end of the Plan period.

Expenditures

Without corrective action, expenses will continue to outpace revenue growth in each Plan year. As previously stated, the General Fund budget is dominated by social service and personnel expenditures, which together make up 74.4 percent of the projected expenditures in FY2005. While moderate annual growth is to be expected and some targeted spending reductions have been implemented in the current fiscal year, the County's expenditures have an average annual growth rate of 3.9 percent, well beyond the rate of inflation projected to be 2.5 percent per year[3].

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[3] Long-run average inflation forecast as of August, 2005; Survey of Professional Forecasters; Federal Reserve Bank of Philadelphia.

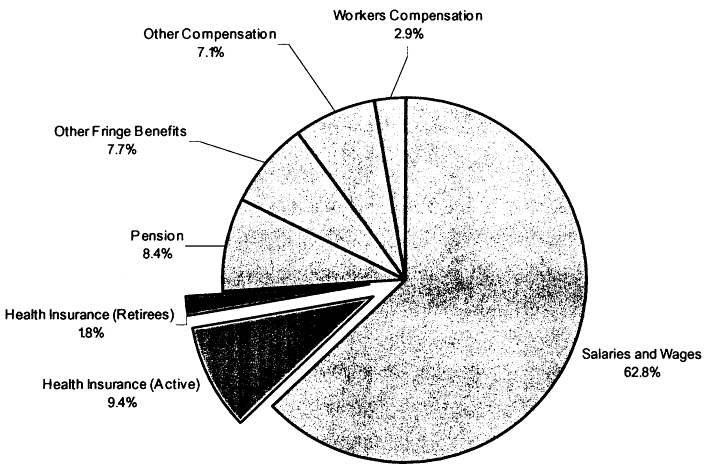
GENERAL FUND PROJECTED EXPENDITURES
FY2005 – FY2009

	FY2005	FY2006	FY2007	FY2008	FY2009
Salaries and Wages	$169,958,356	$175,777,633	$181,835,557	$187,825,971	$194,016,527
Other Compensation	19,095,112	19,832,143	20,398,731	21,201,740	21,785,822
Fringe Benefits	81,593,326	83,765,135	87,861,187	95,300,194	102,768,039
Non-Personal Services	177,859,961	182,558,320	186,235,600	191,058,954	196,037,540
Social Services Programs	394,548,655	407,554,425	420,856,814	434,190,801	448,045,572
Interfund Expense	45,990,811	65,459,802	68,710,294	68,998,377	68,889,905
ECMCC Sale Expenses	1,076,335	-	-	-	-
Debt Service: Revenue Anticipation Notes	2,468,125	5,385,000	6,160,000	7,200,000	8,400,000
Fiscal Stability Authority Budget	1,281,600	1,426,300	1,426,300	1,426,300	1,426,300
TOTAL EXPENDITURES	$893,872,280	$941,758,758	$973,484,483	$1,007,202,338	$1,041,369,705

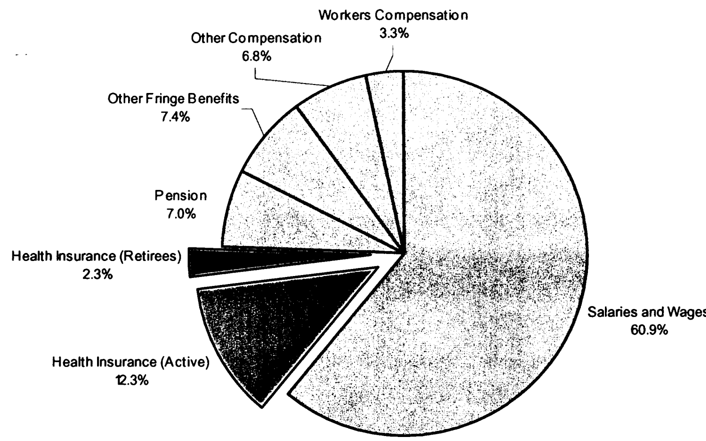
Personal Services. One of the largest drivers of the expense growth is personal services costs, which are projected to grow an average 4.2 percent in the next five years; far higher than projected revenue growth even assuming the employee headcount remains at FY2005 levels. Personal service costs for FY2005 are projected based on year-to-date actual payroll cost data through pay period 16 of 26 periods per year. Salaries are expected to grow an average 3.4 percent per year, reflecting the following assumptions: annual average cost-of-living increases of 1.75 percent for all employees, except for CSEA represented employees in FY2006 which will receive 2.0 percent increases as part of their contract agreement; an additional 1.75 percent annual growth is projected for all represented employees for annual step increases; management confidential employees are not projected to receive step increases because a majority of these employees are either ineligible or have reached the top of their salary scale.

Another serious impact on personal services expenses is growth in health and retirement benefit expenses. Due to the reduction in headcount this year and other changes to the plan, the County expects health insurance costs for active and retired employees to increase 3.7 percent in FY2006; each year thereafter an annual average of 14.2 percent per year is projected. Based on New York State and Local Retirement System actuarial estimates, County pension contribution rates will decline by 10 percent from FY2005 to FY2006. From FY2006 through FY2009 the pension contribution rate is expected to hold at 11.0 percent of pensionable salaries. Therefore, underlying growth in pension costs will result from increases in salaries. Also impacting County pension costs are amortization payments that the County must make to repay the capitalization of past pension costs. In FY2006, the County will begin making $1.5 million payments on the amortized portion of the FY2004 pension liability; however, by FY2007 the County will have repaid in full the amortized portion of the FY1989 pension liability and will realize a $2.2 million reduction in pension costs. By FY2009, health and retirement benefits are expected to account for 14.6 percent of personnel costs, compared to the 11.2 percent they are projected for FY2005, as shown in the charts below. The rapid growth of active employee and retiree benefit expenses drive the increase in personnel costs and overall expenses for the County. Additionally, any salary increases subsequently granted will drive additional growth in the cost of pension and other benefits provided by the County that are based on salary and wages. Lastly, Workers' Compensation costs have been growing an average 7.4 percent per year; this trend is projected to continue in the out years.

PERSONNEL EXPENSES
FY 2005 PROJECTED
$316.3 MILLION



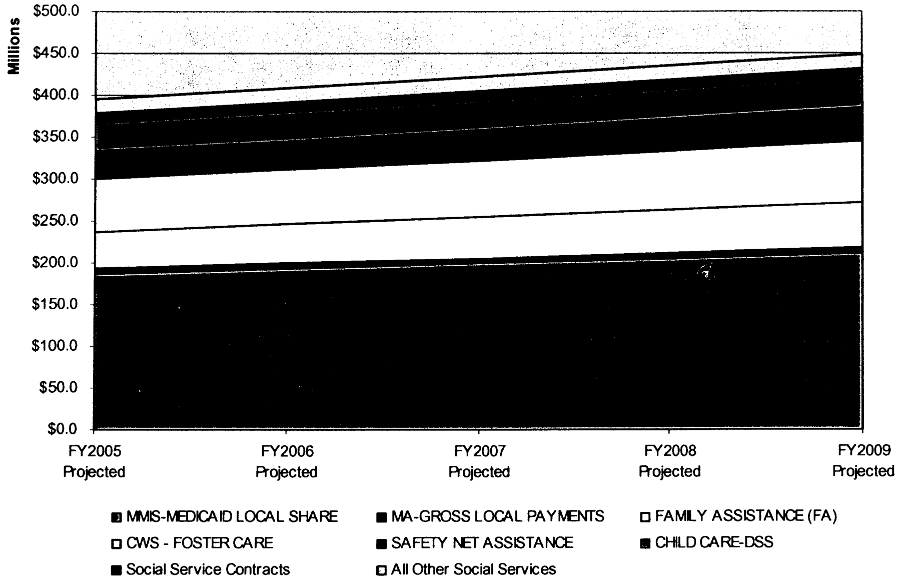
PERSONNEL EXPENSES
FY 2009 PROJECTED
$387.5 MILLION



Social Services. Next to personal services costs, the largest costs are for social service programs – the most expensive of which is Medicaid. Unlike the prior two years growth of 11.3 percent per year, the County has seen a reduction in Medicaid cost growth thus far this fiscal year. As a result, the County's local share expense for Medicaid is estimated to be $186.7 million by the State Comptroller's Division of Budget based on year-to-date actual expenses and other trends. This cost will serve as the base year for the State Medicaid cap. As stated previously, the State Comptroller implemented a cap on local share expenses for Medicaid programs for FY2006 and each year thereafter. The local share expenses incurred in FY2005 will serve as a base for this cap for which the rates of 3.5 percent in FY2006, 3.25 percent in FY2007, and 3.0 percent in each year following have been set by statute. This cap applies to the MMIS-Medicaid Local Share costs, but also affects other Medicaid related items in the General Fund as described in the revenue section of this chapter.

Other social service program expenditures for FY2005 are based on the budgeted costs, and are projected based on historic and current expenditure and caseload trends: Family Assistance is projected to grow 5.0 percent per year from FY2006 through FY2009; Child Welfare – Foster Care is projected to grow 4.25 percent through the Plan period; and Safety Net Assistance is projected to grow 5.0 percent per year. Other program expenses, such as medical assistance gross local payments and child care are projected to remain flat, while social service contracts for third party providers is projected to decline in FY2006 when HSAC contracts are expected to terminate; the remaining contracts are projected to hold flat through FY2009.

SOCIAL SERVICE PROGRAMS
PROJECTED EXPENDITURES
FY2005 – FY2009



Non-Personal Services. Non-personal service costs in the General Fund include interdepartmental billing costs, contractual expenses, equipment and supplies, and other program and operational related expenses. Contractual expenses are 64.3 percent of projected FY2005 expenses – the largest component of this category. Included here are professional, service and maintenance contracts such as janitorial services. Also included are programmatic contracts with outside entities. An important component of contractual expenses is the subsidy to the ECMC as required by the sale agreement. Included in the fiscal gap projections is the budgeted $19.0 million payment to the hospital for FY2005 and for each subsequent Plan years. Interdepartmental billing is projected to stay flat through the Plan period, with a decline in FY2006 due to the closure of the East Side Transfer Station. Other non-personal service costs, including equipment and supplies, are projected to grow by an inflation rate[3] of 2.5 percent per year.

Interfund Expenses. The last major component of General Fund expenses are interfund expenses, or transfers from the General Fund to other County funds. County share – grants expenses are used to meet match requirements for County grants. This figure is projected to hold flat. The transfer to the Erie Community College is a flat payment and is also projected to hold flat. The Interdepartmental transfers to the Debt Service Fund are for department specific capital projects and are paid from department budgets. These transfers follow the debt service schedules for each department. Inter-fund expenses to the Utilities Fund are payments for utility services. Based on five-year annual utility cost inflation[4], utility costs, transfers, and other payments to the Utilities Fund are projected to grow 3.7 percent per year.

[4] Based on US Bureau of Labor and Statistics CPI , Gas (piped) and electricity; Size Class B/C (between 50,000 and 1,500,000); January 1999 – December 2005; <www.bls.gov>

The County's Debt Service Fund is completely supported by transfers from other operating funds – primarily the General Fund and the Sewer District Funds. General Fund interfund debt service expenses encompass the General Fund subsidy for principal and interest payments on general obligation debt. This transfer is adjusted to meet any debt service costs not paid by other sources. Therefore, the Debt Service Fund is projected to balance each Plan year. The County currently has outstanding capital debt, as well as $57 million in previously authorized but unfunded capital projects planned. The fiscal gap projections include payments of $44.1 million to $48.7 million per year in existing debt service, with FY2005 payments additionally subsidized by $12.9 million in tobacco bond proceeds. The County projects an additional $2.3 million to $14.9 million in new money borrowing costs over the term of the Plan to capitalize $57.0 million for previously authorized borrowings in the fall of FY2005, and $30.0 million in annual borrowing in each of the next four years. Additional costs will affect the FY2006 through FY2009 expenditure projections. Other than general obligation bonds, the County is anticipated to require short-term cash flow borrowings annually. Those costs are projected to be $2.5 million in FY2005, and grow an average 12.0 percent per year to reach $8.4 million by FY2009.

Other Expenses. The County is also projected to incur one-time expenses of $1.1 million in personal service costs in FY2005 due to the sale of ECMC. Further, the creation of the Erie County Fiscal Stability Authority will begin to divert a portion of the County's sales tax revenue, beginning in FY2005, to support its staff and provide professional services in assisting the County in its financial recovery. The Authority's budget is projected to be $1.3 million in FY2005, and $1.4 million per year from FY2006 through FY2009.

Risks to the County's Fiscal Health

The Plan identifies a series of initiatives the implementation of which is necessary to eliminate projected out-year budget deficits. To ensure long-term fiscal health, the County will continue to identify and prevent potential risks to budgetary balance in all Funds. There are many risks facing the County's fiscal future. A number of them are described below.

- **Erie County Medical Center**. The current fiscal gap projections show a $19.1 million subsidy to the Erie County Medical Center Corporation ("ECMCC") to cover debt service and other expenses which will not otherwise be covered by hospital revenues. This subsidy level is the level budgeted in FY2005. However, there is a chance that ECMCC will request more then this in FY 2007 and 2008. The potential impacts of ECMCC's need for an increased subsidy appear to hinge strongly on control of ECMCC's labor costs. ECMCC's 2006 Budget Overview describes three scenarios with respect to subsidy requirements. If a hard freeze on wages and benefits is put in place in FY2007 and FY2008, the sensitivity analysis shows a difference of $24.2 million between revenues and expenses for FY2006, falling to $10.2 million in FY2007, and a surplus realized in FY2008. If moderate wage and benefit increases are realized, ECMCC could achieve a positive margin by FY2009, following operating deficits of $24.2 million in FY2006, $14.5 million in FY2007, and $5.8 million in FY2008. If historic wage and benefit trends continue, the sensitivity analysis shows operating deficits of $24.2 million in FY2006, $20.7 million in FY2007, and $20.1 million in FY2008. [5]

[5] The County Government's legal counsel has reviewed and approved this document.

The County is currently in litigation with the hospital corporation over what this subsidy level is required to be, and the disagreement is about the interpretation of the terms of the contract of sale. The hospital corporation contends that the agreement requires the County to subsidize the hospital at a rate adequate to cover any budget deficit the hospital may realize. The County, however, believes that its only obligation is to cover $5.6 to $7.6 million in annual debt service costs incurred by ECMCC to finance the purchase of the hospital and other assets. This case is scheduled to be ruled upon by the end of this calendar year, and the decision is likely to significantly impact the General Fund by either increasing or decreasing the required subsidy level to the hospital.

The Four-Year Plan assumes litigation will result in the County's favor, reducing the base case fiscal gap projection by $13.5 million. If the County loses and is obliged to pay the operating subsidy, exposure to the County could have to pay the $13.5 million, $18.6 million (based upon the ECMCC projection for FY2006 of $24.2 million less $5.6 million of debt service the County already intends to pay), or another amount ultimately determined. In such case, it can be expected that the planned FY2006 deficit borrowing will have to increase by the amount of the subsidy, unless savings or revenues can be realized elsewhere.

- **Sales Tax and Hotel Occupancy Tax**. While the County reasonably expects these revenue streams to continue to grow, the stability of this revenue is reliant upon the economic climate in Erie County and the Western New York region. While the current fiscal year and prior years have seen healthy growth in these revenues, past dips in the economy have resulted in annual declines as well. Should tourism decline significantly or another external factor adversely impact the local retail economy, these revenue streams have the potential to show slower growth or decline in any given year in the future.

- **Sunset of the Additional $0.25 Local Sales Tax**. The County received authorization by the State legislature to charge an additional $0.25 local sales tax effective July 1, 2005. And while this new tax is projected to be much needed additional revenue, and is projected to be extended upon renewal, the legislation permitting this additional tax sunsets on November 1, 2007. Should the extension of this tax fail, the County will need to identify an additional $33.2 to $34.0 million in revenue per year to close the fiscal gap in the out years of the Plan.

- **Employee Benefit Costs**. The County has projected 11.6 percent average annual growth for health benefit costs. Nationally, health benefit costs have seen double-digit growth for four consecutive years[6]. Currently, health benefits costs are often estimated at 15 percent or more per year, beyond the County's estimates. Pension contribution costs, projected at an average 11.0 percent of salaries for each year, have also challenged public sector employers as they struggle to meet the obligations to the growing retiree population. Pension contribution levels depend on the performance of investments in the pension fund. While the County is confident that the State's actuarial assumptions are reliable, there remains a risk that pension contribution requirements will rise unexpectedly due to market fluctuations and other factors.

[6] The Kaiser Family Foundation and Health Research and Educational Trust, *2004 Employer Health Benefits Survey*, September, 2004.

- **Utility and Fuel Costs.** In recent history, fuel and energy costs have fluctuated significantly. While electric costs have maintained steady growth, the costs of natural gas and gasoline has been sporadic at times. The Department of Public Works and their commodities buyers monitor the market daily to make strategic purchase decisions to protect the County from large swings in energy costs. However, sustained growth in energy costs or multiple market spikes may cause unavoidable negative impact to the General Fund.

- **Fund Balance Restoration/ Contingency.** The fiscal gap projections do not include restoration of General Fund balance. However, fund balance must be restored for the County to maintain an investment grade credit rating and to ensure the County's fiscal stability should unplanned expenses or losses of revenue occur. The County aims to restore a minimum General Fund balance equal to 5.0 percent of the County's budget. However, should fund balance not be restored and the General Fund face unexpected significant increases in expenses or reductions in revenue, the County is at risk for serious consequences not limited to loss of credit rating, cash flow strain or debt payment default.

- **Staff/Service Restoration without Corresponding Revenues**. From September 1, 2004, through the end of August 2005, the County has laid off a reported 1,280 full-time employees, of whom over 970 have not been rehired. Many County departments are operating at minimal levels due to understaffing and some are not able to function sufficiently. While some restoration of positions is to be expected – at least in those areas where additional personnel costs are more than offset by revenues, savings, and internal controls – this should be done only with an increase in recurring revenue or a separate offset in expenses. There is a risk that the pressure to fill positions and restore service levels beyond available resources will be too great to resist. If so, the General Fund will maintain structural imbalance.

- **Health Department.** The State of New York has issued an audit exception over the use by the county of revenue generated by public health laboratory testing fees and the early intervention program. The county will contest the audit; however, approximately $6.0 is at risk of recall by the State.

III. REVENUE

REVENUE

Achieving ongoing structural budget balance generally involves incorporating management initiatives to expand non-tax revenue and achieve savings. When facing a fiscal gap of over $100 million, inevitably tax policy changes and cost recovery enhancements are an important part of the resolving the County's fiscal future. In 2004, property and sales taxes made up about 45 percent of the County's General Fund revenue of $950 million. An additional 45 percent came from intergovernmental aid from the State and Federal governments and the remaining ten percent of revenue came largely from departmental cost recovery revenues.

As the table below indicates, in the past decade, sales tax revenues have grown by 34 percent. Over the same period, there has been a 28 percent decline in property tax collections. As noted by the State Comptroller in the June 2005 Budget Review Erie County, "the County has either reduced or held constant its property tax rate in the past five years." As a result, the County's revenue structure is increasingly dependent on sources largely outside of its control. To address this, the County will restore the property tax rate by 17.4 percent in FY2006 to help align ongoing expenditures and revenues. As the most stable revenue stream, the upward adjustment of the property tax provides the most reliable alternative as the County works to improve its fiscal health. There are also opportunities to implement new fees and to raise existing ones to better recover the County's costs for providing some services.

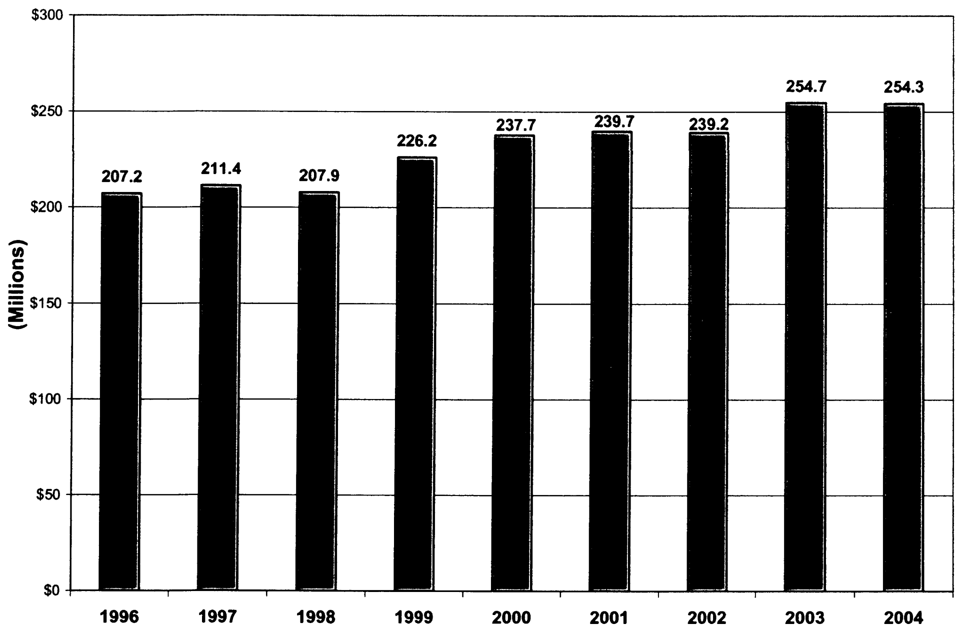
Erie County Revenue Trends from 1994-2004 (Dollars in Millions)

	1994	2004	Change	Percent Change
Property Taxes	$220.3	$157.9	($62.4)	-28%
Sales Taxes	$201.7	$270.9	$69.2	34%
Intergovernmental	$317.2	$416.5	$99.3	31%
Others	$99.6	$104.4	$4.8	5%
Total	$838.8	$949.7	$110.9	13%

Sales Tax

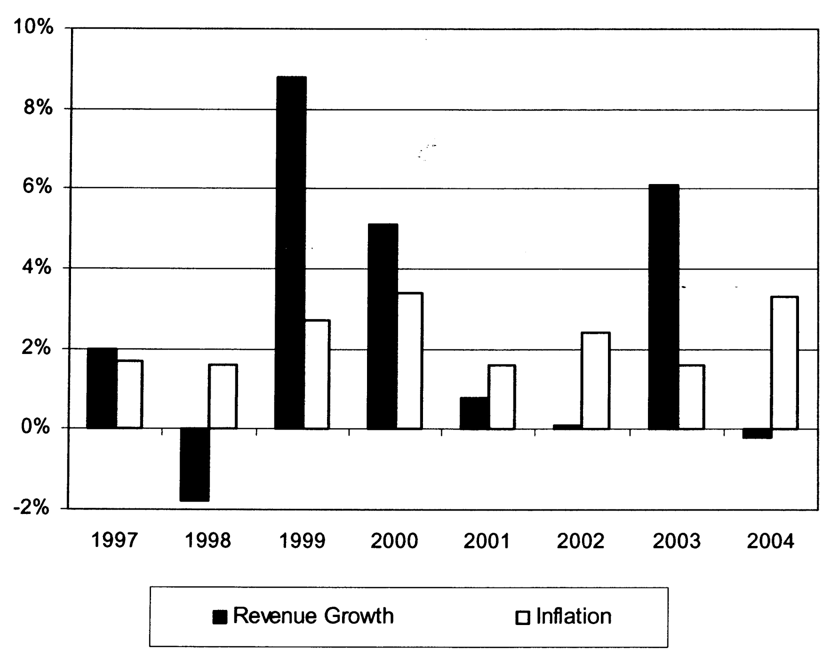
The sales tax base and rate are determined by the State. The three percent rate limit for most counties has been lifted, however, and today the median and most common sales tax rate is eight percent. The County levies the maximum three percent sales tax allowed under the law. By agreement, the County receives 35.3 percent of these sales tax revenues, with the balance distributed by formula to school districts, cities, and areas outside of cities. Through State enabling legislation, the County has imposed an additional one percent tax for County purposes only. Now, the additional tax is 1.25 percent. Effective June 1, 2005, the State sales tax rate fell from 4.25 percent to 4.0 percent and the County raised its rate by an additional 0.25 percent effective July 1, 2005, making the County sales tax 8.25 percent. Of that, the County now receives effectively 2.31 percent (3.53 X 3 percent + 1.25 percent), some of which goes to transportation. Prior to July 1, 2005, the County received effectively 2.06 percent. General fund tax revenue, from the County Comptroller, is shown below.

General Fund Sales Tax Revenue, 1996 - 2004



As shown in the following table, the growth in the sales tax compared to inflation indicates that changes in sales tax revenue are erratic, and surges and declines are unrelated to movements of prices and the cost of living. This makes accurate budget forecasting difficult (revenues information was provided by the Comptroller and inflation is US CPI-U).

Growth in Erie County Sales Tax Revenues Compared to Inflation, 1997 – 2004



Sales tax policy is generally dominated by issues of erosion and expansion of the tax base, the liability for businesses due to taxes on inputs, fairness for low income households, and cross-border shopping in response to differential rates. The latter is within the purview of local government and can be a major issue of concern. For Erie County this does not appear to be a problem, however. Erie County's sales tax base – at $10.9 billion in 2002 – is easily the largest upstate (besting Monroe/Rochester by about 25 percent) and dwarfs the bordering counties. Major local shopping centers are suburban and within the county boundaries. If there is significant cross-border shopping within New York State, it is likely to benefit Erie County. Further, Canadian cross-border shopping is largely a function of exchange rate fluctuations, which are outside of State and County policy reach. The table which follows provides the most current information for comparable urban counties as well as the bordering counties.

Comparative Sales Tax Bases and Rates

	Counties	Rate as of 7/1/05	Taxable Sales 3/01-2/02 (in billions)
	Erie	**8.25%**	**$10.9**
Upstate			
	Albany	8.0%	$4.8
	Monroe	8.0%	$8.6
	Onondaga	8.0%	$6.0
	Oneida	9.50%	$2.2
Downstate			
	Nassau *	8.63%	$19.3
	Suffolk *	8.63%	$20.0
	Westchester *	7.375-8.375%	$14.4
	New York City *	8.38%	$80.7
Bordering			
	Chautauqua	8.25%	$1.2
	Cattaraugus	8.0%	$0.8
	Genesee	8.0%	$0.6
	Niagara	8.0%	$2.1
	Wyoming	8.0%	$0.3

*Rates include .375% imposed for Metropolitan Transportation.
Sources: NYS Dept. of Taxation & Finance, Publication 718, 6/05.
Bases (Taxable Sales & Purchases) are latest data and preliminary.

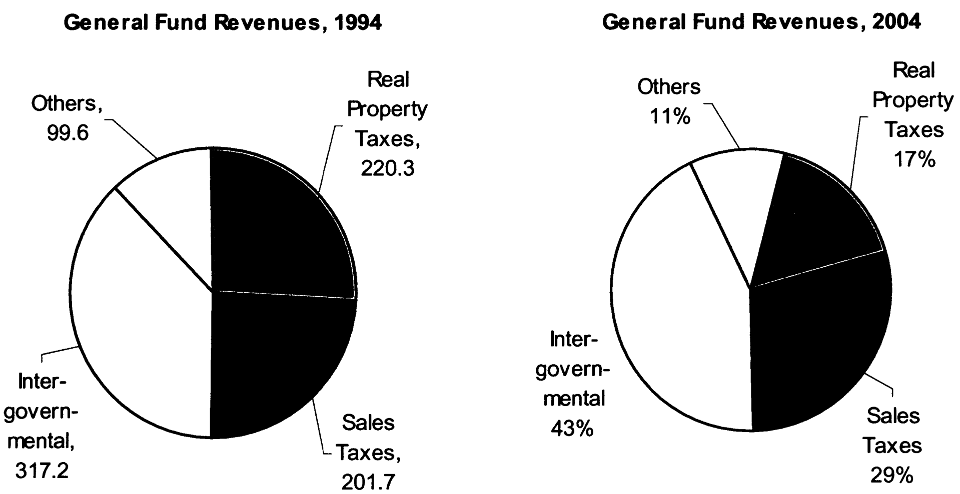
In this period of fiscal stress, the County has not developed a consistent policy toward raising the sales tax rate. Originally it requested and received from the State legislature in January 2005 the authority for a one percentage point sales tax increase. The State required the County to adopt local legislation to implement the increase, which failed to receive the required two-thirds support of the County legislature. Once the State's additional one-quarter percentage point rate expired on June 1, 2005, the County did implement an additional local one-quarter percentage point increase effective July 1, 2005. The State Comptroller estimated that the original extra one percentage point would have generated $120 million and the new one-quarter percentage point is forecast to add about $30 million in new revenue.

The Real Property Tax

Virtually every level of local government – the County, cities, towns, special districts, villages and school districts – imposes a real property tax. The property tax offers the ability to collect whatever revenue the County requires. Once the tax base is valued, the rates are set to yield the projected revenue. Note that there may be a difference between the levy and revenues, which would likely be reserves against non-payment.

The following table shows the falling share of total County revenue from the property tax. Where property taxes provided about one of every four dollars in 1994, property taxes in 2005 have fallen to the point of providing less than one out of five.

Shares of General Fund Revenue, 1994 and 2004



The County's 2005 levy raises $136 million, from a valuation base of $28.3 billion according to data from the Director of Real Property Tax Services. Unlike prior years, the 2005 levy grew from 2004 by the amount of the growth in assessed valuation.

The total property tax levy for all governments in Erie County grew steadily in the late 1990's, reaching a peak of $494 million in 1998. However, by 2003 the levy, at $447 million, was lower than a decade earlier. During the same period, the County's revenue rose to a peak of $226 million in 1998. It has since declined to $152 million, in each of the years from 2001 to 2003.[1] The percentage of all property taxes uncollected rose to a high of 5.4 percent in 1998, but has declined steadily to 3.4 percent in 2003.[2]

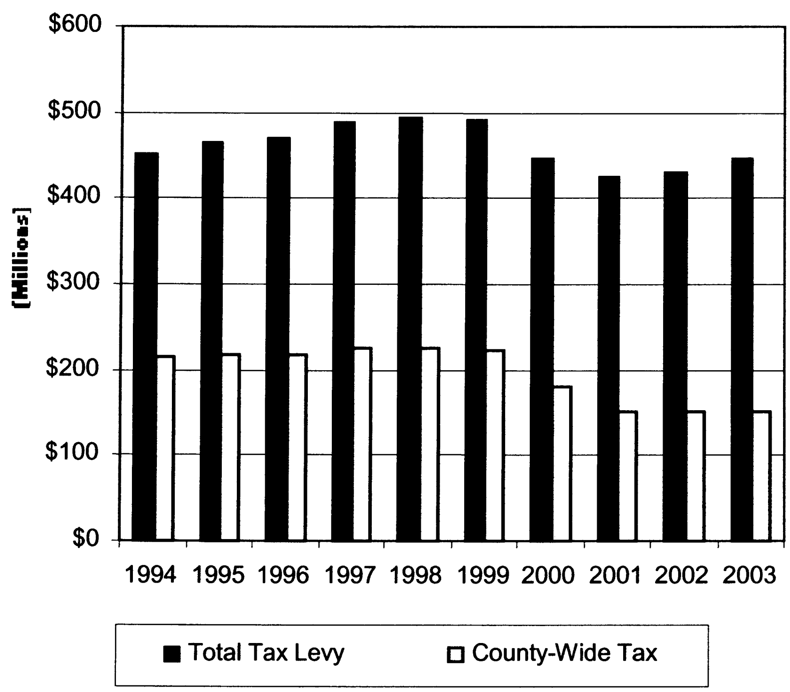
[1] The numbers are from the 2003 CAFR. But, there are slight differences in the published data for county-wide property tax collections. The *Erie County GO Bond Offering $79.7M* from Aug. 5, 2004 puts the property levy for county purposes at a constant $159M for the past four years, down from $188M in 2000.
[2] Erie County GO Bond Offering $79.7M from Aug. 5, 2004.

The 2006 assessed valuation is now finalized at $30 billion. If the levy were to remain constant at $136 million, tax rates and tax bills would fall as the base has grown. And, if the tax rates were to remain constant, the levy would grow by about $4 million. A useful "rule-of-thumb" is that raising $10 million in levy requires $254 on the average county-wide rate based on the full value average for a $100,000 house. The impact on taxpayers would vary from location to location, and it would be partially offset to individual homeowners by federal deductibility.

In 2000 and 2001, Erie County lowered its property tax rate from $7.09 to $4.62 (per $1,000 of full value), a 35 percent reduction. A recent analysis by the State Comptroller found that Onondaga and Monroe counties have significantly higher property tax levies than Erie. While the real property tax bases in the upstate counties of Erie, Onondaga, and Monroe have all remained relatively flat since 1994, the other two counties continue to levy higher real property tax rates. The State Comptroller characterized Erie County's rates as "markedly lower" than the other two counties in the Budget Review.

It is important to note that while local governments assess the value and collect the revenue, the County is generally responsible for uncollected taxes (with the exception of city property taxes):

Total Property Tax Levy & County-Wide Tax Collection, 1994 - 2003[3]



In 2003, the median taxpayer in Buffalo with an income of $24,536 and house value of $59,300 paid total property tax of $1,754 and sales tax of $383, effectively 8.7 percent of income. In the rest of the County, the average equalized combined property tax rate is marginally lower than in the City. Higher home values in the rest of the County result in higher property tax payments,

[3] Erie County 2003 CAFR

and higher incomes mean higher sales tax payments. However, these taxpayers have different incomes and, thus, different ability to pay. The median taxpayer outside of Buffalo is paying 8.5 percent of income in county/local taxes, marginally less than the 8.7 percent of income being paid by the median taxpayer in Buffalo.

The following table provides a measure of the impact of the County's two large taxes on the "typical" resident. It presents the combined property and sales tax burden for the "median" (50th percentile) taxpayer in Buffalo and elsewhere in Erie County compared to income. "Elsewhere in Erie County" is a hypothetical represented by the average (combined tax payment and equalized rate) when Buffalo is excluded. A number of locations closely match the average. It also compares these tax burdens to those in Rochester (Monroe County) and Syracuse (Onondaga County) and in several comparably sized U.S. cities in 2003.[4]

Tax Rates on the Typical Resident for Selected Cities

City		County	City	School District	Total Property Tax Rate Per $1,000 2003	Median House Value	Median Property Tax Payment	Median Household Income	Median Sales Tax Payment	Income Tax Payment Median Income	Median Auto Tax Payment	Median Tax Payment	Median Effective Tax Rate
Buffalo		4.81	12.36	12.41	29.58	$59,300	$1,754	$24,536	$383	N/A	N/A	$2,137	8.7%
Average Erie County (excluding Buffalo)*					29.32	$90,800	$2,662	$38,567	$603	N/A	N/A	$3,265	8.5%
Rochester	NY	8.31	9.18	20.76	38.25	$61,300	$2,345	$27,123	$443	N/A	N/A	$2,788	10.2%
Syracuse	NY	12.84	6.56	15.34	34.74	$68,000	$2,362	$25,000	$425	N/A	N/A	$2,787	11.1%
Newark	NJ				29.6	$119,000	$3,522	$26,913	$349	$242	$196	$4,309	16.0%
Providence	RI				38.8	$101,500	$3,938	$26,867	$377	$0	$283	$4,598	17.1%
Louisville	KY				12.1	$82,300	$996	$28,843	$403	$1,500	$213	$3,112	10.8%
Birmingham	AL				7	$62,100	$435	$26,735	$479	$1,123	$225	$2,261	8.5%
Des Moines	IA				21.7	$81,100	$1,760	$38,408	$613	$615	$459	$3,447	9.0%
Wichita	KS				13.1	$78,900	$1,034	$39,939	$650	$959	$542	$3,184	8.0%

* Erie County excluding Buffalo is equalized, full value.

Sources: Erie County fom State Comptroller http://www.osc.state.ny.us/localgov/muni/orptbook/2003Table2.pdf
Others from Chief Financial Officer, District of Columbia, *Tax Rates and Tax Burdens in the District of Columbia, a Nationwide Comparison.*

Cost Recovery

The long-term fiscal stability of the County requires increasing recurring revenues. Fees which the County charges are an important way to recover some of the costs of County Government. In some instances, the State requires, as a condition of State aid, that fees are comparable to the cost of providing services. The County should identify and develop as many other sources of revenue as possible, particularly those under its control.

The first step in augmenting the County's non-tax revenue sources is to identify them. The County has no single, comprehensive inventory of its revenue sources and this makes analyzing,

[4] The examples and methodology are taken from the annual comparison study performed by the District of Columbia, which has become a standard reference. That study, prepared under federal mandate, calculates and compares the tax burden for residents of various income levels in the largest city in each state. See Chief Financial Officer, District of Columbia, *Tax Rates and Tax Burdens in the District of Columbia – a Nationwide Comparison, 2003*, issued August 2004.

tracking, and increasing them difficult. The County can take steps to incrementally improve its management of its non-tax revenues, and carry out a plan to gradually increase them. Such steps include:

- Centralizing and assigning responsibility for the maintenance of the inventory and for analysis, reporting, and developing revenue increase strategies;
- Identifying and deploying the resources necessary to complete the data collection process;
- Developing systems and tools for collecting data on an ongoing basis, and providing adequate training in departments; and
- Developing a rationale and routine for systematic fee and fine increases, where appropriate.

There are new fees and fee increases proposed as part of the Plan. However, this is only a first step to what should become an ongoing process. Fees must be continually reviewed and increased to keep pact with inflation, charges by other comparable units of government, and with the cost of providing services. There are three methodologies for reviewing and increasing non-tax revenues:

- **Inflation-based Analysis** would calculate what rates and revenues would be now if rates were adjusted to keep pace with inflation since the last rate change. This analysis would assume that the last rate applied was appropriate at that time, and rely on detailed revenue data to be accurate.
- **Comparability Analysis** assumes that, in the "marketplace" of government fees, fee levels are likely to be acceptable if similar to rates charged by other jurisdictions.
- **Cost-of-service Analysis** quantifies the cost to the County of providing a service and presents a rationale for setting fees to recover costs.

The County needs to adopt a routine of regularly monitoring, reviewing, and updating its non-tax revenues. Better data control will allow the County to be more systematic in planning and executing fee and fine increases, and will improve the data supporting increase proposals. Ultimately, based on accumulated data, the County may be able to develop a regular schedule of planned increases for all fees and fines. The better planned or the more regular increase proposals are, the more easily they can be justified and the more they can contribute to multi-year financial planning. To the extent that proposals to increase fees and fines can become regular and predictable, and can form sensible and manageable packages, they may become more palatable to the legislatures of both the County and the State.

Recommendations for fee increases are presented below and described in more detail in the departmental initiatives.

Sample Cost Recovery Initiatives

Name of Initiative	Department	FY2006 Impact	FY2007 Impact	FY2008 Impact	FY2009 Impact	Total Impact
Increase Green Fees for County Golf Courses	Parks	$329,000	$336,000	$343,000	$350,000	$1,358,000
Increase Camping Fees	Parks	$13,000	$13,000	$13,000	$14,000	$53,000
Institute Boat Launch Fee	Parks	$25,000	$26,000	$26,000	$27,000	$104,000
Establish Supervision Fee for Probationers	Probation/Youth Detention	$252,000	$257,000	$262,000	$268,000	$1,039,000
Institute Fee for Probationer Testing	Probation/Youth Detention	$31,000	$32,000	$32,000	$33,000	$128,000
Establish Pre-Sentence Investigation Fee	Probation/Youth Detention	$150,000	$306,000	$312,000	$319,000	$1,087,000
Implement an Electronic Monitoring Fee	Probation/Youth Detention	$29,000	$29,000	$30,000	$31,000	$119,000
Increase DWI Supervision Fee	Probation/Youth Detention	$70,000	$72,000	$73,000	$75,000	$290,000
Implement Custody and Visitation Investigations Fee	Probation/Youth Detention	$4,000	$4,000	$4,000	$4,000	$16,000
Restore one Front-line Personnel Department Position to Ensure Appropriate Service, Supported by Increased Exam fees(Fees only)	Personnel	-$28,000	-$5,000	-$31,000	-$36,000	-$100,000
Increase Pistol Permits to Comparable Rate	Clerk	$38,000	$38,000	$38,000	$38,000	$152,000
Increase of Motor Vehicle Fees	Clerk	$800,000	$820,000	$830,000	$840,000	$3,290,000
Increase Revenue by Increasing Inspection and Other Fees	Health	$1,468,000	$1,505,000	$1,543,000	$1,582,000	$6,098,000
Institure 911 Wireless Phone Surcharge of $0.30	Central Police Services	$830,000	$1,229,000	$1,351,000	$1,474,000	$4,884,000
Criminal History Record Information: Home Health Care	Central Police Services	$20,000	$21,000	$22,000	$23,000	$86,000
Criminal History Record Information: Landlords	Central Police Services	$6,000	$6,000	$6,000	$7,000	$25,000
Charge Local Developers for 239 Reviews	Environment and Planning	$40,000	$41,000	$42,000	$43,000	$166,000
TOTAL		$4,237,000	$5,093,000	$5,266,000	$5,468,000	$20,064,000

158. Raise Property Taxes by 17.4 Percent in FY2006

Dept:

Division/Bureau:

Rev/Exp/Productivity: Revenue

Fiscal Impact To FY09: $101,630,000

Required Approval: County

In 2000 and 2001, Erie County lowered its property tax rate from $7.09 to $4.62 (per $1,000 of full value), a 35 percent reduction. This reduction has helped contribute to a structural imbalance between revenues and expenditures that resulted in layoffs over the past year. While maintaining low tax rates is an important goal, Erie County has the ability to increase property tax rates and should do so. Without raising the tax rate, the County risks its ability to provide basic services to County residents.

This Plan makes many recommendations achieve expenditure reductions. However, these initiatives are only part of a long-term solution. A 17.4% property tax increase balances the need to raise regular, sustainable revenues while working to achieve expenditure savings in the County's appropriated budget.

The real property tax is the mainstay of American local government finance and in New York is completely within local control. Local assessors determine the value of the tax base and the local legislature determines the rate at budget adoption as the final item achieving balance. This provides predictability and dependability in budgeting. Property tax revenues bring inherent stability, stemming from the permanence of land and many structures, the annual valuation process, and the difference between cycles in the property market cycle and the rest of the economy. Further, property tax liability is fully deductible from federal taxation, for individuals and businesses.

Erie County's decreased reliance on the real property tax for general revenue has occurred along with "multiple years of structurally unbalanced budgets, chronic use of one-shot funding sources...and increased reliance on debt," according to the State Comptroller." His analysis, however, demonstrates that there is room to restore the real property tax to its prior role.

Raising the property tax rate will provide additional revenues of $24.9 million in FY2006, expanding to $25.3 million in FY2007, $25.5 million in FY2008 and $25.9 million in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$24,919,000	$25,322,000	$25,515,000	$25,874,000

158. Raise the Sales Tax by One-half Percent for FY2006 through FY2009

Dept:		**Rev/Exp/Productivity:**	Revenue
Division/Bureau:		**Fiscal Impact To FY09:**	$ 262,370,000
		Required Approval:	State

While considering the FY2005-2009 Four Year Financial Plan, the Erie County Legislature voted 8-7 for a revision to the plan submitted by the County Executive and included a one-half percent increase in the sales tax as part of its plan to raise additional revenue. This would require a 10 vote supermajority and the approval of the State of New York.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$63,216,000	$64,775,000	$66,372,000	$68,007,593

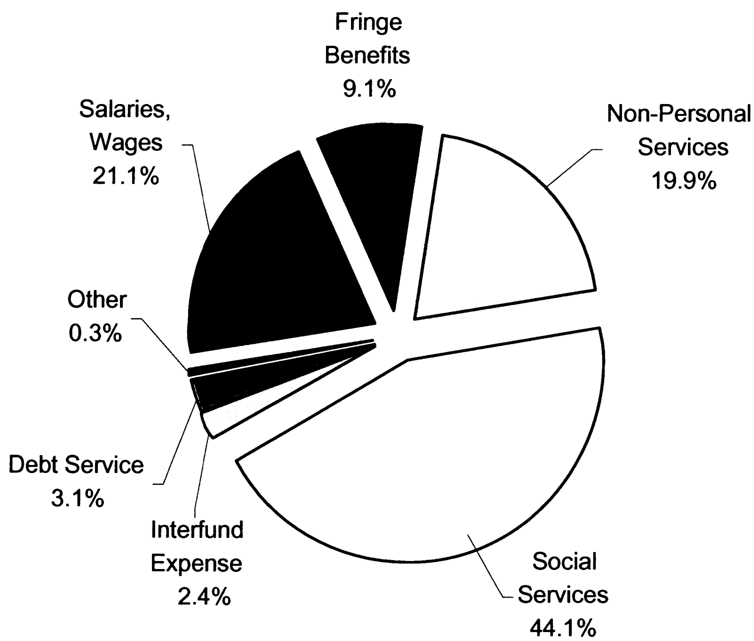
Typically, sales tax increases are implemented at the beginning of a tax quarter and require 90 days notice to remitters. However, there have been instances where these requirements have been waived or the time period reduced. It would also, of course, require the approval of the New York State Legislature and the Governor. If the State and County actions necessary to implement the one-half percent increase in the sales tax are not finalized by the time the 2006 County Budget is adopted by the County Legislature, the revenue attributable to such increase will not be recognized by the County Executive in determining the final 2006 County Budget and the County Charter provides for the 2006 real property tax levy to increase by an equal amount.

IV. WORKFORCE

WORKFORCE

One of the largest expenditure categories for Erie County is employee wages and benefits, totaling nearly one-third of overall General Fund expenditures – or $189 million – in FY2005 (projected). Like most governments, the County is a labor-intensive enterprise, requiring trained and quality workers to maintain parks and roadways, to administer the criminal justice system, to safeguard public health, and to deliver the many other important services of the County Government effectively. This Multi-Year Financial Plan recognizes and respects this critical role of public employees, and has sought both to minimize individual sacrifices and to maintain a competitive overall County compensation package going forward. At the same time, given the major impact of workforce expenditures as a share of the overall County budget, this Plan must take personnel costs into account.

2005 Projected Expenditures



Further, despite moderate across-the-board wage increases in recent years and significant reductions in the size of the County workforce, growth in personnel costs per employee continue to generate significant pressures on the budget going forward. Absent corrective action, health benefit costs for active employees are forecast to grow at double digit rates each year, well in excess of growth in the County revenue base. Further, retiree medical costs are increasing at an even faster pace due to a growing number of retirees and the higher utilization and cost of medical care for this cohort, while the New York State Comptroller estimates that County pension employer contribution rates across the Plan period will remain well above the levels of just a few years ago. A sustainable workforce cost structure has not yet been established.

To achieve recovery despite slow growth in the underlying revenue base, the County must contain its workforce spending, consistent with the following major themes:

- Minimizing the size of the overall workforce wherever excessive staffing levels, new productivity gains, and refocused programmatic priorities present opportunities for enhanced efficiency;

- Moderating wage increases to account for financial constraints;

- Restructuring the County's health benefits plan to contain skyrocketing costs while continuing to provide quality coverage;

- Capturing other opportunities to contain workforce costs without eroding core wages and benefits – such as reducing high leave usage that drives unnecessary overtime;

- Improving flexibility in job assignments, use of alternative resources, and other work practices important toward achieving efficient service delivery; and,

- Beginning to address the long-term cost pressures associated with pensions and post-retirement health benefits.

In addressing these critical issues, it is important to recognize that more than nine out of ten County workers are unionized. The following chart details the allocation of full-time employees[1] by group as of September 1, 2005.

Employee Group	Covered Positions	No. of Employees General Fund	No. of Employees All Funds	Contract Term
CSEA	Professional, technical, corrections, administrative, clerical	2,250	3,645	1/1/04–12/31/06
AFSCME	Labor and Trades	358	1,357	1/1/04-12/31/04
Teamsters, Local 264	Holding Center, Court Division Deputy Sheriff Officers and Civilians	532	532	1/1/04-12/31/04
Sheriffs PBA	Road Patrol Deputy Sheriffs	139	139	1/103-12/31/04
Librarians Association	Librarians	3	90	1/1/04-12/31/04
New York State Nurses Assoc.	Registered Nurses	35	646	1/1/04-12/31/04
Non-Represented	Executive, Management, Confidential	246	321	N/A
Total	N/A	3,563	6,730	N/A

Given this highly unionized environment, the challenge of controlling the cost and managing the effectiveness of the County workforce can only be addressed through contract negotiations and

[1] Erie County Community College Faculty and Administrator bargaining units not shown.

effective labor management relations, combined with consistent cost containment measures for non-represented employees.

Again, given the labor-intensive nature of the public sector, Erie County's circumstances are not unique. In multiple other cases of municipal distress, personnel cost containment has been central to recovery – for example:

- In 1992, the City and County of Philadelphia, PA reached labor agreements through both negotiations and police/firefighter arbitrations that included a two-year wage freeze, elimination of 4 holidays (from 14 to 10), $6,000 (20 percent) reductions in police and fire starting pay, lower employer health benefit contributions, restructured longevity pay, civilianization of 169 sworn police positions, comprehensive work rule reforms, and disability and sick leave benefit restructuring.

- During its 1995 fiscal crisis, the District of Columbia imposed multiple compensation changes including 6 percent wage cuts in the middle of a negotiated contract term and 12 unpaid furlough days over a two-year period.

- In Nassau County's recovery, the total size of the workforce was reduced by over 900 positions from January 1, 2002 to January 1, 2005, while significant changes in compensation were negotiated, including reductions in the formula for police overtime, holiday pay, shift differential, and termination pay, along with lower starting pay and elimination of a paid holiday.

- Fiscal recovery efforts for Pittsburgh, PA in 2004 included a two-year wage and step freeze, introduction of a 15 percent employee contribution toward healthcare premiums with significant plan redesign, elimination or retiree medical coverage for future hires, frozen longevity pay (and elimination for new hires), reduced vacation and holiday leave, and increased management flexibility for staffing, assignments, and subcontracting.

While such workforce changes can be difficult in the short run, long-term spending must become aligned with revenue growth. Without a fiscally stable local government, future labor negotiations will always be about how to divide a shrinking pie.

Further, given the recent difficult cost pressures generated by health and retirement benefits, as well as post-recession revenue weakness, even governments not undergoing severe fiscal crisis have been led to negotiate relatively modest agreements to manage against budgetary strain. Within New York, for example, settlements reached in 2004 with over 70,000 State CSEA workers and 121,000 New York City AFSCME workers both featured no increases to base wages in the first year (lump sums only) and modest increases thereafter.

As shown in the following outline, the wage and benefits package for Erie County now features multiple opportunities for cost containment via adjustment and restraint that will still leave County employees with competitive, quality, total compensation.

Workforce Size

There was a net change of 1,130 fulltime employees over the past 12 months, with reductions seen in almost every business area. Likewise, as shown in the following chart, part-time and regular part-time positions have also been sharply cut.

	9/1/2004 - All Funds			9/1/2005 - All Funds		
Business Area	FT	PT	RPT	FT	PT	RPT
BEC Public Library	291	396	11	233	320	17
Board of Elections	60	29	5	36	21	1
Budget, Mgmt & Finance	37	5		20	1	
Bureau of Fleet Services	10					
Bureau of Purchase	12			6		
Central Police Services	81	17	1	70	16	
Commission on Status of Women	3			1		
Comptroller	51			31		
County Attorney - Dept of Law	36	3	4	23	1	2
County Clerk	117	66		91	1	
County Executive Department	21	2	2	12	1	1
Department of Social Services	1,634	36	2	1,418	15	
Dept of Mental Health	41		1	34		1
Dept of Public Works	190	32	12	136		10
District Attorney	169	1		141	1	
Emergency Services	14	36		10	23	
Environment & Planning Division	51	1	3	33		2
Equal Employment Opportunity	5			2		
Erie County Home	509	5	75	495	2	70
Erie County Medical Center	1,948	209	220	1,869	154	202
Health	456	41	35	331	11	27
Highways (DPW)	253			153		
Information & Support Services	81	10	2	54	9	2
Jail Management	748	23	4	718	3	1
Labor Relations	1	2		1	1	
Legislative Branch	65	15	12	30	1	13
Office of the Sheriff	233	36		171	5	
Office of Veterans' Services	4	1		2	1	
Parks	166	20		124	16	
Personnel	34			21		1
Probation/Youth Detention	230	28	6	175	15	7
Senior Services	105	15		87	16	
Sewer District - 2	32	1	1	33	1	
Sewer District - 3 / Southtown	60		1	60		1
Sewer District - 6	30			28		
Sewer Districts - 1,4,5	36			35		
Sewer Management	45	1		45		
Utilities Fund (DPW)	1			1		
	7,860	1,031	397	6,730	635	358

The majority of this workforce reduction has occurred in the General Fund, as detailed in the following chart.

	9/1/2004 - General Fund			9/1/2005 - General Fund		
Business Area	FT	PT	RPT	FT	PT	RPT
BEC Public Library				5		
Board of Elections	60	29	5	36	21	1
Budget, Mgmt & Finance	37	5		20	1	
Bureau of Fleet Services	10					
Bureau of Purchase	12			6		
Central Police Services	66	17	1	56	10	
Commission on Status of Women	3			1		
Comptroller	51			31		
County Attorney - Dept of Law	36	3	4	23	1	2
County Clerk	117	66		91	1	
County Executive Department	19	2	2	10	1	1
Department of Social Services	1,618	36	2	1,398	15	
Dept of Mental Health	41		1	33		1
Dept of Public Works	189	32	12	136		10
District Attorney	135	1		109	1	
Emergency Services	13	31		9	1	
Environment & Planning Divis'n	31	1	2	14		1
Equal Employment Opportunity	5			2		
Erie County Home				31		5
Erie County Medical Center				38	3	7
Health	333	37	25	213	7	14
Highways (DPW)				7		
Information & Support Services	62	9	1	47	9	1
Jail Management	748	23	4	718	3	1
Labor Relations	1	2		1	1	
Legislative Branch	65	15	12	30	1	13
Office of the Sheriff	233	33		171	4	
Office of Veterans' Services	4	1		2	1	
Parks	164	20		124	16	
Personnel	34			21		1
Probation/Youth Detention	204	27	5	150	15	7
Senior Services	44	5		27	6	
Sewer District - 2				2		
Sewer District - 3 / Southtown						
Sewer District - 6				1		
Sewer Districts - 1,4,5						
Sewer Management						
Utilities Fund (DPW)						
	4,335	395	76	3,563	118	65

Taking a longer-term view, the County has generally been reducing headcount for at least the past decade.

Within any large organization, there are always opportunities to become even more efficient, to consider increased use of outside service providers, and to rethink lines of business. Erie County is no exception, and this Plan includes multiple initiatives that would further reduce staffing pressures in certain operations. Still, with over 1,100 full-time positions eliminated over the last 12 months, the focus now turns to the costs of per employee compensation, as further outlined in many of the workforce initiatives to follow.

To successfully implement the following initiatives, virtually every County department will be required to take an even more active role in workforce management. Leadership must be driven by the Office of the County Executive, Office of the County Attorney, Department of Labor Relations, and Department of Personnel, and several additional workforce-related initiatives may be found in these departmental chapters. Of particular note, workers' compensation issues are addressed in the County Attorney chapter, co-location of personnel functions with labor relations is outlined in the Department of Labor Relations chapter, and initiatives to improve attendance monitoring, to maximize federal Medicare Part D reimbursement for retiree prescription drug benefits, to improve civil service examination processing and revenue generation, and to strengthen employee training are all detailed in the Department of Personnel chapter of this Plan.

Workforce Initiatives

46. Restructure Managerial Confidential Employee Compensation Package

Dept:	All	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	All	**Fiscal Impact To FY09**:	$1,675,000
		Required Approval:	County

When difficult workforce changes are necessary, it is important for management to lead the way. Accordingly, in August 2005, the Administration proposed a series of changes to the compensation structure for Managerial Confidential employees intended both to achieve near-term savings and to begin the process of establishing a more affordable County compensation program overall. These proposed changes include:

- Active Managerial Confidential employees will begin to contribute toward the monthly premium cost of health insurance, beginning at 10 percent on January 1, 2006 and increasing to 15 percent on January 1, 2007 (exempting JG 10 or lower Managerial Confidential non-exempt from the Fair Labor Standards Act).

- Retiring Managerial Confidential employees will contribute 15 percent toward the cost of the monthly premium for their health insurance effective January 1, 2006, and Managerial Confidential employees newly hired on or after January 1, 2006, who subsequently retire, will be required to contribute 50 percent toward the cost of retiree health insurance

- The sick leave program for Managerial Confidential employees will be restructured effective January 1, 2006 to eliminate eligibility for extended sick leave with pay, create "Catastrophic Illness Banks", and modify the sick leave bonus to apply only to employees who charge 8 hours or less of sick leave in a calendar year

- Reduced Summer Hours will be eliminated. Currently, all County employees work reduced hours between July 1st and the second Monday in September. With a typical schedule, this means a 9-5 workday (including a one-hour paid lunch and two paid 15 minute breaks) becomes a 9-4:30 workday – just six working hours once breaks are factored out.

According to the County Personnel Department, savings for active Managerial Confidential employees from a 10 percent premium contribution are estimated at just over $385,000 for FY2006 across the entire multi-employer benefits coalition which the County participates. In turn, the Personnel Department estimates that approximately 70 percent of this total, or $269,500, would be due to the General Fund. Applying a 15 percent contribution against escalating costs for 2007 and beyond, annual savings would be projected to grow to over $600,000 by 2009.

While the introduction of retiree healthcare contributions is important to reducing the County's long-term liabilities, the near-term impact will phase in slowly as retirements take place under the current pay-as-you-go approach to these benefits. Assuming 20 new Managerial Confidential eligible retirees per year beginning in FY2006, with using a blended rate for retiree medical coverage, savings would be estimated to start at over $17,000 in FY2006 (estimated annual premium of $11,434 multiplied by 15 percent, discounted by 50 percent to reflect occurrence of retirements throughout the calendar year). In subsequent fiscal years, savings will increase sharply as additional cohorts retire, rising to more than $175,000 by FY2009.

While sick leave changes and reduced summer hours are anticipated to improve productivity, no direct savings are quantified given that most Managerial Confidential positions do not generate overtime.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Active Employee Health Benefits	$0	$269,500	$461,330	$532,052	$602,017
Retiree Medical Benefits	$0	$17,177	$58,808	$113,040	$179,066
Sick Leave reforms	$0	CQ	CQ	CQ	CQ
Summer Hour Elimination	$0	CQ	CQ	CQ	CQ
Total Savings	$0	$286,677	$520,138	$645,092	$779,083

Because pending County legislation to enact these changes would not take effect until January 1, 2006, no savings are forecast in FY2005. It is assumed that savings would begin to be realized in FY2006. A 25 percent discount is applied as both a general conservatism factor and to reflect the potential loss of certain grant and reimbursement revenues relative to baseline assumptions.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	25%	25%	25%	25%
Fiscal Impact	$0	$215,000	$390,000	$484,000	$586,000

37. Achieve Target Savings From Collective Bargaining

Dept:	All	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	All	**Fiscal Impact To FY09**:	$61,020,000
		Required Approval:	Union

Partnership with the County's employee unions is critical to achieving sustainable fiscal recovery, and significant changes in compensation costs will be required. With much of the good faith collective bargaining process yet ahead, however, it would be premature to set forth precisely which changes may ultimately result from labor negotiations. Accordingly, the County will seek to work with the appropriate employee unions to reach the overall savings targets cited below, representing meaningful participation in fiscal recovery.

Negotiation Savings Targets

FY2005	FY2006	FY2007	FY2008	FY2009
$0	$3,600,000	$12,330,000	$19,080,000	$26,010,000

At the same time, the County believes it is important to demonstrate that the negotiation targets above are credible and achievable without compromising its ability to recruit and retain qualified personnel. Accordingly, a "menu" of quantified savings options is summarized below that totals well in excess of the minimum savings targets. Through the bargaining process, the County will work with its unions to determine which negotiation savings areas and options will best meet the interests of both employees and the taxpayers. As long as Erie's fiscal imperatives are recognized and addressed, the County will work flexibly to maintain an attractive and competitive compensation package.

In evaluating the menu to follow, it is also important to note that this Plan's aggregate negotiation targets represent savings relative to the County's Multi-Year Plan baseline. Wage freezes and other changes with lower costs than the baseline assumptions will, therefore, be counted toward this target as savings. At the same time, however, any wage increases or positive new benefits negotiated over and above the baseline assumptions will need to be funded by additional savings above these targets.

- **Introduce cost-sharing for active employee healthcare premiums.** According to the Bureau of Labor Statistics, 88 percent of U.S. private sector workers covered by employer-sponsored medical plans contributed toward the premium cost of family coverage in 2005 and 76 percent contributed toward individual coverage. In the U.S. public sector, according to a 2005 survey by Workplace Economics, 44 of 50 state governments now require employee contributions for basic family coverage, and more than two-thirds require contributions for single coverage. For example, State of New York employees contribute 10 percent of the cost for single coverage, and 25 percent of the incremental cost for any dependent coverage.

  In contrast, Erie County employees currently receive 100 percent employer-funded coverage for a generous Core health benefits plan [employees opting for a more affordable Value benefits plan receive back half of the incremental savings in the form of County contributions to a Section 105-h medical expense reimbursement account, while employees selecting a more expensive Enhanced plan option must contribute the incremental cost above the Core premiums funded by the County].

If just a 10 percent premium contribution were established for 2006, rising to 15 percent by 2007, undiscounted savings would be estimated at over $2.3 million for FY2005, rising steadily to more than $5.2 million by FY2009. [Note: the preceding, general estimates are based on baseline "status quo" assumptions regarding plan design, cost growth, and enrollment patterns. Cost containment measures addressed in subsequent sections of this Plan section, as well as potential plan migration given changes in incentives, could materially impact the results achieved].

- **Restructure medical coverage "opt-out" provisions to eliminate payments for County employees still covered under the County plan.** Like many employers, Erie County offers a cash incentive ($67 per month for single coverage; $100 month for family coverage) to employees who waive coverage under the County's health benefits plan where eligible for quality coverage elsewhere. In general, this practice is sound, and will typically generate savings. As currently structured, however, a County employee who is married to another County employee is eligible to receive this opt-out benefit by claiming alternative coverage under their spouse's plan. Because the County's plan is substantially self-insured, however, the County will realize no savings from this "paper" change in stated coverage, but rather will still be responsible for the same set of plans. In effect, the County is paying $1,200 for nothing. According to the Erie Personnel Department, over 180 workers now receive such opt-out payments while still remaining covered by the County. Eliminating this practice would save an estimated $220,000 across all funds. Assuming approximately 55 percent of this total is attributable to the General Fund, savings would exceed $120,000 annually.

- **Restructure sick leave benefits to encourage better attendance, while still providing a safeguard for catastrophic illnesses and events**. Sick leave usage averaged 14.9 days per employee per year for the period from August 2004 to August 2005, according to estimates provided by the County Personnel Department[2]. To some extent, this recent average may have been higher than would typically be expected for the County going forward due to excessive sick leave use by employees facing layoffs during this period reviewed. Anecdotally, County personnel managers report that past sick leave usage prior to recent layoffs averaged 10-11 days per employee per year. Nonetheless, even at the somewhat lower 10-11 day level, sick leave usage for Erie County is high. According to the Bureau of National Affairs, for example, typical private sector unscheduled absences average around 2.0 percent of scheduled workdays, or 5.2 days per year. Likewise, many public sector workplaces average well below Erie's levels.

[2] Includes Sewer Districts, but excludes ECMC (13.1 days), County Home (21.7 days), and Libraries (13.2 days).

Compounding this challenge, round-the-clock operations where unscheduled absences have a strong impact on overtime are among the Erie County departments experiencing the highest levels of sick leave usage. For example, over the 2004-2005 period reviewed:

- Probation/Youth detention averaged 15.7 days
- Public Works averaged 19.3 days
- The Sheriff's Department averaged 13.1 days

Opportunities to restructure this benefit include:

- Reducing the current 15-day annual sick leave accrual (plus one extra day if less than one day used in the preceding year), potentially establishing a catastrophic leave bank to safeguard against severe circumstances. In the U.S. private sector, allowances in large and medium firms average between 9.0 and 11.6 days per year, depending on years of service. Other public employers have found moderation of annual allowances to be a highly effective means of curtailing high sick leave usage.

- Eliminating extended paid sick leave. This additional paid leave is now guaranteed under some collective bargaining agreements when a County employee qualifies for workers compensation.

- Eliminating the sick leave bonus. Currently, County employees who bank 1,800 hours of sick leave over the course of their career are eligible to receive a one-time $300 bonus, with additional $200 annual bonuses provided in subsequent years if the 1,800 balance is maintained and fewer than five days are used in that year. While modest sick leave bonuses can be a positive acknowledgement of good attendance, many human resources managers believe that this approach has little or no direct impact on employee behavior. Further, the particular structure of the County's benefit can provide the bonus to employees who still take multiple days in a year.

While it is difficult to quantify the bottom line saving attributable to attendance gains precisely, even a three day reduction in average sick leave usage would translate to approximately 10,689 additional productive workdays for the County each year (3,563 full-time employees * 3 days), equivalent to more than 46 FTEs[3]. In turn, if even 20 percent of this improvement impacted the bottom line through reduced staffing needs and/or overtime, the County would save roughly $360,000 per year (9 FTEs * $40,000 approx. average[4] County salary).

[3]FTE equivalence assumes 52 five-day workweeks (260 days) less 12 current County holidays, 15 vacation days as now earned after two years of service, and four personal days (5*52=260-12-15-4=229). No sick or other leave usage is assumed.
[4] Approximate average based on 9/9/2005 system output excluding Managerial and Confidential.

- **Restructure vacation leave.** In addition to generous personal, sick, and holiday leave benefits, Erie County employees receive 30 days of annual vacation after 25 years of service. In the first year of employment, 10 days are provided, rising to 15 days after two years, 20 days after nine years, and 25 days from years after 16 years through the 25th anniversary. These allowances compare favorably to the national private sector as of 2005, particularly for more senior County personnel:

Annual Vacation Allowances – Erie Vs. U.S. Private Sector

	After 1 year	After 3 years	After 5 Years	After 10 years	After 15 years	After 20 years	After 25 years
Erie County	10	15	15	20	20	25	30
U.S. private sector	8.9	11.0	13.6	16.2	17.8	18.6	19.3

Note: Benchmark years of service shown above reflect BLS, March 2005, National Compensation Survey reporting format; as noted in narrative above, Erie County workers generally receive increases to their annual vacation allowances somewhat in advance of the junctures shown.

These high leave allowances contribute to overall staffing and overtime pressures. To estimate potential savings, we assumed capping vacation leave at 20 days per year for all employees. As of September 2005, the County Personnel Department reports that 928 County employees had between 16-25 years of service (receiving 25 days) and 637 employees had over 25 years of service (receiving 30 days). Based on these staffing levels, the county would regain approximately 11,000 workdays by capping vacation at 20 days per year, equivalent to more than 48 FTEs[5]. Even assuming that only 20 percent of this improved productivity would yield hard dollar savings based on reduced staffing needs, lower overtime, and decreased terminal leave payouts on retirement, this change would generate approximately $380,000 in annual savings assuming an approximately $40,000 average County salary (no associated benefit savings are assumed in this or similar initiatives to follow, reflecting the potential for some savings to be captured from reduced need for part-time personnel and overtime assignments, and as a measure of conservatism).

- **Reduce 12 paid holidays and/or convert to floating days.** Erie County currently provides 12 paid holidays, well in excess of the average of nine (9) received by U.S. private industry workers in 2005 among employers with 100 or more workers. Nationally, only one in ten private sector workers receive as many as 12 paid holidays. For each holiday eliminated, the County would avoid paying premium rates to personnel in round-the-clock operations such as the Corrections Center and Emergency Communications for work on "non-festive" holidays (e.g. Columbus Day), while also regaining productive hours toward improved public service across the full government. As a further option, to the extent that holidays remain, savings can be attained by converting non-festive holidays to "floating" holidays. Under this approach, coverage for around-the-clock operations can be maintained on non-festive holidays without high levels of overtime, while employees can schedule and enjoy their floating holidays in a manner that does not disrupt operations.

[5] Again, FTE equivalence assumes 52 five-day workweeks (260 days) less 12 current County holidays, 15 vacation days as now earned after two years of service, and four personal days (5*52=260-12-15-4=229). No sick or other leave usage is assumed.

- **Restructure other paid leave (personal leave).** Over and above the vacation and sick leave allowances outlined above, County workers receive four (4) paid personal days per year after one year of service. Further, this personal leave allowance is provided in addition to separate provisions for paid bereavement leave, jury duty leave, union leave, and time off with pay to take County civil service exams. In contrast, a majority of private firms and state/local governments do not offer paid personal days. Reducing this personal leave allowance by two days per year would yield nearly 7,000 additional productive workdays across the General Fund workforce (3,484 employees * 2 days each), equivalent to 30 FTEs. Even assuming that only 20 percent of this improved productivity would yield hard dollar savings, this change would generate approximately $240,000 in annual savings assuming an approximately $40,000 average County salary. As an alternative to reducing personal leave for all employees, some employers have linked the receipt of annual personal days to good attendance in the preceding year.

The following chart shows the overall paid leave benefits available to Erie County workers at 25 years of service relative to U.S. public and private sector norms – more than two weeks more than most governmental employers and over four weeks more than most private firms.

Paid Leave for 25-Year Employees – U.S. Public and Private Sector

	Holidays	Sick Day Allowances	Vacation Day Allowances	Personal Day Allowances	Total
Erie County (CSEA)	12	15	30	4	61
US State and Local Govts[6]	11.4	12.6	23.1	0.0[7]	47.1
US Private Sector Average[8]	8	11.6	19.3	0.0[9]	38.9

- **Eliminate summer hours.** As noted above for Managerial Confidential personnel, all County employees work reduced hours between July 1st and the second Monday in September. With a typical schedule, this means a 9-5 workday (including a one-hour paid lunch and two paid 15 minute breaks) becomes a 9-4:30 workday – just six working hours once breaks are factored out. Where not provided due to operational factors, employees may receive an equivalent number of compensatory hours (approximately 25 hours). In addition to eroding productivity, this practice contributes to overtime costs to the extent that replacement needs are generated. Assuming 25 hours per employee, this practice equates to more than 58 FTEs [25 hours * 3,484 employees = 87,100 hours / (229 workdays * 6.5 hours

[6] National averages for holidays, sick, vacation, and personal days from Department of Labor, Bureau of Labor Statistics, *Employee Benefits in State and Local Governments, 1998* (pub. December 2000). Sick days are average number of days at full pay for full-time employees for cumulative plans.

[7] According to *Employee Benefits in State and Local Governments, 1998* (pub. December 2000), three of five state and local governments do not provide personal days, and therefore the median number of days is shown in the table. For the minority of state and local governments that do provide personal days, the average number of days is 3.1.

[8] National averages for holidays, sick, vacation, and personal days from U.S. Department of Labor, Bureau of Labor Statistics, *Employee Benefits in Medium and Large Private Establishments, 1997* (pub. September 1999). Sick days are average number of days at full pay for full-time employees for cumulative plans.

[9] Holiday and vacation data from the *National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2005.* Also per this report, only 36 percent of full-time employees receive personal days, and therefore the median number of days is shown in the table. Because detailed sick leave benefit data not available in this report, *Employee Benefits in Medium and Large Private Establishments, 1997* (pub. September 1999) was used for the sick leave average reported.

per day for one FTE) = 58 FTEs]. Again assuming that only 20 percent of this improved productivity would yield hard dollar savings, this change would generate approximately $475,000 in FY2005 savings assuming an approximately $40,000 average County salary.

- **Eliminate meal days.** If an employee receives less than one hour for lunch on a regular basis for nine or more months of the prior anniversary year, the employee gains the option of receiving either a $275 payment or three compensatory days. Across the full County government (including the Library system, Medical Center, and County Home, this provision generates both compensatory days and over $35,000 in payouts annually (April 2004-April 2005). Direct General Fund impact exceeds $17,500 in cash payouts alone.

- **Reduce premium pays.** On top of base wages, the County provides multiple pay premiums, varying by assignment, position, and/or union. Longevity pay begins to be earned after nine continuous years of County service and five years at the maximum job group, without any linkage to performance. Uniform allowances of $750 are provided to some employees, at a total annual cost of more than $680,000. Others assigned pagers may earn a supplemental $35 weekly, totaling over $45,000 per year. For still others, a $0.85 hourly shift differential is earned, at a total annual cost of over $1 million. While generally not extraordinary, some or all of these allowances could be reduced or restructured to achieve overall contract savings. For example, simply reducing uniform allowances to $500 per year would generate annual savings of approximately $340,000.

- **Require completion of probation for full benefits.** Some employers, such as the City of Buffalo, require six months of service before newly hired employees are eligible for County-funded medical benefits, overtime in excess of Fair Labor Standards Act (FLSA) minimum requirements, or paid leave. Assuming 174 new hires per year (reflecting replacement for turnover at 5 percent of the total unionized workforce), this measure could save approximately $295,000 in FY2006 benefits costs, rising to $439,000 by FY2009 ($6,789 annual premium / 2 * 174 new hires * 50 percent discount to reflect the likelihood of smaller average family sizes and lower healthcare utilization among workers earlier in their careers; annual premium projected to rise to $7,747 for FY2007, $8,935 for FY2008, and $10,110 for FY2009).

- **Restructure medical benefits for future retirees.** Currently, Erie County retirees receive full medical coverage for life. In contrast, only 5 percent of U.S. private industry establishments offer health care benefits for retirees under age 65 (4 percent for retirees age 65 and over). Among firms with 100+ workers, availability is 13 percent before age 65 and 12 percent thereafter. Looking forward, with an increasing number of retirees and relatively higher healthcare costs for what is typically an older cohort, these post-employment benefits are projected to rise dramatically. Further, a new Governmental Accounting Standards Board (GASB) Statement 45 will soon require all public employers, including Erie County, to calculate and disclose the actuarially determined liability associated with such obligations. While every public employer faces unique circumstances, benefits experts estimate that the annual required contribution (ARC) for retiree medical benefits will typically exceed current pay-as-you-go cash outflows by a factor of ten or more. To control such growing liabilities, some municipalities, such as the fiscally distressed City of Pittsburgh, have eliminated post-employment medical coverage altogether for newly hired workers. Others are increasing cost-sharing and modifying plan design. Others, such as the City of Anaheim (CA), have established a defined contribution trust fund for new employees into which fixed payments are made and invested toward post-employment benefit needs. Although the short-term impact of potential changes is not quantified, retiree medical cost pressures will be a significant and escalating concern for Erie County going forward.

Former Erie County employees retiring prior to January 1, 2003 (approximately 3,589 retirees out of 4,189), contribute an average of 45 percent towards medical insurance. Retirees who separated after January 1, 2003 (and estimated 600 or 14 percent), make no contribution to their Pre-65 premium, and none to their Post-65 premium for the designated Medicare PPO (requiring Medicare Part B premium payments by the retiree).

- **Revise dental plan provisions to more affordable levels.** Currently, County employees receive coverage under a preferred provider plan that covers preventive, basic, certain prosthetic, and orthodontic services up to $1,200 per person per calendar year through participating dentists ($1,998 lifetime maximum per dependent for orthodontia). The fee schedule used by the County's current third-party administrator averages 55 percent of usual and customary rates (UCR) for in-network services and approximately 28 percent of UCR on an out of network basis. As compared with traditional dental reimbursement of between 65-75 percent of UCR, the fee schedule is beneficial to the County. Concurrently, however, no co-insurance or premium contributions – common across many plans – are required. For further cost containment going forward, future contributions in form of premium and co-insurance should be targeted, thereby reducing the County's portion of the annual expenditure of nearly $4.8 million.

- **Freeze wages and steps.** Negotiated freezes in across-the-board wage adjustments and/or step and longevity increments would achieve significant savings relative to "business as usual" increases assumed in this Plan's baseline budget gap projections. Other related approaches may include reduced starting salaries, elongated pay progressions, longevity schedule restructuring to reduce costs for employees who have not yet received higher the maximum rates, and/or the use of one-time bonuses to minimize growth in the overall County wage base. Relative to the fiscal gap projection "status quo" baseline assumptions of a 2.0 percent general wage increase for the CSEA on January 1, 2006 (as contained within an existing collective bargaining agreement), 1.75 percent general increases each year where no negotiated terms are yet in place, and 1.75 percent per year for all groups to reflect aggregate step and longevity gains, an absolute wage freeze would save over $4.5 million in FY2006, rising to $28.9 million by FY2009 after a four-year freeze.

- **Reform contract provisions driving unnecessary overtime.** Along with the various leave and schedule benefits outlined above, multiple other contract provisions contribute to unnecessary overtime. For example, County workers now begin earning at overtime rates after working" eight (8) hours in a day or 40 hours in a week with paid lunch hours, vacation leave, bereavement leave, and compensatory time credited as time worked. In contrast, the Fair Labor Standards Act (FLSA) only requires overtime after 40 hours of actual work in a week, such that workers are paid at a straight-time rate for extra hours until a full 40 have been worked. Across the full General Fund in 2004, overtime expenditures exceeded $17.4 million.

Erie County General Fund Overtime Expenditures by Business Area FY2002-04

Fund Center Name	FY02	FY03	FY04
Board of Elections	259,085	163,047	285,767
Budget, Management and Finance	4,489	9,059	21,841
Bureau of Fleet Services		8	713
Bureau of Purchase	1,388	9,247	7,083
Commission on the Status of Women			2,797
Comptroller	15,997	85,548	168,652
County Clerk Auto Bureau Division	108,887	107,316	89,057
County Clerk Registrar Division	92,257	78,206	44,966
District Attorney	2,771	3,595	1,913
DPW Commissioner			219
DPW - Buildings and Grounds	118,246	165,804	250,066
DPW - Bureau of Weights & Measures	24,739	27,709	23,429
Environment & Planning			1,754
Health Division	65,889	36,759	46,843
Health - Emergency Medical Services	67,661	69,708	91,910
Health - Public Health Lab	3,650	3,693	2,067
Health - Medical Examiner's Division	109,453	104,390	68,629
Division of Information and Support Services	31,217	54,651	86,814
Legislature			180
Parks	197,618	201,653	794,567
Parks - Recreation Division			13,718
Parks - Forestry Division	6,870	4,807	12,402
Parks - City of Buffalo			109,413
Personnel Department			70,786
Probation	89,001	66,540	115,544
Youth Detention	287,241	304,328	627,039
Sheriff Division	2,201,958	2,425,509	1,905,288
Jail Management	9,863,434	10,184,434	11,535,527
Central Police Services	187,817	269,990	310,570
Emergency Services	5,881	2,594	6,971
Social Services		646,465	716,342
Senior Services		-	1,013
Senior Services Transportation	1,235	1,669	
STOP DWI/Traffic Safety			421
Total	$13,746,784	$15,026,729	$17,414,301

While expected to moderate somewhat in 2005 due to post-layoff stabilization and a smaller overall workforce, Plan baseline gap projections for overtime are still expected to exceed $15 million annually from FY2006 forward without corrective action. Accordingly, for each 5 percent reduction in County-wide overtime achieved, savings would total more than $750,000 per year.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Employee healthcare premium contributions	N/A	$2,300,000	$4,000,000	$4,600,000	$5,200,000
Eliminate healthcare opt-outs to employees covered by County	N/A	$120,000	$120,000	$120,000	$120,000
Sick leave reforms	N/A	$366,000	$370,000	$379,000	$385,000
Restructure vacation leave	N/A	$386,000	$393,000	$400,000	$407,000
Restructure other paid leave	N/A	$244,000	$248,000	$252,000	$257,000
Modify holidays	N/A	TBD	TBD	TBD	TBD
Eliminate summer hours	N/A	$475,000	$485,000	$490,000	$500,000
Eliminate meal days (impact reflects cash pay outs only)	N/A	$17,000	$17,000	$17,000	$17,000
Reform contract provisions driving OT	N/A	$765,000	$785,000	$820,000	$840,000
Reduce premium pays (e.g., uniform allowance to $500).	N/A	$340,000	$340,000	$340,000	$340,000
Require completion of probation for full benefits.	N/A	$295,000	$336,000	$388,000	$439,000
Restructure retiree medical benefits	N/A	TBD	TBD	TBD	TBD
Redesign dental benefits	N/A	TBD	TBD	TBD	TBD
Wage and increment freeze	N/A	$4,500,000	$13,700,000	$21,200,000	$28,900,000
Total Savings	N/A	$9,800,000	$20,800,000	$29,000,000	$37,400,000

Due to the uncertainties of the bargaining process, costing is based on the savings estimated from implementation of a wage and increment freeze, beginning January 1, 2006. The County, however, will actively explore and bargain toward an alternative, preferable package.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$3,600,000	$12,330,000	$19,080,000	$26,010,000

38. Continue Active Focus on Benefit Cost Containment Via Labor-Management Healthcare Coalition to Hold Annual Cost Increases at or Below 7% by 2007 and 10% Thereafter

Dept: All
Division/Bureau: All

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $10,500,000
Required Approval: Union

While employee contributions toward monthly health plan premiums, are addressed above as a matter of collective bargaining for union-represented County employees, many other factors driving health benefit costs are controlled by the Labor Management Healthcare Coalition (LMHC) of which the County of Erie is a founding member. Established in 2003, the LMHC is a multi-employer, labor-management trust formed, managed and governed on a collaborative 50/50 basis between labor and management of the various members of the Coalition. The LMHCC mission is focused on providing quality healthcare coverage at an affordable price to public employers in Western New York. The Labor Management Healthcare Fund is the plan sponsor and administrator focused on leveraging the collective buying power of almost 28,000 members.

Since is inception in the fall of 2003, the LMHC has evaluated and implemented multiple strategies to manage costs. Looking forward, additional such opportunities include, but are not limited to, the following approaches in the areas of vendor management, individual health management, and plan management:

Vendor Management

Like many plan sponsors, the LMHC has actively managed and negotiated terms with its vendors since its inception, and continues to pursue opportunities for cost containment. To hold the current plan insurer, BlueCross BlueShield of Western New York, accountable for managing care at a high quality focused on outcomes, the LMHC also actively works to ensure that protocols are being followed regarding pre-authorizations, eligibility, and coordination of care initiatives, wherever appropriate. Ongoing areas with potential impact include:

- **Moving medical coverage to a self-insured mode.** The current LMHC plan features a minimum premium, whereby the County is responsible for a monthly administrative fee and for actual paid claims for each month subject to a monthly maximum. A further annual maximum is equal to 105 percent of annual projected claims. The LMHC has aggressively negotiated insured administrative rates that include medical management, claims management, reporting and other services. Looking forward, full self-funding has been explored, thereby potentially reducing risk charges and premium tax costs by approximately $1.8 million annually across the full Coalition. At the same time, such an approach would expose the LMHC to greater potential expenditure volatility. Evaluation of stop-loss insurance attachment points, as well as negotiations with the plan insurer regarding rebates and administrative charges are further cost-saving initiatives.

- **Exploring a carve-out of the plan's prescription drug program**. Currently, prescription drugs are provided through the LMHC overall insurer, Blue Cross Blue Shield and their vendor, Wellpoint. The current pass-through terms of this contract provide an opportunity to improve from a discount, dispensing, rebate and administrative fee basis. The LMHC is considering carving out this program to achieve cost savings and to mirror national trends with other pharmacy benefits managers (PBM's) to control overall Rx costs.

- **Evaluating potential savings from re-bidding overall medical claims administration at the next option year in 2007.** When the LMHC was first established in 2003, substantial savings were achieved by competitively bidding plan administration. As the next option year approaches, the LMHC should actively pursue any competitive opportunities that may then be available in the regional healthcare marketplace.

- **Auditing claims processing results to ensure that plan provisions and network discounts are being properly applied.** Currently, the LHMC is engaging an outside auditor to review the application of discounts and pricing models for prescription drugs. Such measures can often more than pay for themselves by ensuring more accurate billing.

- **Leverage federal 340b qualification of Erie County Medical Center (ECMC) by establishing ECMC as the preferred provider/mandatory mail order supplier of monthly maintenance drugs.** 340B discounts could yield an approximate reduction in average discounts of approximately 30 percent. Given that the LMHC generates approximately $29 million in annual drug spending, with 87 percent of all drugs dispensed for monthly maintenance, savings from this initiative might conservatively reach $2.4 million for the overall coalition, of which approximately 35 percent could be allocated to the County General Fund. Currently under active exploration, meeting the federal guidelines is difficult, and implementation is not yet certain.

Individual Health Management

There is a growing recognition that prevention and health promotion programs are an important component of reducing overall cost, particularly under a program such as Erie County's that is substantially self-insured. Disease management, wellness, and treatment compliance programs can all be beneficial, as can the establishment of financial incentives for employees to take a more active role in maintaining good health.

For example, the joint labor-management Pennsylvania Employee Benefits Trust Fund for state workers in Pennsylvania launched a "Get Healthy" program on July 1, 2005. Under this initiative, employees are provided a free Health Risk Assessment, along with access to a Health Coach, health management services for chronic conditions, and/or weight loss programs where identified as beneficial by the assessment. As a further incentive to participate in this program, employees receive a six-month reduction in their required employee healthcare premium contribution equal to 0.5 percent of pay, and a continued reduction for ongoing participation in wellness, preventative, or Health Coach Programs.

Similarly, King County (WA) is establishing a program under which employees who participate actively in confidential health management plans will be required to contribute significantly less toward costs than co-workers who opt to avoid the initiative.

Several successful health management programs have already been implemented in Erie County since 2003, including an employee health assessment (approximately 20 percent participation) and cholesterol screening. Building on these and related initiatives, the County has further opportunities to improve in partnership with its healthcare providers and the community, for example:

- Mandatory bi-annual physicals might be established with monitoring of the baseline health of Coalition members and dependents. An incentive based approach might reward participation in the form of reduced payroll contributions where applicable, or contributions to a Health Reimbursement Account (HRA).

Plan Management

- **Eliminate massage and acupuncture benefits.** Currently, both active and retired County medical plan participants receive massage benefits (12 visits per calendar year) and acupuncture benefits (6 visits per calendar year) as part of the Core LMHC programs. Across the full LMHC, massages cost over $300,000 and acupuncture approximately $25,000 annually. With the County General Fund linked to approximately 35 percent of total LHMC costs, these two services are estimated to account for over $100,000 in General Fund expenditures.

- **Establish a mandatory mail order program for maintenance prescriptions.** Most Rx utilization is for maintenance medications, and mail order supply provides a substantially lower cost means of meeting such needs without impacting patient care. Earlier in 2005, the LMHC implemented a 90-day mail order program for the same co-pays as 30-day retail. Further transitioning to full mandatory mail order for maintenance drugs could yield six figure savings.

- **Adjust Rx co-pays and plan provisions to standard levels.** Currently, Erie County's benefits plan requires just $5 co-pays for generic prescription drugs, $7 for brand drugs, and $10 for preferred brand. According to the Kaiser/HRET Survey of both public and private employers, Rx drug co-pays nationally were typically more than twice as high as of 2004 – $10 for generics, $21 for preferred drugs, and $33 for non-preferred drugs – and these amounts continue to increase on average. In the New York State Empire Plan program available to the CSEA, co-pays are $5/$15/$30, plus participants in most circumstances pay the full differential above the generic cost when a generic is available. Other Rx cost containment measures successfully used elsewhere, but not yet in place for the LMHC, include a mandatory generic policy requiring the use of more affordable prescription drugs where appropriate, and a "step therapy" program under which lower cost medications are used unless determined to be ineffective, in which case plan participants can step up to higher cost options. Already in 2005, the LMHC launched voluntary generic step and half tablet programs.

- **Increase office visit co-pays to standard levels.** Currently, the LMHC plan requires $10 co-pays for physician office visits. According to the 2004 Kaiser Foundation Benefits Survey, nearly two-thirds of the U.S. workforce pays $15 or $20 for office visit co-pays, with only 18 percent still paying $10 or less. State of New York CSEA Empire Plan participants pay $12 for 2005.

While precise estimates have not been developed for all of the options outlined above, implementation of the full "menu" would be expected to generate savings well in excess of the targets set forth below. Further, these are just a sampling of the many plan design features that might be reevaluated as part of ongoing cost containment efforts, and should not be considered an exclusive list of opportunities.

Because the changes outlined above generally require joint labor-management action by the LMHC and cannot be adopted unilaterally, this Plan does not assume that all will be implemented immediately. At the same time, the LHMC is actively focused on cost containment, and the measures suggested above would all be consistent with continued high quality coverage. Accordingly, this Plan assumes that a sufficient level of cost containment initiatives will be approved and successfully implemented to cut forecast cost growth for 2007 in half from 14 percent to 7 percent, and to hold the rate of growth thereafter to no more than 10 percent per year (versus projected status quo growth rates of 15.3 percent for 2008 and 13.15 percent for 2009).

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Fiscal Impact	$0	$0	$1,800,000	$3,600,000	$5,100,000

Due to potential implementation delays, and to ensure prudent budgeting, no savings are assumed in FY2005 or FY2006 – although County Administration representatives to the LMHC will continue to pursue change actively. In addition, a 25 percent discount is applied thereafter as both a general conservatism factor and to reflect the potential loss of certain grant and reimbursement revenues relative to baseline assumptions.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	0%	0%	0%
Fiscal Impact	$0	$0	$1,800,000	$3,600,000	$5,100,000

39. Negotiate Greater Flexibility to Subcontract.

Dept: All
Division/Bureau: All

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: CQ
Required Approval: Union

Currently, the County's collective bargaining agreements are silent on the terms and procedures for subcontracting to deliver needed services. As a result, many managers believe themselves to be severely constrained from pursuing competitive approaches due to the requirements of the New York State Taylor Law. At the same time, County employees generally lack a clear understanding regarding the ground rules for such initiatives. From a national perspective, many governments have achieved significant cost savings and service improvements from competitively bidding specialized and/or ancillary services where a strong private market exists. Throughout this Plan, multiple opportunities specific to Erie County have also been identified from golf course operation to fleet maintenance.

To ensure flexibility to use the most effective and affordable approaches for delivering services to the public, the Administration will seek to negotiate viable ground rules for subcontracting County functions. Such a provision will seek to clearly establish the County's authority to move forward with the best options for the public, outline procedures for communications with the County's unions in advance of any such initiatives, and provide for a competitive dynamic. An example of such a provision from Nassau County's agreement with the CSEA is shown below:

> *Section 32. Sub-Contracting*
>
> *The County shall make good faith efforts to avoid the unnecessary assignment of CSEA unit work to persons not in the CSEA unit.*
>
> *A committee comprised of representatives from the Office of Labor Relations, County Executive's Office, and CSEA (totaling 3) shall meet not less than once per month to discuss current and proposed contracts between contractors and the County, which contracts related to work which has "historically and exclusively" been performed by bargaining unit members.*
>
> *Before assigning CSEA unit work to persons not in the CSEA unit:*
>
> *a) The County shall provide notice to the CSEA stating the County's needs; and*
> *b) CSEA may, within ten (10) days thereafter, propose alternatives to satisfy the County's needs; and*
> *c) If CSEA proposes alternatives, the County and CSEA shall meet and confer with respect to CSEA's proposals.*
>
> *The Union shall receive monthly copies of such items relating to sub-contracting as are requested by the Union and which are available as a matter of public information.*
>
> *The Union shall be provided copies of all future contracts between contractors and the County relative to work now being done by negotiating unit personnel.*
>
> *The County agrees it will not lay off unit employees as a direct result of a transfer of unit work.*

It may be noted that the above Nassau-CSEA procedure is somewhat restrictive due to its guarantee of no layoffs resulting directly from subcontracting decisions. Other communities have addressed union job security concerns via more flexible approaches, such as commitments to develop redeployment programs in the event of any worker displacement and/or by negotiating first hiring preferences with incoming contractors. Whatever specific provisions and processes may best fit any particular government and its represented employees, however, there is a clear benefit to guidelines that squarely address such concerns while still providing a framework for positive change.

Specific savings from identified Erie County competitive contracting opportunities are addressed throughout this Plan. Even beyond these current opportunities, the ongoing imperative for

County leadership to operate with a full "toolbox" of service delivery alternatives makes this initiative a high priority.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	N/A	N/A	N/A	N/A	N/A
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

40. Negotiate Flexibility and Tools for Effective Operational Management

Dept: All
Division/Bureau: All
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: CQ
Required Approval: Union

For the County workforce to deliver services competitively, it is important that effective management approaches be in place, supported by contemporary work practices. Currently, however, many County operations are hindered by outdated and/or inefficient work rules and human resources structures. While some of the following examples may not require collective bargaining to change, others are linked to current labor agreement terms, and all would benefit from stronger labor-management cooperation focused on improved productivity:

- Development of stronger performance-based incentives and management tools;

- Modified layoff procedures to limit seniority-based "bumping" to functional work units, such that experienced and productive workers are not displaced by longer-tenured personnel who may lack the relevant background to fill particular positions outside of their own work unit effectively;

- Increased flexibility to assign overtime based on qualifications and performance, rather than maintaining overtime "equalization" practices that lead to inefficient staffing at premium rates;

- Multiple function-specific work practice improvements as detailed throughout the departmental initiatives included in this Plan – such as increased flexibility to cross-assign staff from the County Holding Center and Jail.

While not directly quantified (or, in some cases, quantified elsewhere in the context of a single department's operations), improved management tools and flexibility are of high importance if the County is to achieve significant productivity gains.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	N/A	N/A	N/A	N/A	N/A
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

V. DEPARTMENT INITIATIVES

COUNTY EXECUTIVE

MISSION

The County Executive's mission is to provide quality services to the residents of Erie County, to collaborate and cooperate with all areas of government to reduce the cost of government, to foster job growth and job development in all areas, and to review the structure of Erie County government and propose departmental consolidations, mergers, and redesigns wherever such changes produce more efficient, less costly operations.

GOALS

- To ensure that programs and services required by the citizens of Erie County, or mandated by the state and federal governments are provided and properly financed.
- To direct the development of annual operating, capital, and community college budgets and overall financial planning for the County of Erie.
- To ensure that county services are managed and delivered efficiently and effectively.
- To establish and implement administrative policies and procedures designed to assure cost-effective county government operations and appropriate managerial oversight.
- To recommend local, state, and federal legislation which is in the best interest of the citizens of Erie County.
- To provide consumer information and effective response to consumer protection problems.

Source: Erie County Executive

DEPARTMENT INITIATIVES

82. Reduce Office of the County Executive Expenditures while Maintaining Capacity to Implement Four-Year Plan Savings and Cost-Recovery Initiatives

Dept:	County Executive	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$486,000
		Required Approval:	County

The County Executive will implement management strategies to reduce operational expenditures by at least $120,000 per year while maintaining the capacity to implement the savings and cost recovery initiatives detailed in this four year plan.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$120,000	$120,000	$122,000	$124,000

80. Automated Resolution Filing (Partnership Report)

Dept: County Executive
Division/Bureau:
Rev/Sav/Productivity: Productivity
Fiscal Impact To FY09: TBD
Required Approval: County

The Office of the County Executive will support the implementation of cost reductions in the County Executive's Office through the establishment of an automated resolution filing system to reduce the workload associated with handling 1,000 resolutions a year.

The fiscal impact of this impact has not been determined.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	TBD	TBD	TBD	TBD	TBD
Fiscal Impact	TBD	TBD	TBD	TBD	TBD

81. Establish "CountyStat" Program to Improve Management Accountability and Planning

Dept: County Executive
Division/Bureau:
Rev/Sav/Productivity: Productivity
Fiscal Impact to FY09: ($330,000)
Required Approval: County

Erie County should create a "CountyStat" program based upon Baltimore's successful CitiStat program. CitiStat is an accountability process based on the successful CompStat program developed by the New York City Police Department. CompStat, used computer pin mapping and weekly accountability meetings, helped the NYPD dramatically reduce crime and is employed today by several police departments around the world. Erie County should develop a "CountyStat" program so that an effective and structured management mechanism can facilitate the implementation of Four-Year-Plan initiatives and enable ongoing budget/operations performance measurement tracking. Towns, cities, and other governmental entities within the County will be encouraged to use the program and its facilities as well.

Four tenets constitute the foundation of Baltimore's Citistat Program:

1. Accurate and Timely Intelligence
2. Effective Tactics and Strategies
3. Rapid Deployment of Resources
4. Relentless Follow-Up and Assessment

A CountyStat system would involve the following process steps:

- Department heads would come to a CountyStat meeting on a frequent, periodic basis (e.g., bi-monthly) with the County Executive and other senior personnel.

- Prior to each meeting, Departments would submit data to the CountyStat team. The data would include operational and budgetary information and would be focused on informing performance metric tracking and initiative implementation.

- After information is received, the CountyStat team (comprising existing senior County officials with budget and operations oversight responsibilities and their staff) would perform an analysis and distill the materials for presentation at the next meeting.

- At the department meeting, information would be reviewed and department heads (or their staff) would be asked questions – and held accountable – for their department's recent performance. Visual aids – such as projected spreadsheets and photographs – should be used to focus the discussion on important operational and budgetary tasks.

The value of the CountyStat process is that it can provide the County with a structured, organized, and focused process for examining operation/budgetary performance and tracking initiative implementation. Also, CountyStat creates a dynamic of accountability that is difficult to achieve through less formal management of government operations.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	0%	0%	0%
Fiscal Impact	$0	$0	($100,000)	($110,000)	($120,000)

COUNTY LEGISLATURE

GOALS

- To exercise all powers of local legislation in relation to enacting, amending, repealing, or rescinding local laws, legalizing acts, ordinances, or resolutions in the best interest of the citizens of the County.
- To maintain records for all legislative sessions, including recording of votes, issuing certified resolutions, and publishing minutes of these sessions.
- To maintain and operate legislative district offices for the purpose of servicing county residents.
- To adopt annual county operating, capital, and community college budgets and make appropriations, levy taxes, and incur indebtedness for the operation and support of Ere County government.
- To approve contracts submitted and determine whether acceptance of any bid or award of any contract will best promote the public interest.
- To hold public hearings regarding sewer district expenditures, agricultural district changes, and topics of interest to the general public.
- To exercise oversight over the operations of county government to assure that programs and services are administered in a manner that effectively and efficiently meet the needs of the citizens of the County and the requirements of state and local laws.
- To research issues, local laws, and resolutions for consideration by the Legislature.
- To approve county personnel changes and confirm the appointments of department heads and members of advisory boards.
- To publish legal notices and hold public hearings on all county bond resolutions.

Source: Erie County Legislature

DEPARTMENT INITIATIVES

146. Continue Identifying Savings in the County Legislature's Operations

Dept:	County Legislature	**Rev/Sav/Productivity:**	Savings
Division/Bureau:		**Fiscal Impact To FY09:**	$504,000
		Required Approval:	County

The Buffalo-Niagara Partnership Report outlined an approach to realign the Legislature's resource allocation toward core services as outlined in County Charter. Not restoring the Legislature's $750,000 contractual expense budget, nor reversing other cuts associated with the reduction of the Legislature's budget from $4.6 million in 2004 to $2.6 million in March 2005 maintains this direction.

A review of the Legislature's budget on a per capita basis suggests that the County should maintain the $2.0 million of FY2005 reductions, as well as trimming another $120,000 from the central office or other Legislature operations.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$120,000	$124,000	$128,000	$132,000

147. Adjust Legislators' Salaries to Regional Norms (Partnership Report)

Dept: County Legislature
Division/Bureau:
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $1,050,000
Required Approval: County

Analysis in the Partnership Report compares Legislature salaries in Erie County ($42,500 for non-leadership position) to that of Albany ($32,000), Onondaga ($22,000), Monroe ($18,000), and Niagara ($15,000) Counties, indicating that Erie is well above the norm.

Legislator Salaries in Selected Counties

County	Total Population (2000)	Total Budget	Total Legislature Budget	Per Capita Legislature Budget	Legislature Salaries
Albany	297,845	$462,736,070	$2,262,753	$0.13	$32,000
Monroe	735,177	$982,400,000	$1,978,975	$0.37	$18,000
Onondaga	459,805	$917,641,816	$1,681,590	$0.27	$22,000
Niagara	218,150	$524,251,522	$376,170	$0.58	$15,000
Erie	941,293	$1,184,054,922	$2,616,471	$0.36	$42,500

The County should implement the Partnership's recommendation of reducing salaries downward by $22,500 a year. Revisions to Legislators' salaries would be presented for consideration and adoption through the Charter Review Commission process.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$0	$338,000	$350,000	$362,000

148. Evening Meetings for County Legislature (Partnership Report)

Dept:	County Legislature	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Consistent with the recommendations of the Partnership Report, the County Legislature should consider evening meetings to enhance public access to the legislative process and encourage "citizen legislators" who can work at another job during the day.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

DIVISION OF BUDGET, MANAGEMENT, & FINANCE

MISSION

The mission of the Division of Budget, Management and Finance is to prepare, implement and monitor the operating, capital projects and Community College budgets, as well as to prepare the County, Town, School and Village property tax bills, and to maximize the collection of all current and delinquent real property taxes.

GOALS

- To prepare tentative operating, capital, and community college budgets which meet the County Executive's fiscal, budgetary, service and management goals and guidelines.
- To implement, monitor and maintain balanced budgets; assure compliance with appropriations; meet service objectives and provide for the cost-effective operation of county government.
- To assure that appropriate, effective, and timely action is identified and recommended to address budgetary or fiscal issues and impacts which occur as a result of changing circumstances.
- To provide the County Executive and other decision-makers with accurate data, analytical reviews or studies and appropriate recommendations for the development of effective fiscal and policy decisions.
- To manage and monitor contracts with cultural agencies and countywide accounts which are the responsibility of the Division.
- To assist the Comptroller and the County's external auditors in the preparation and review of the County's quarterly and annual financial statements.
- To maximize the receipt of tax revenues.
- To make timely and accurate deposits of all funds which are in the best interests of the County.
- To monitor the collection of the County real property tax during the period when collection and recording is the mandated responsibility of the individual municipal receivers.
- To ensure the equitable distribution of the real property tax levy among county taxpayers.
- To provide accurate tax rolls and calculation of tax and tax bills to local jurisdictions annually as specified by the Tax Act.

- To receive and record sale verification information from local assessors to establish and update a database of real property sales and market value information.
- To notify all Erie County assessors of the real property transfers recorded in the County Clerk's office for their jurisdictions.
- To establish, verify and maintain a network of geographic coordinates for tax mapping reference purposes.
- To prepare and sell current tax maps to the public as requested, and record and monitor the sales revenues received.
- To inspect and appraise properties owned by the County or of interest to the County and provide appraisal information as requested.
- To provide information and advice to local assessors, county officials, and the public concerning tax laws, exemptions, tax law implementation and application.
- To review and approve or disapprove petitions for property tax adjustments, exemptions and corrections as provided by law.

Source: Erie County Division of Budget, Management, & Finance

MEASURES OF PERFORMANCE

Reduce number of weeks required for issuing first reminder notice relative to current year tax bill	3

DEPARTMENT INITIATIVES

88. Centralize Collections & Receivables Management

Dept:	Budget and Finance	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Billing and Receivables Management	**Fiscal Impact To FY09**:	$14,718,000
		Required Approval:	County

Currently, collections and receivables management functions are decentralized, and staff cuts and budget reductions have reduced the time and commitment to managing receivables and collections. As the County looks to improve its revenue and cash flow situation, it is logical to first improve the collection of funds already owed to the County before looking to increase new revenue.

On November 4, 2004, the Erie County Legislature authorized a consulting agreement to design and implement a plan to improve the County's accounts receivables management, maximize revenue opportunities, and improve efficiency. In the course of its study, the consultant met with the Probation Department, ECMC, the Courts, Social Services, Department of Health, Sheriff's Department and others. In particular, the consultant's plan focused on assisting the Probation Department with the recovery of fees, fines and restitution.

The consultant's recommendation was to create a Division within the Budget and Finance Department that would bill and collect outstanding receivables owed to the County as well as cities, towns, and villages under a fee for service arrangement. The Division would have included a director, assistant director, two receivables analysts, a junior accountant, and a part time chief budget examiner.

As originally proposed, the arrangement between the new Division and the Probation Department would have allowed the Division to administer the monthly probation supervisory fee, which would enable the probation officers to focus on supervising probationers. Given staff reductions because of budget cuts, this would improve the effectiveness of remaining staff.

The original plan, presented in April 2005, would have allowed for a September 2005 implementation for the Probation Department, as well as doing backlog collections for ECMC, the Courts, and the town of West Seneca. In FY2006, the plan would have added new clients, including Social Services and current accounts for ECMC and the Courts, as well as 3-5 additional towns.

In July 2005, the project consultant, Lawrence R. Smith and Associates, Inc., indicated that, based on the information they had gathered from the Probation Department, the estimated revenue from currently outstanding fees, fines and restitution owed would have been $3,282,983. They also projected that the new Division would have collected $815,798 in new and additional revenue for the County from other collections and accounts receivables work. Combined, these new revenues for a full fiscal year would total $4,098,781.

In other governments, general experience indicates that the collections unit will generate $1 of revenue for every $11 owed. According to Lawrence Smith and Associates, Erie County's outstanding receivables total an estimated $150 million, which would translate into potential revenue of $11.7 million.

Experience in other counties suggests that this is a realistic expectation. For example, Santa Clara (California) County, in its first year of experience with a similar centralized Division realized $4.2 million in collection and fee revenue, which grew to $8.3 million in the second year, $14.1 million in the third, and $19.1 million in the fourth year.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Salary and Benefits Cost	$0	$300,194	$312,112	$328,373	$344,956
Software, Equipment and Overhead	$0	$50,000	$75,000	$76,875	$78,987
Total Cost	**$0**	**$350,194**	**$387,112**	**$405,248**	**$423,943**
Additional Revenues	$0	$4,098,781	$4,508,659	$4,959,525	$5,455,478
Total Savings	**$0**	**$3,748,587**	**$4,121,547**	**$4,554,277**	**$5,031,535**

In FY2005, savings have been discounted 100 percent. Savings for FY2006 have been discounted by 73.0 percent to account for a phased in June to July 2005 start and to account for implementation delays.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	73%	0%	0%	0%
Fiscal Impact	$0	$1,010,000	$4,122,000	$4,554,000	$5,032,000

166. Assess the County's Span of Control

Dept: Budget & Finance
Division/Bureau:

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: CQ
Required Approval: County

Span of control refers to the number of workers who report directly to a manager, supervisor, or lead worker. Traditionally, governments have been primarily motivated by a concern for direct supervision of workers and diligently following rules and regulations, which required many layers of management and a low span of control. While this helped to ensure compliance with rules and regulations, it has limited the ability of government to react to changing circumstances.

Contemporary management theory suggests that these "command and control" organizations are less efficient and responsive, and more decisions should be made by front line workers. While command and control organizations may have a span of control of as little as 6 workers per supervisor, less layered organizations seek a span of control of 15 to 25 workers per supervisor. A number of governments have undertaken initiatives to realign their organizational structures to reduce layers of government. In 1993, the National Partnership for Reinventing Government developed guidelines to transform the organizational structure of the federal government. The National Performance Review identified the following as part of a process to streamline management control structures:

- Reduce the executive branch workforce by at least 12 percent;
- Establish a government-wide span of control goal of one manager or supervisor for every 15 employees;

- Encourage the use of empowerment, self-managed teams, simplified control structures, and better use of communication and technology; and

- Direct agencies to reengineer work processes to shift emphases to service delivery.

At the county level, in 2002 King County (Washington) found that "the County has an average of 6 organizational layers and the average span of control is 5.6 subordinates per supervisor, both of which are inconsistent with the levels recommended in current management literature." The King County Auditor noted that "some methods which have resulted in increased spans of control and fewer organizational layers include process reengineering (i.e., the radical rethinking and redesign of business processes), self-directed work teams (i.e., highly trained work groups that are fully responsible for providing a product or service), and decentralization. However, implementation of any of these methods requires a fundamental change in the culture of an organization, away from the traditional control-oriented environment to one with an emphasis on customer service where decision-making is pushed down to front-line workers."

There are less radical methods for improving span of control. As the King County Auditor noted it is also possible to eliminate management layers or positions through attrition, or to convert management positions with fewer than 3 subordinates to non-management positions.
Tacoma County (Washington) has also identified reducing its span of control as a method to improve organizational outcomes and reduce personnel costs. The County determined that it could achieve savings of between \$375,000 and \$750,000 a year by moving its span of control from 5:1 to 6: Among other governments, Santa Barbara County (California) also used an analysis of its span of control as a tool to close an FY2004 projected budget deficit of over \$200 million.

Erie County should analyze its span of control as a method to improve services and reduce workforce costs. This should include determining the County's current span of control and a benchmark for the County as a whole. It should be noted that some departments, particularly those with 24/7 operations, will have lower spans of control. The standards should be established for the County government as a whole, rather than for each department or division. To be most effective, the span of control target should be accomplished with organizational restructuring and process change. As a consequence, this initiative can be effective in combination with other reinvention and efficiency initiatives.

162. Reduce the Cost of Government Regulations and Compliance

Dept:	Budget & Finance	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	\$10,683,000
		Required Approval:	State

Rules and restrictions often hamper the ability of government to provide service in the most efficient and effective manner. It is generally the front line workers who understand how best to reduce costs and improve efficiency, but they often run up against administrative rules and regulations that hamper their ability to change processes and practices.

In an award winning initiative, the State of Iowa negotiated relaxing these sorts of restrictions with departments in return for a reduction in appropriations or an increase in non-fee or tax revenue. This "Charter Agency" initiative resulted in revenue or savings of over $22 million. Erie County should be able to generate in the range of $4 million in savings or additional revenue from a similar approach.

There has been extensive discussion of the cost of compliance both in the public and private sector. Compliance costs tend to multiply – not only does it reduce time and productivity that can be devoted to providing service to the citizens of Erie County, it also makes it more difficult for the enterprise to react quickly to changing circumstances and the needs of citizens and taxpayers.

In the Iowa initiative, it was noted that when Departments or divisions focus on results, they often run up against rigid procedure-based rules and regulations that focus more on how government does things than on the outcomes government produces. The initiative tested the hypothesis that given greater operating flexibility, Departments would be able to produce better outcomes for their customers at less cost than under the standard bureaucratic system. In fact, the State of Iowa found that Charter Agencies waste less time and money on paperwork and low-value-added rule compliance. They redirect that energy into innovation to achieve the results valued by taxpayers and citizens. It was also found that the initiative kindled a sense of innovation and entrepreneurship and kindled automatic, ongoing improvement from within each agency.

To replicate this, the County can negotiate with departments and divisions a set of flexibilities in return for reduced appropriations or the commitment to increase non-tax revenue. In the State of Iowa example, this included:

- Authority to "stand in the shoes" of the directors of personnel, purchasing, and IT. Whatever those directors can do, a Charter Agency director can do – without going through personnel, general services, or IT.

- Authority to waive administrative rules in the same three areas: personnel, general services, and IT.

- Authority to retain: proceeds from asset sales, 80 percent of new revenues generated, and half of unspent general fund appropriations.

- Exemption from full-time-equivalent employee caps.

- Access to technical assistance at no charge from experts on innovation and public entrepreneurship.

- A special process for waiving other administrative rules.

In the State of Iowa example, the Charter Agency initiative did not affect collective bargaining agreements. In fact, the Charter Agencies and the State collaborated with the unions to find flexibilities that benefited both the State and its employees.

In the State of Iowa example, the following were some of the results documented from the Charter Agency initiative:

- Child Welfare stays in shelter care reduced by 20 percent, or 10 days.
- Children with health coverage up by another 12 percent so far in FY05.
- $1.7 million saved in the first quarter after implementing a Preferred Drug List for Medicaid prescription drugs.
- Reduced turnaround time for air quality construction permits from 62 to 6 days and eliminated a backlog of 600 in six months
- Reduced turnaround time for wastewater construction permits from 28 to 4.5 months.
- Reduced the turnaround time for landfill permits from 187 to 30 days.
- Reduced the time for a corrective action decisions on leaking underground storage tanks from 1,124 days to 90 days.
- 17 percent more probationers are successfully completing their probation.
- Effective services to inmates provided by Corrections have resulted in an increase in recommendations for release to the Parole Board by 5 percent in one year.
- Provided good work experiences for 50 percent more women inmates than before Charter Agencies, while reducing operating costs by $700,000 per year.

To be effective, this initiative will require the County Executive and County Legislature to provide necessary flexibility to the Departments that choose to utilize this greater flexibility. As an example of how a Department could utilize this flexibility, the Department of Health has encountered problems being reimbursed by HMOs for services provided at its clinics because its physician reimbursements do not allow it to retain physicians with the credentials necessary to meet HMO requirements. As a consequence, services provided by physician assistants and nurses are also not eligible for reimbursement. By being able to adjust its reimbursement rates, the Department could increase its non-tax revenue and ultimately save the County tax dollars.

This project could also benefit from State involvement, as there are many restrictions (for example, in the area of purchasing) that hamper the ability of the County to quickly respond to the needs of its citizens and taxpayers. With the support of the State, the actual savings would likely increase from this initiative.

For purposes of figuring savings or additional revenue, the State of Iowa experienced savings or additional revenues totaling $22.5 million on a general fund budget of $4,517.4 million. Current projects are that Erie County's general fund budget in the first year of savings will total $927.3 million, a similar level of savings or revenue would generate $4.6 million, growing to $4.8 million by FY2009.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings or Additional Revenue	$0	$0	$4,618,641	$4,719,252	$4,833,311
Total Savings	**$0**	**$0**	**$4,618,641**	**$4,719,252**	**$4,833,311**

Due to potential implementation delays and less opportunities to initiate flexibilities without the cooperation of the State of New York, savings have been discounted 100 percent in FY2005 and FY2006. The savings have also been discounted by 50 percent in FY2007 and by 25 percent in FY2008

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	50%	25%	0%
Fiscal Impact	$0	$0	$2,310,000	$3,540,000	$4,833,000

<u>90. Develop and Implement Market-Based Revenue Program</u>

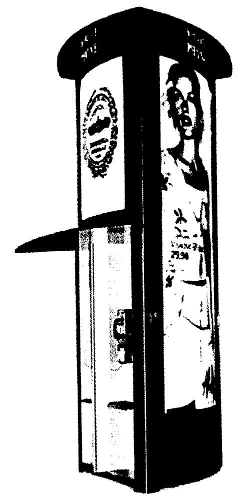
Dept:	Div of Budget, Management & Finance	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:		**Fiscal Impact To FY09**:	$3,471,000
		Required Approval:	County

A Market-Based Revenue Opportunities ("MBRO") program offers an opportunity to the County to maximize the revenue-generating capacity of County assets. This broad term encompasses various entrepreneurial concepts, including advertising, exclusivity arrangements, rental agreements, and corporate sponsorships. A comprehensive and effectively administered MBRO program could generate $2.6 million over the next five years.

While some MBRO opportunities, such as an outdoor advertising program, are generally well established in the governmental marketplace, other areas are still evolving. Such arrangements can raise legitimate community concerns regarding the appropriateness of advertising content, aesthetics, and excessive commercialization of public service. The County will initially establish MBRO program parameters and guiding principles for considering such arrangements consistent with local community values.

Within this policy framework, the County will – with the assistance of an MBRO specialist solicited through a request-for-proposals process – inventory facilities, real estate, and other assets and mechanisms under their control with potential for MBRO revenue generation. This assessment may include, but not be limited to, consideration of opportunities in the following categories:

- **General outdoor advertising**. Billboards and other outdoor signage can generate both a fixed rental payment and/or a share of gross advertising revenues. While the precise revenue generation potential largely depends on location, a single prime billboard location can generate tens of thousands of dollars per year. Some governments are also exploring temporary ad banners on public construction site fences.



- **Street furniture**. Advertising revenues can offset or even eliminate the costs of "street furniture[1]", including such amenities as bus shelters, benches, public toilets, newsstands, trash receptacles, information kiosks, bicycle racks, and telephone pillars. In Boston, for example, the city's advertising revenue stream for a high quality street furniture program includes both an annual fixed fee of $750,000 and a license royalty fee (10 percent of annual revenues, generating $314,780 in 2003).

- **Indoor advertising**. Advertisements may be placed in public restrooms, libraries, civic centers, parking garages, and recreation venues. For a modestly scaled indoor advertisement, vendors estimate that each frame can generate as much as $1,920 annually, with a government receiving 10-25 percent of the revenue.

- **Other miscellaneous advertising**. Other advertising options being pursued by municipalities nationally include: tax and utility bill inserts; banners on government websites; advertising placements on the sides of rollout refuse carts as used in conjunction with automated trash collection; vehicle advertising "wrap" arrangements; and advertisements on parking meter poles.

- **Secondary use of public real estate**. County facilities and/or infrastructure can generate supplemental revenues from such options as leases for the placement of telecommunications equipment (e.g., cell-phone towers) and facility rentals for events and activities.

- **Municipal marketing partnerships**. A number of communities have developed corporate sponsorship programs, often in a blended arrangement involving commodity delivery, promotions, and discounts. For example:

    - **Oakland, CA**: Named Coca-Cola its official soft drink, giving it exclusive rights in city buildings and parks.

    - **San Diego, CA**: Corporate partnership program has netted $5 million over the past several years, resulting in a revenue to expense ratio of 22:1[2]. Corporate partners,

[1] "Street furniture" is the terminology for physical components/amenities of the streetscape such as kiosks, bus shelters, benches, and trash/recycling receptacles.
[2] The "expense" referred to in this ratio is the amount of money the City has spent on their MBRO program, meaning that for every $1 spent, they've generated $22 in MBRO income.

including Pepsi, Verizon, and General Motors, have all paid for the right to be the "exclusive" provider of their respective products and services to the City.

- **Huntington Beach, CA**: Realizes $3 million in annual benefit from corporate partners including Coca-Cola, Chevrolet, Simple Green, and Yamaha.
- **Miami, FL**: Purina sponsored construction of two "Dog Chow Dog Parks" as part of a marketing campaign in exchange for promotion rights and a waiver of fees for park events.
- **Austin, TX**: Austin has recently committed to exploring MBRO options and is considering which types of assets and services should be involved in a future program.

An MBRO program would enable the County to create new revenue streams within guidelines for the appropriate use of public space and facilities consistent with local standards. Benefits of such programs include cost avoidance, revenue, non-monetary benefits, and limited administrative burdens from contract structures emphasizing the responsibilities of the contractor.

MBRO programmatic responsibilities should be centrally coordinated. One individual or office/group should oversee the program. Through centralization or consolidation, the County can maximize programmatic benefits and revenue potential by focusing efforts and avoiding duplication of labor.

Because of the competing interests inherent in the formulation and implementation of an MBRO program, other counties and professionals supporting such programs have recommended a phased approach to adopting MBROs. Regardless of whether a comprehensive or targeted approach is adopted, the County will phase in new MBRO initiatives to facilitate the public's acclimation and the program administrators' capacity.

In terms of allocation, it should be acknowledged that certain programs impact the feasibility and revenue generating potential of others. For instance, a comprehensive street furniture program may affect the County's ability to pursue advertising in other venues due to finite advertising revenue sources.

Comparables

Many governments around the country have instituted a variety of MBRO programs, including:

- Boston (MA)
- San Diego (CA)
- Hartford (CT)
- Los Angeles (CA)
- Oakland (CA)
- Huntington Beach (CA)
- Philadelphia (PA)
- San Francisco (CA)

Estimated Fiscal Impact

The following table projects Erie County MBRO revenue for the first five years of a structured program. These goals are based upon discussions with MBRO specialists who typically project revenue potential at 2 percent of current, locally-generated[3], General Fund income. Based upon Erie County locally-generated General Fund revenue of $415.7 million, annual revenue could be as high as $8.3 million. As a measure of conservatism, an implementation discount of 98 percent for the first year, 95 percent for the second, and 88 percent for years three and four has been calculated. Actual revenue potential cannot be ascertained with certainty until programmatic parameters are established; in particular, revenue potential is subject to the County's tolerance for placements, concepts, and content. In terms of physical assets, the County has over 1,000 miles of center-line road, scores of bridges, approximately 242 buildings, and a number of park and recreational assets. Additionally, some MBRO revenue is already flowing into the County and would offset this general projection. Further, finalized revenue projects will not be possible until RFPs are issued and vendors make firm financial commitments.

	FY 2005	FY 2006	FY 2007	FY 2008	FY2009
Discount %	100%	98%	95%	88%	0%
Fiscal Impact	$0	$166,000	$416,000	$1,039,000	$1,850,000

89. Establish a Productivity Bank Approach to Investing in Savings-Enhancement Projects

Dept:	Budget, Management & Finance	**Rev/Sav/Productivity:**	Productivity
Division/Bureau:		**Fiscal Impact To FY09:**	$12,291,000
		Required Approval:	County

There are often opportunities to make one-time investments that result in reduced expenditures on a long-term basis. Governments may find it difficult to make such investments, and the needed funds may be viewed simply as an increase in a department's budget. Such requests often get lost in the overall need to reduce expenditures. One approach is to create a productivity bank whereby departments can apply for a "loan" to invest funds to improve operations or make other changes that will create savings.

The County should create a Productivity Bank to fund initiatives that will result in future cost savings. When investment is made in a new project or technology that is anticipated to save the County money, it expects a return on that investment. Using a Productivity Bank system, department heads will propose projects to a central committee that will evaluate requests and develop a formal framework for the savings to be achieved. Savings can come through reduced hardware or software maintenance, decreased overtime, the elimination of positions through attrition, or other ways. By agreeing to project terms in a formal agreement up front, there can be a clear understanding about how the cost savings will be reflected in subsequent budgets.

To start its Productivity Bank, Philadelphia used $20 million derived from a bond issue. From FY1994 through FY1999, the Bank loaned over $22.7 million for 16 projects ($2.7 million had

[3] Local taxes, fees, fines, and charges, averaging $415,670,379 from 2002-2004. Two percent of this revenue is $8,313,408.

been repaid by departments to recapitalize the Bank), realizing $52.3 million in savings and increased revenue, with a total of $70.9 million anticipated by the close of FY2004. Those projects funded promised to achieve cost savings, revenue gains and service improvements, and promote a strategic approach to the way in which City government conducts its business by encouraging innovation, accountability, and entrepreneurship. The projects are responsible for long-lasting innovations that will create service benefits well beyond their significant financial impacts.

The Philadelphia Productivity Bank grants loans to City departments and agencies for individual or collaborative projects, with those in excess of $250,000 requiring City Council approval. Eligible projects are those which are capital in nature, with a recurring operating budget impact of at least $2 over a five-year period for every $1 in one-time up-front investment made, which cannot be funded on a pay-as-you-go basis out of department operating budget endangering its normal service levels, and that cannot be afforded out of the County's constrained capital budget. Savings and revenues achieved through Bank projects are reflected in adjusted operating budgets, as are the loan repayments so that the Bank's lending capacity is never depleted.

The State of Iowa has a similar program – the Innovations Fund. This program is under the control of the Department of Management ("DOM") and was designed to stimulate and encourage innovation and entrepreneurship in State government by awarding repayable loans to State agencies. The DOM Director oversees an eight-member State Innovations Fund Committee that reviews all requests and approves qualified loans. From FY1996 to FY2003, the Innovations Fund, which was capitalized with a $1.0 million appropriation, achieved $11.2 million in identified savings.

Providing capital - through a productivity bank - for projects will allow Erie County managers to think beyond the annual budget and to advance projects that will achieve future cost savings and productivity enhancements.

To the extent project-specific funding does not materialize from the State Efficiency Grant, productivity bank funding may be used for centralization of collections, probation/criminal justice information systems, a centralized Risk Management Information System, and other initiatives with fiscal impacts shown elsewhere in this Four-Year Plan. Further savings can be expected to be achieved through effective implementation of such productivity improvements as automated field reporting for Sheriff's deputies, continued automation for Clerk, Legislature, and resolution filing in County Executive (see Buffalo-Niagara Partnership Report), the establishment of a joint County-CityStat process to improve transparency and accountability, an automated case management system for Social Services, continued fleet management and GIS system improvements, and automation of DPW fire and building inspections.

Savings estimates for Erie County's productivity bank are determined by planning $3.0 million in capitalization each year from FY2006 through FY2008, and $4.0 million in FY2009, through the State Efficiency Incentive Grant (or, if necessary, though not quantified below, as part of the County's annual $30 million capital program, in which case repayment by departments will have to be expanded to offset debt service costs), for a total of $13 million through FY2009. It is assumed Erie County can achieve the same rate of operating budget savings for each dollar of productivity bank funding invested as did the County of Philadelphia. The County of

Philadelphia averaged $8.7 million a year in operating savings from an initial investment of $20.0 million, or $0.44 each year for every $1.0 in up-front investment. Anticipating a one-year lag from each tranche of productivity bank capitalization to the achievement of savings (i.e., a 100% discount in the year a new tranche is invested), as well as a 20 percent discount in savings to offset additional potential delays in the year following each new tranche of capitaliztion, savings are estimated to climb from over $1.0 million in FY2007, to nearly $7.6 million by FY2009, and nearly $13.2 million by FY2010.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	100%	0%	0%	0%
Fiscal Impact	$0	$0	$1,046,000	$3,661,000	$7,584,000

88. Centralize Collections & Receivables Management

Dept: Budget and Finance
Division/Bureau: Billing and Receivables Management

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $14,718,000
Required Approval: County

Currently, collections and receivables management functions are decentralized, and staff cuts and budget reductions have reduced the time and commitment to managing receivables and collections. As the County looks to improve its revenue and cash flow situation, it is logical to first improve the collection of funds already owed to the County before looking to increase new revenue.

On November 4, 2004, the Erie County Legislature authorized a consulting agreement to design and implement a plan to improve the County's accounts receivables management, maximize revenue opportunities, and improve efficiency. In the course of its study, the consultant met with the Probation Department, ECMC, the Courts, Social Services, Department of Health, Sheriff's Department and others. In particular, the consultant's plan focused on assisting the Probation Department with the recovery of fees, fines and restitution.

The consultant's recommendation was to create a Division within the Budget and Finance Department that would bill and collect outstanding receivables owed to the County as well as cities, towns, and villages under a fee for service arrangement. The Division would have included a director, assistant director, two receivables analysts, a junior accountant, and a part time chief budget examiner.

As originally proposed, the arrangement between the new Division and the Probation Department would have allowed the Division to administer the monthly probation supervisory fee, which would enable the probation officers to focus on supervising probationers. Given staff reductions because of budget cuts, this would improve the effectiveness of remaining staff.

The original plan, presented in April 2005, would have allowed for a September 2005 implementation for the Probation Department, as well as doing backlog collections for ECMC, the Courts, and the town of West Seneca. In FY2006, the plan would have added new clients, including Social Services and current accounts for ECMC and the Courts, as well as 3-5 additional towns.

In July 2005, the project consultant, Lawrence R. Smith and Associates, Inc., indicated that, based on the information they had gathered from the Probation Department, the estimated revenue from currently outstanding Fees, Fines and Restitution owed would have been $3,282,983. They also projected that the new Division would have collected $815,798 in new and additional revenue for the County from other collections and accounts receivables work. Combined, these new revenues for a full fiscal year would total $4,098,781.

In other governments, general experience indicates that the collections unit will generate $1 of revenue for every $11 owed. According to Lawrence Smith and Associates, Erie County's outstanding receivables total an estimated $150 million, which would translate into potential revenue of $11.7 million.

Experience in other counties suggests that this is a realistic expectation. For example, Santa Clara (California) County, in its first year of experience with a similar centralized Division realized $4.2 million in collection and fee revenue, which grew to $8.3 million in the second year, $14.1 million in the third, and $19.1 million in the fourth year.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Salary and Benefits Cost	$0	($300,194)	($312,112)	($328,373)	($344,956)
Software, Equipment and Overhead	$0	($50,000)	($75,000)	($76,875)	($78,987)
Total Cost	**$0**	**($350,194)**	**($387,112)**	**($405,248)**	**($423,943)**
Additional Revenues	$0	$4,098,781	$4,508,659	$4,959,525	$5,455,478
Total Savings	$0	$3,748,587	$4,121,547	$4,554,277	$5,031,535

In FY2005, savings have been discounted 100 percent. Savings for FY2006 have been discounted by 27.0 percent to account for a September 1, 2005 start.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	27%	0%	0%	0%
Fiscal Impact	$0	$1,010,000	$4,122,000	$4,554,000	$5,032,000

164. Adjust County-Controlled Fees to Keep Pace with Inflation

Dept: All
Division/Bureau: All
Rev/Exp/Productivity: Rev
Fiscal Impact to FY09: $1,225,000
Required Approval: County

The County currently has jurisdiction over the rates of many fees collected by the County. While these rates have the ability to be adjusted as necessary, this does not necessarily happen on a regular basis and can at times not happen for long periods. For example, the Health Department is currently charging rates set in 1994. Meanwhile, annual inflation makes the effective rate of fees decrease yearly if not reset with inflation. Due to this annual effective decrease in the rate of fees, the County should allow fees under its control to rise with inflation.

If this were to be applied solely to fees not covered by initiatives elsewhere in this plan, the County would be able to raise an additional $120,000 in FY2006 and a total of $1,225,000 over the next four years as shown below.

Proposed Fees with Annual Inflationary Raises

Fee	Rate	FY2004 Revenue	FY2006 Projected Revenue	FY2007 Projected Revenue	FY2008 Projected Revenue	FY2009 Projected Revenue
Central Police Services						
Forensic Laboratory	N/A	$51,250	$52,531	$53,845	$55,191	$56,570
Clerk						
Summary Page	$15- included in recording fees	$766,035	$785,186	$804,816	$824,936	$845,559
Social Services						
Response to Subpoenas by Outside Attorneys	$15					
Representation	$40/hour					
Total Social Services		$13,465	$13,802	$14,147	$14,500	$14,863
Parks, Recreation, and Forestry						
Grover Cleveland - TEE TIME ASSESSMENT	$2	$5,502	$5,640	$5,781	$5,925	$6,073
Grover Cleveland - LOCKER RENTALS	$50	$200	$205	$210	$215	$221
Grover Cleveland - 18 HOLE CART RENTALS	$20	$86,540	$88,704	$90,921	$93,194	$95,524
Grover Cleveland - 9 HOLE CART RENTALS	$10	$15,380	$15,765	$16,159	$16,563	$16,977
Grover Cleveland - PULL CARTS	$3	$3,927	$4,025	$4,126	$4,229	$4,335
Elma Meadows - TEE TIME ASSESSMENT	$2	$12,184	$12,489	$12,801	$13,121	$13,449
Elma Meadows - DUPLICATES (LOST CARDS)	$5	$10	$10	$11	$11	$11
Elma Meadows - 18 HOLE GOLF CARTS	$20	$136,200	$139,605	$143,095	$146,673	$150,339
Elma Meadows - 9 HOLE GOLF CARTS	$10	$33,750	$34,594	$35,459	$36,345	$37,254

Fee	Rate	FY2004 Revenue	FY2006 Projected Revenue	FY2007 Projected Revenue	FY2008 Projected Revenue	FY2009 Projected Revenue
Elma Meadows - PULL CARTS	$3	$2,610	$2,675	$2,742	$2,811	$2,881
Elma Meadows - LOCKER RENTAL	$50	$100	$103	$105	$108	$110
Health						
Water Bottles	$150	$300	$308	$315	$323	$331
Plan Revenue Non-Mun Water	$113	$226	$232	$237	$243	$249
Hotels and Motels 0-30 Rooms	$98	$4,900	$5,023	$5,148	$5,277	$5,409
Hotels and Motels 31-100 Rooms	$188	$4,512	$4,625	$4,740	$4,859	$4,980
Hotel and Motels Food Service 0-50 Seats	$98	$294	$301	$309	$317	$325
Hotel and Motels Food Services Over 50 Seats	$188	$4,700	$4,818	$4,938	$5,061	$5,188
Hotels and Motels Pools	$188	$4,700	$4,818	$4,938	$5,061	$5,188
Hotel and Motel Whirlpools	$68	$272	$279	$286	$293	$300
Mobile Home Parks 0-25 Sites	$98	$980	$1,005	$1,030	$1,055	$1,082
Mobile Home Parks 26-100 Sites	$188	$5,640	$5,781	$5,926	$6,074	$6,226
Mobile Home Parks Over 100 Sites	$300	$4,800	$4,920	$5,043	$5,169	$5,298
Migrant Labor Camps 0-9 Units	$188	$752	$771	$790	$810	$830
Migrant Labor Camps Over 9 Units	$300	$0	$0	$0	$0	$0
Food Service Establisjed Taverns: No Food Prep	$53	$15,582	$15,972	$16,371	$16,780	$17,200
Food Service Established Taverns: 0-50 Seats	$98	$146,804	$150,474	$154,236	$158,092	$162,044
Food Service Established Taverns: Over 50 Seats	$188	$262,072	$268,624	$275,339	$282,223	$289,278
Food Commissaries Food Prep and Storage	$188	$5,452	$5,588	$5,728	$5,871	$6,018
Food Commissaries Food Storage Only	$53	$424	$435	$445	$457	$468
Caterers Mobile Units	$98	$10,682	$10,949	$11,223	$11,503	$11,791
Frozen Dessert: Childrens Camp	$100	$400	$410	$420	$431	$442
Tatto Establishments:	$25	$500	$513	$525	$538	$552

Fee	Rate	FY2004 Revenue	FY2006 Projected Revenue	FY2007 Projected Revenue	FY2008 Projected Revenue	FY2009 Projected Revenue
Tatoo Artists						
Campsites	$150	$2,100	$2,153	$2,206	$2,261	$2,318
Campsites: Food Service 0-50 Seats	$98	$294	$301	$309	$317	$325
Campsites Food Service: Over 50 Seats	$188	$0	$0	$0	$0	$0
Campsites: Pools	$188	$940	$964	$988	$1,012	$1,038
Whirlpools	$68	$1,904	$1,952	$2,000	$2,050	$2,102
Temporary Permits 1-3 Days	$53	$30,528	$31,291	$32,073	$32,875	$33,697
Temporary Permits 4-7 Days	$60	$16,080	$16,482	$16,894	$17,316	$17,749
Temporary Permits Over 7 Days	$75	$13,875	$14,222	$14,577	$14,942	$15,315
Plan Review: Pools, Beaches	$150	$300	$308	$315	$323	$331
Plan Review: Mobile Homes	$150	$0	$0	$0	$0	$0
Plan Review: Campsites	$150	$0	$0	$0	$0	$0
Plan Review: Rooming Houses	$75	$7,275	$7,457	$7,643	$7,834	$8,030
Plan Review: Subdivisions	$25	$13,125	$13,453	$13,789	$14,134	$14,488
Ind. Water and Sewer Mandated	$150	$3,000	$3,075	$3,152	$3,231	$3,311
Property Transfers: Individual Sewage	$150	$133,350	$136,684	$140,101	$143,603	$147,193
Property Transfers: Individual Water	$98	$29,890	$30,637	$31,403	$32,188	$32,993
Property Transfers: Individual Water	$98	$29,890	$30,637	$31,403	$32,188	$32,993
Property Transfers: New Construction	$150	$137,100	$140,528	$144,041	$147,642	$151,333
Primary Care	$0-$302	$1,392,981	$1,427,806	$1,463,501	$1,500,088	$1,537,590
Total Dental Care	$0-$480	$760,133	$779,136	$798,615	$818,580	$839,045
Probation						
Fines	Court sets the fine, Probation collects and send back to court	$627,104	$642,782	$658,851	$675,322	$692,205

Fee	Rate	FY2004 Revenue	FY2006 Projected Revenue	FY2007 Projected Revenue	FY2008 Projected Revenue	FY2009 Projected Revenue
Total		$2,778,000	$4,898,000	$5,020,000	$5,145,086	$5,273,713
Additional Revenue From Inflation			$120,000	$242,000	$367,000	$496,000

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Additional Fee Revenue	$0	$119,000	$242,000	$367,000	$496,000
Total Savings	$0	$119,000	$242,000	$367,000	$496,000

Since the County has the ability to set these rates to rise with inflation, savings have not been discounted.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$119,000	$242,000	$367,000	$496,000

COUNTY COMPTROLLER

MISSION

To perform the accounting, auditing, reporting and fiscal functions of the County in accordance with Article XII of the Erie County Charter and Article 12 of the Administrative Code. Under the direction of the elected Comptroller, the Comptroller's Office will maintain the official accounting records and prepare and distribute interim and annual reports of the financial condition of the County; perform audits to ensure that. County assets are safeguarded against unauthorized use or disposition; receive and invest County funds; and structure and sell notes and bonds.

GOALS

- Execute the changes needed to streamline the County's business processes by implementing "Best Business Practices" as identified by the Countywide Reengineering Study and Enterprise Resource Planning (ERP) project.
- Develop and promulgate accounting policies, procedures, and guidelines to all County departments and organizations in accordance with GAAP.
- Review, process, and validate departmental accounting transactions for accruals, encumbrances, expenditures, and revenues, and assure transactions are in compliance with established policies and procedures and within authorized appropriations.
- Ensure reconciliation of each of the County's bank accounts.
- Develop and provide timely, accurate, and informative accounting reports to the County Executive, Legislature, and departments for managerial use and control.
- Prepare the County's quarterly interim and annual financial statements, the annual financial report to the New York State Comptroller, and other financial reports as required, and to assist the County's consultant in preparation of the Countywide Cost Allocation Plan.
- Conduct financial and compliance audits of records and accounts and management and performance audits of County departments, in accordance with the provisions of the Erie County Charter, Administrative Code and Generally Accepted Auditing Standards (GAAS), and submit audit reports to the Legislature and County Executive.
- Optimize the income from investments.
- Make timely and accurate disbursement of all funds with due regard to the best interests of the County and vendor requirements.

- Ensure the availability of cash resources as needed for the day-to-day operation of County government and the completion of authorized capital projects.
- Develop effective plans, policies, and procedures for the borrowing and investment of funds in compliance with New York State Law.
- Prepare all official statements for bond and note sales.
- Coordinate all legal matters pertaining to borrowing with the County Attorney and the County's bond counsel.
- Evaluate various financing alternatives available to the County and structure financing plans to meet County needs.

Source: Erie County Comptroller

MEASURES OF PERFORMANCE

Number of investments completed annually	2,100
Number of debt service payments	73
Number of cash flow schedules/analyses	86
Court & Bail orders managed	922
Number of Vendor checks issued	28,000
Trust checks issued	5,300
Transactions validated	127,000
Number of checks reconciled	847,000
Number of bank accounts reconciled	54
Number of daily, weekly, month-end and year-end reports produced and distributed Countywide (SAP– electronic) 2004=8 months	3,552

DEPARTMENT OF PERSONNEL

MISSION

To interpret and administer all provisions of New York State Civil Service Law and to develop, administer, and coordinate a comprehensive human services program, including payroll, benefits, examinations, recruitment, selection and training.

GOALS

- Expand website capabilities to download civil service eligible lists and have direct access to job descriptions and related civil service documents.
- Work with local towns, villages and school districts in the reduction of paperwork relating to personnel and civil service mailers by using on-line capabilities including position requests, payrolls, and certifications of payrolls.
- Review existing job descriptions, update where necessary and make available on-line.
- Develop training programs for local municipalities relating to civil service and related matters.

Source: Erie County Department of Personnel

MEASURES OF PERFORMANCE

Reduce response time to request for certified eligible lists.	7 days
Increase participation in County training programs.	100
Reduce average time to respond to written requests for Civil Service / Personnel information.	5 days
Increase monitoring of Town and Village Civil Service appointments / number of payrolls audited / certification monthly.	7
Increase number of job audits/ classification studies performed annually.	50
Decrease time needed to prepare new job descriptions.	15 days
Reducing processing time for employee out-of-title grievances.	30 days
Reduce processing time for mandated NYS Retirement System Salary and Service Determinations.	13 days

Source: Erie County Department of Personnel

The Personnel Department works closely with the Office of the County Executive, Office of the County Attorney, and Department of Labor Relations to develop and implement effective human resources programs and policies. Given these interrelationships, as well as the importance of human resources management to organizational change throughout County government, the Personnel Department will also play a key role with initiatives detailed in other chapters throughout this Plan. Of particular note, primary collective bargaining and healthcare cost containment initiatives are detailed in the Workforce chapter, workers' compensation issues are addressed in the County Attorney chapter, and co-location with labor relations is outlined in the Department of Labor Relations chapter of this Plan.

32. Pursue Federal Part D Reimbursement for Providing Retiree Prescription Drug Benefit

Dept:	All	**Rev/Exp/Productivity:**	Rev
Division/Bureau:	All	**Fiscal Impact To FY09:**	$3,600,000
		Required Approval:	County

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Medicare Modernization Act, or MMA) was signed into law on December 8, 2003. The primary outcomes of the new legislation were the introduction of a Medicare Drug Benefit and the Medicare Advantage Program. Under the new Medicare prescription drug program, employers who already provide a retiree Rx benefit determined to be actuarially equivalent to the new federal program are eligible for a 28 percent reimbursement for employer costs. The federal Centers for Medicare and Medicaid Services (CMS) have estimated that the employer subsidy will average $668 per year per eligible retiree, although the subsidy is provided on an individual basis, and is not simply a percentage of total drug costs.

As a provider of retiree prescription drugs, the County via the Labor-Management Healthcare Coalition (LMHC) in which it participates is believed to be eligible for these payments. For 2006, Erie County is already well underway with the subsidy application process, and the LMHC benefits consultant estimates that the County overall will receive $2.2 million in 2006. In general, the County General Fund allocation of costs for the LMHC is just under 35 percent, although inter-fund allocations of Part D revenues have yet to be determined. If equivalent to the overall allocation, the General Fund should expect to receive approximately $770,000. In future years, revenues are grown at a rate of 16.5 percent consistent with status quo healthcare trends, however, even greater increase are possible to the extent that the size of the retiree cohort also grows. Actual federal reimbursements are based on a percentage of County spending subject to an annual cap per retiree, indexed to national per capita spending growth.

Summary of Revenues
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Estimated Part D Reimbursement	$0	$770,000	$897,050	$1,045,063	$1,217,499
Total Impact	$0	$770,000	$897,050	$1,045,063	$1,217,499

While receipt of these payments is not considered to be at significant risk, a 20 percent first-year discount has been applied to reflect the uncertainty of precise allocations to the General Fund, and a 10 percent discount applied to FY2007.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	10%	0%	0%
Fiscal Impact	$0	$600,000	$800,000	$1,000,000	$1,200,000

33. Improve Attendance Monitoring and Payroll Controls

Dept: All
Division/Bureau: All
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $234,000
Required Approval: County

As detailed in the Workforce chapter of this Plan, County sick leave usage is high – more than double national labor market averages of 5.2 days. To achieve improved attendance, modifications to County paid leave benefits, as also outlined in the Workforce chapter, will be critical. To complement such changes, however, it will also be important to strengthen management systems for monitoring and enforcing attendance policies – including provisions already in place. In addition, with the County's decentralized timekeeping systems, as well as recent high turnover due to workforce reduction, greater central review and control would better ensure consistent and accurate payrolls. To pursue these two goals, the 2006 Budget includes funding for a new Benefits Monitoring Specialist position within the Personnel Department to be responsible for improving management in these areas.

Initiatives may include, but not be limited to the following, with an initial priority focus on improving attendance in the County's 24/7 operations:

- Development and circulation of regular leave usage and overtime reports for County operating departments and major divisions to provide management feedback and to promote greater awareness and accountability.

- Monitoring and review of existing County attendance policies, such as sick leave notification and certification practices, to ensure strong and consistent application.

- Audits and review of departmental payrolls to ensure consistent and accurate timekeeping, recordkeeping, and application of policies regarding overtime and premium rates.

- Training departmental managers and administrators as warranted improving and professionalizing attendance and payroll practices.

The FY2006 Budget includes $40,301 to establish this new position, and an additional factor is assumed for benefits. While direct savings can not be precisely forecast, this investment is projected to yield many multiples of savings. Looking at attendance issues alone, even a 5 percent improvement in sick leave usage would equate to nearly 3,400 workdays gained per year – almost 15 FTEs. Even assuming that only 20 percent of this improved productivity would yield hard dollar savings, this change would generate approximately $120,000 in annual savings assuming an approximately $40,000 average County salary. While potentially significant, additional savings opportunities from payroll corrections are not quantified.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Cost of Attendance and Payroll Monitor	$0	$60,121	$61,624	$63,165	$64,744
Total Cost	**$0**	**$60,121**	**$61,624**	**$63,165**	**$64,744**
Savings from Improved Attendance	$0	$122,100	$124,798	$129,091	$133,326
Savings from Payroll Corrections	CQ	CQ	CQ	CQ	CQ
Total Savings	**$0**	**$122,100**	**$124,237**	**$126,411**	**$128,623**
Net Savings	$0	$62,000	$63,000	$63,000	$64,000

No discounting is applied to the additional personnel investment. For potential savings, a 20 percent discount is applied in FY2006 and 10 percent in FY2007, reflecting the uncertainty associated with the indirect bottom line impact from improved attendance.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	10%	0%	0%
Fiscal Impact	$0	$50,000	$57,000	$63,000	$64,000

35. Restore One Front-Line Personnel Department Position to Ensure Appropriate Service, Supported by Increased Exam Fees

Dept: Personnel
Division/Bureau: All
Rev/Sav/Productivity: Rev/Exp
Fiscal Impact To FY09: ($100,000)
Required Approval: County

In addition to processing civil service examinations for positions in County government, the Personnel Department also manages the civil service testing and certification process for hiring in the region's Towns, Villages, Authorities, and School Districts. After significant staffing reductions earlier in 2005, the Department has struggled to meet its obligations to these other governments, and survey data compiled by the County indicates that Erie's civil service operation are well below comparable large New York counties. To begin to address this concern and minimize delays and backlogs, the FY2006 Budget includes one FT position restoration for a Data Entry Operator at a salary of $26,684. With benefits and overhead, total costs are projected at $39,765, with cost escalation in future years.

New York law prohibits counties from directly charging local municipalities for these services, however, costs can be recovered through application fees charged to individuals seeking public employment. Erie County currently has four fee levels for different categories of exams, at levels considerably lower than comparable counties that do not fully recover associated costs. The table below shows the exam fees for Erie in contrast to Monroe, Onondaga, Westchester, Suffolk and Nassau.

Civil Service Exam Fees – Erie and Comparable Counties

County	Decentralized Exams	State Scheduled Exams	Uniformed Services
Erie	$5 (job groups 4 and under) $10 (job groups above 4)	$10	$12.50
Monroe	$15	$15	$25
Westchester	$25	$25	$50
Suffolk	$25 (open-competitiveness exams) $15 (promotional exams)	$25 (open-competitiveness exams) $15 (promotional exams)	$100 (entry level) $50 (promotional exam)
Nassau	$15 (under $20,250 starting salary) $30 (over $20,250 starting salary)	$15 (under $20,250 starting salary) $30 (over $20,250 starting salary)	$100 police officer $50 correction officer/ deputy sheriff $40 all others
Onondaga	$15	$15	$28 (entry level police officers) $20 (other uniformed services)

Because a portion of each total fee charged is remitted to New York State, net revenues to the County will be lower than the gross revenues collected. For example, 100 percent of the current $12.50 uniformed services fee is remitted to the State in most circumstances. Also impacting projections, some major examinations (e.g., corrections, police) are only given every other or every third year. Accordingly, revenues are somewhat cyclical in character.

For 2006, the County Personnel Department recommends that Erie raise its exam fees to parallel those of comparable counties while concurrently simplifying its fee structure. A $15 fee is recommended for all decentralized and state scheduled exams and a $30 fee for uniform services exams. Initial revenue projections assuming these increased fees have been developed by the Personnel Department and are shown below relative to the $34,000 baseline[4] used in recent County budgets. Currently, Erie County must pay the State between $3 and $12.50 for every candidate tested; the revenue projections shown below reflect the *net* increase projected for the County and do not include revenues remitted to the State.

[4] FY2007 through FY2009 net revenues are adjusted for inflation.

FY2006 through FY2009 Projected Civil Service Exam Fee Increase Revenues

	FY2006	FY2007	FY2008	FY2009
Decentralized Exams	$19,340	$19,340	$19,340	$19,340
State Scheduled Exams	$28,688	$28,688	$28,688	$28,688
Uniformed Services	$2,625	$30,000	$4,625	$2,625
Estimated Revenues	$50,653	$78,028	$52,653	$50,653
Net Revenues without Increase	$35,721	$36,614	$37,530	$38,468
Change in Net Revenues	$14,932	$41,414	$15,123	$12,185

The higher FY2007 uniformed services fee revenues are due to the cyclical nature of this exam, typically conducted every three years and next slated for FY2007. Similarly elevated revenues for uniformed services should again be anticipated for FY2010.

Summary of Impact
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Cost of Partial Staffing Restoration	$0	($39,765)	($41,929)	($44,371)	($46,848)
Total Cost	**$0**	**($39,765)**	**($41,929)**	**($44,371)**	**($46,848)**
Incremental Fee Revenues	$0	$14,932	$41,414	$15,123	$12,185
Total Revenues	**$0**	$14,932	$41,414	$15,123	$12,185
Net Impact	$0	($24,833)	($515)	($29,248)	($34,663)

Due to implementation timing, no impact is projected for FY2005. With some volatility and uncertainty associated with fee receipts, projected revenue increases have been discounted 20 percent in FY2006 and 10 percent in FY2007, but not thereafter. Budgeted position costs have not been discounted, and increase annually by the assumed County baseline growth rates. Overall, this results in a modest net cost of $25,000-$35,000 annually in most years, with a lower net cost in years when a uniformed services exam is conducted.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	10%	0%	0%
Fiscal Impact	$0	($28,000)	($5,000)	($31,000)	($36,000)

36. Conduct Training Needs Assessment and Enhance Employee Development

Dept: All
Division/Bureau: All

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: ($600,000)
Required Approval: County

As identified by the Buffalo Niagara Partnership, the Country would benefit from "a training Needs Analysis to ensure that all employees are trained to adequately perform their jobs and learn new ones." Looking forward, the County concurs that training and employee development are important to improving productivity, and will conduct a comprehensive training needs assessment in 2007, once a majority of the organizational changes outlined throughout this Plan have begun to move ahead and take greater shape. Based on this 2007 evaluation, the County will begin to implement new programs to address critical areas of need. Pending this evaluation, $250,000 per year is preliminarily targeted for this purpose, over and above any existing departmental training budgets.

Summary of Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Needs Assessment	$0	$0	$100,000	$0	$0
Estimated Cost of Program	$0	$0	$0	$250,000	$250,000
Total Cost	**$0**	**$0**	**$100,000**	**$250,000**	**$250,000**
Productivity Gains	NQ	NQ	NQ	NQ	NQ
Total Savings	**NQ**	**NQ**	**NQ**	**NQ**	**NQ**
Total Impact	$0	$0	($100,000)	($250,000)	($250,000)

No discounting is applied to the estimates above.

DEPARTMENT OF LABOR RELATIONS

MISSION

It is the mission of the Division of Labor Relations to interact with public employee unions and other employees as the representative of Erie County government and the Erie County taxpayer. The goal of these interactions is to promote harmonious labor/management relations in a responsible way. To accomplish this mission, the Division of Labor Relations negotiates collective bargaining agreements, interprets and implements statutory and contractual obligations, represents the County of Erie in arbitrations and other administrative hearings, listens and responds to employee grievances, and advises County Departments and Administrative Units on how to handle labor issues.

GOALS

- Negotiate Collective Bargaining Agreements:
  - Teamster, Local 264 representing 580 Deputy Sheriff Officers.
  - Police Benevolent Association representing 170 Deputy Sheriffs, road patrol.
  - New York State Nurses Association representing 600 Registered Nurses.
  - American Federation of State, County and Municipal Employees representing 2,100 blue collar employees.
- Promote labor harmony while protecting the best interests of Erie County taxpayers.
- Clarify unresolved issues regarding labor and employment matters.
- Seek determination from the appropriate authority when legitimate interpretation questions arise.
- Seek to diminish frivolous grievances.
- Operate the office in an efficient and cost-effective way.
- Provide labor and human resources assistance to ECMC, ECC, Libraries and Sheriff's Office.

Source: Erie County Department of Labor Relations

MEASURES OF PERFORMANCE

Estimated Grievances	650
Estimated Arbitration PERB hearings	140
Number of bargaining unit contracts settled	5

Source: Erie County Department of Labor Relations

The Department of Labor Relations works closely with the Office of the County Executive, Office of the County Attorney, and Personnel Department to develop and implement effective employee relations programs and policies. Reflecting this close coordination, both the Director and Deputy Director of Labor Relations are currently budgeted within the Office of the County Attorney.

Given these interrelationships, as well as the importance of labor relations to organizational change throughout County government, the Office of Labor Relations will also play a key role with initiatives detailed in other chapters throughout this Plan. Of particular note, primary collective bargaining initiatives are outlined in the Workforce chapter, management initiatives to improve attendance are outlined in the Personnel Department chapter, and workers' compensation issues are addressed in the County Attorney chapter of this Plan.

34. Co-Locate Personnel and Labor Relations to Support Coordinated Approach and Minimize Support Staff Needs

Dept:	Personnel/Labor Relations	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	All	**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Co-location of the County's Labor Relations unit with the Personnel Department will improve communication and coordination on important human resources issues, advancing key goals set forth by Buffalo Niagara Partnership in suggesting full consolidation of these functions along with the Equal Employment Opportunity (EEO) office. As outlined separately, the EEO program will be consolidated separately with several other County functions under a new Office of Public Advocacy.

With Personnel and Labor Relations, co-location will not only support continued functional coordination, but will also improve each group's capacity to manage support and general staffing pressures while minimizing added personnel. At this point, full and formal consolidation is not recommended. As recognized by County law that staggers the term of the Personnel Commissioner with that of the County Executive, the civil service merit system responsibilities of Personnel are intended to remain at arms-length from the elective process. At the same time, given the strong fiscal and operational impact of collective bargaining, it is important for Labor Relations to remain accountable to each County Executive.

Improved coordination and shared support staff are projected to achieve cost avoidance; however, no additional savings beyond the County's baseline budget can be quantified from this initiative.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	N/A	N/A	N/A	N/A	N/A
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

COUNTY ATTORNEY

MISSION

To provide thoughtful and sound counsel to the County's departments and administrative units.

GOALS

- To provide thorough, timely, and effective legal counsel to the County Executive, the County Legislature, and all departments, divisions, and other administrative units of the County.
- To effectively and vigorously represent the County in litigated civil matters, particularly those arising under the self-insurance program.

Source: Erie County Attorney

MEASURES OF PERFORMANCE

Number of non-litigation files maintained	2,600
Number of litigation files maintained	750
Number of juvenile delinquent and PINS petitions filed with the court	3,750

DEPARTMENT INITIATIVES

83. Add Clerk to Improve Productivity

Dept:	County Attorney	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	($222,000)
		Required Approval:	County

The Department is currently functioning without certain positions which, if filled, would increase the productivity of the County Attorney's Office and eventually lead to cost savings. The main positions for this initiative are principal clerk, paralegals, filers, and investigators.

With the principal clerk, this position would work to make sure payroll runs efficiently which would then allow the Office Manager to perform his own job function. Since office management is an integral part of an effective County Attorney's Office, the principal clerk has the potential to affect positively the department's productivity. This is especially important since the County Attorney's Office is instituting a comprehensive risk management program. In order for new programs within the department to succeed, support services within the department need to be functioning at capacity.

A Full Time Employee in the position of principal clerk has been estimated by the County Attorney's Office to cost approximately $35,000 plus benefits in FY2006. Although benefits will accrue to the department, exact savings can not be quantified at this time.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Personnel Costs	100%	($53,000)	($54,000)	($56,000)	($59,000)
Total Savings	$0	($53,000)	($54,000)	($56,000)	($59,000)

Due to potential implementation delays in filling the position, savings have been discounted 100 percent in FY2005. Starting in FY2006, the fiscal impact is no longer discounted as implementation delays are no longer anticipated.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	($53,000)	($54,000)	($56,000)	($59,000)

86. Pursue Pooled Insurance Bidding

Dept: County Attorney
Division/Bureau: Risk Management

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: TBD
Required Approval: OLC

The County currently self-insures for liability. However, across the country governments have been realizing cost savings from pooling insurance with other governments. Although none have so far provided exact savings for members, best practices for insurance pools include the Maine Municipal Association Property and Casualty Pool and the Utah Counties Insurance Pool. In both cases, members have access to potential costs savings and to a network of support systems which can advise members on effective risk management solutions.

An example of an insurance collective exists in New York State already. The New York Municipal Insurance Reciprocal (NYMIR) was created in 1993 by the New York Association of Counties and currently has counties comparable to Erie County as members including Putnam County, Fulton County, and Orleans County. Due to the inherent complexity in governmental insurance, savings estimates from Erie County joining NYMIR were not available. However, the organization lists its main benefits as cost efficiencies and a comprehensive resource of risk management best practice programs.

Based on this, the County should analyze the legal feasibility as well as the potential of cost savings from either joining a current insurance pool or forming a new insurance cooperative.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Insurance Savings	$0	TBD	TBD	TBD	TBD
Total Savings	**$0**	**TBD**	**TBD**	**TBD**	**TBD**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	$0	TBD	TBD	TBD	TBD
Fiscal Impact	$0	TBD	TBD	TBD	TBD

87. Wrap Up Insurance Policy for Capital Construction

Dept: County Attorney

Division/Bureau: Risk Management

Rev/Sav/Productivity: Savings

Fiscal Impact To FY09: $2,403,000 (Capital Savings)

Required Approval: County

At present, the County requires contractors engaged for capital projects to acquire insurance naming the County as the insured in the case of loss. These insurance costs are typically passed through to the County. Under this initiative, the County will actively explore acquisition of "wrap up" or "owner controlled" insurance in which all contractors would have to engage. With wrap up insurance, the County would secure insurance for all contractors with the same insurance carrier, coverage and limits. By having the County secure the insurance itself, it is able to reduce costs since it is purchasing large amounts of insurance at once. Since the County purchases the insurance, no mark up costs are passed on to the government. Other benefits include the elimination of potential cross lawsuits between contractors and the owner, subrogation between insurance companies, and the possibility of uninsured subcontractors.

According to Adrien Theriault of MRM Consulting, participating in a wrap up insurance program can save the County between 1 percent and 3 percent of total capital costs annually. Conservatively, 1 percent savings have been estimated. Additionally, savings have been discounted 50 percent in FY2006 to account for projects already under contract without wrap up insurance.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100	50%	0%	0%	0%
Fiscal Impact	$0	$441,000	$796,000	$624,000	$542,000

DEPARTMENT OF INFORMATION AND SUPPORT SERVICES

BUREAU OF PURCHASING

MISSION

The Bureau of Purchasing will procure goods and services in the most economical and efficient manner, while maintaining reasonable standards of quality.

GOALS

- To encourage cooperative purchasing with the County's cities, towns, villages, fire and sewer districts.
- To establish and enforce countywide standard specifications where possible to take advantage of volume buying.
- To assist county departments with maintaining efficient inventory control and levels of supplies by minimizing the time required between submission of requisitions and the receipt of goods and services.
- To recruit responsible vendors and maintain a comprehensive, current vendor file, including minority business enterprises (MBE's) and women business enterprises (WBE's), to facilitate the most timely procurement of needed supplies, equipment and services.
- To establish and maintain a program to enhance opportunities for MBE/WBE and small business participation in county procurement awards.
- To facilitate transfers of usable supplies, materials and equipment between administrative units.
- Through active outreach, increase the utilization of County Contract Awards to the schools, fire districts, towns, villages and cities in Erie County to enable them to take advantage of lower prices from County bid awards.
- Enter into Inter-municipal cooperative purchasing agreements to seek volume discounts from suppliers.
- Establish e-mail contact with all municipal, school and fire entities in Erie County to provide fuller and more timely notice of bid award information.
- Establish various "Green Purchasing" contracts in a team effort with Environment & Planning. To promote the use of recycled products within the County and to create viable programs for recycling County surplus.

- .To increase revenue and storage space through a management program for the disposal of surplus equipment and supplies.

Source: Erie County Department of Information and Support Services

MEASURES OF PERFORMANCE

	Actual 2004	Estimated 2005	Estimated 2006
Increase equipment cost savings to the county due to re-circulating of surplus to various departments	$139,205	$150,000	$150,000
Total purchase dollars resulting from regional purchasing	N/A	N/A	N/A
Income from Sale of surplus	$193,819	$85,000	$70,000

DIVISION INITIATIVES

116. Reinvent County Purchasing through Strategic Sourcing

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Bureau of Purchase	**Fiscal Impact To FY09**:	$7,425,000
		Required Approval:	State

Strategic sourcing is a series of procurement best practices that enable an organization to buy more effectively and efficiently. It combines a deep understanding of commodity and market information with quantitative analysis about a government's needs and spending patterns in order to achieve lower costs. There are three overarching principles of strategic sourcing: First, it is predicated on understanding current and future requirements and developing a strategy to procure required goods and services; second, it uses analytical tools and a fact-based approach to more effectively negotiate contracts with suppliers; and third, as part of a strategic sourcing program, key performance indicators are defined, and a process to monitor and measure suppliers' performance as well as the internal performance of an organization's procurement function are outlined. Implicit in these themes is that strategic sourcing approaches must also be flexible enough to adapt to the County's regulatory environment and specific sourcing needs. Strategic Sourcing differs from conventional purchasing in the following ways:

- Emphasis on full life-cycle costs of a product, not just its purchase price;
- Consolidated purchasing power across the supplier relationship, across all buyers;

- Tighter supplier relationships to achieve better standardization and improvements in cost, quality and delivery time;

- Simplified sourcing requirements through common standards, work patterns and information requirements. This can lead to lower inventory costs and reductions in purchasing order frequencies;

- Improved teamwork and purchasing skills through sharing information about products, markets and respective needs to meet wider organizational objectives; and

- Leveraging web technology to create new forums for interaction with suppliers (e-RFPs, reverse auctions).

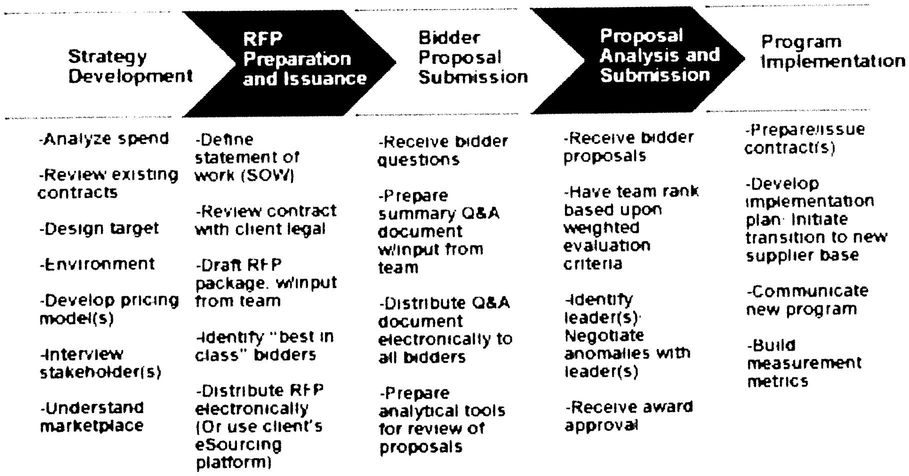
The overall universe of County procurement can be described in four general categories. These categories are: construction, purchases for health and social service programs, procurements for unique and ad hoc projects, and acquisition of routine and recurring commodity goods and services. While the principles of strategic sourcing are relevant to all these categories, public sector organizations acquire large quantities of routine goods and services. Spending in these categories alone typically comprises at least 5 percent of expenditure.

Strategic sourcing is a commercial best practice that is rapidly migrating to the public sector, largely driven by budgetary needs in governments, but also by an increased awareness by many procurement officials that there is value in viewing procurement in terms of total cost of ownership, as opposed to simply low cost. Some facts about strategic sourcing include:

Strategic Sourcing is a process designed to provide purchase of the best products and best services for the best value. Using this purchasing approach, the buyer analyzes what it's buying, what the market conditions are and who can supply those goods or services. The buyer then uses that information--plus innovative contracting techniques--to find the best values available in the marketplace.

This approach has been successful in many private-sector organizations and in several states, including Pennsylvania, California, Iowa, Texas, Illinois, Oklahoma, Virginia, and New Mexico. Recently, this experience has filtered down to county governments, including Fairfax (Virginia) and Miami-Dade. City governments, such as Portland, Oregon, have also achieved good results with this approach.

Strategic sourcing is a process that emphasizes a holistic procurement approach. It has been proved to create significant savings in the private and public sector. Typically, the approach includes:



The savings achieved from strategic sourcing can be substantial. The State of Virginia has reported annual savings of $26 million; New Mexico, $23 million annually; the State of Pennsylvania, $140.0 million; the State of Iowa projects savings of $57.0 million. At the County level, Fairfax, Virginia has reported savings of $5.0 million; at the City level, Portland, Oregon, has reported savings of over $1.0 million annually. Market research indicates average savings of between 5-20 percent.

At present, New York's General Municipal Law, which governs contracts and purchases by local governments, has not been significantly revised in over a decade. New York's law does not allow for procurement awards based on best value analysis, as opposed to low price. This analysis is a key component of strategic sourcing and is the recognized best practice and standard in most states. New York law should be amended to allow this practice for local governments.

Strategic sourcing is an intensive process that requires significant commitment of time and resources. Given its specialized nature, there are several firms that will enter into performance-based contracts with governments, guaranteeing a level of savings. It is also possible to contract for a percentage of the savings to be achieved. Given the County's financial condition, this may prove to be the favored approach.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
	$0	$0	$0	$0	$0
Total Cost	**$0**	**$0**	**($776,000)**	**($810,000)**	**($846,000)**
Purchasing Savings	$0	$0	$3,677,000	$3,768,000	$3,863,000
Total Savings	$0	$0	$2,901,000	$2,958,000	$3,017,000

The calculations for savings assume the current level of county purchases ($70.0 million) grows by the assumed rate of inflation (2.5 percent) in the following years. The savings assume that in FY 2007, a strategic sourcing initiative could be put into place and achieve savings of 5 percent of total county purchases. This also assumes a percentage return contract equal to 21.1 percent of savings in FY2007, growing to 21.5 percent in FY2008 and 22.9 percent in FY09.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	100%	50%	0%
Fiscal Impact	$0	$0	$1,450,000	$2,958,000	$3,017,000

Because of the need for state action and the significant resources needed to be dedicated to the project, the savings have been discounted by 100 percent in FY2005 and FY2006, and by 50% in FY 2007.

115. Improve Contract Competition

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Bureau of Purchase	**Fiscal Impact To FY09**:	$781,000
		Required Approval:	County

County purchasing is governed by the State of New York's General Municipal Law 103. This approach to purchasing requires that goods and services are purchased on a competitive basis with the contracts awarded to the low bidder. Goods and services of over $10,000 require a formal bid (over $20,000 for public works), and those over $20,000 require advertising as well.

Erie County's Bureau of Purchase is a small bureau with 6.0 FTEs, a reduction from the 11.0 FTEs in FY2004. This includes the director, a deputy director, a surplus and equipment worker, two general purchasers, and one secretarial staff. When making reductions, all three clerks were eliminated, as well as two of the four purchasing staff.

With limited staff time, Erie County needs a method for increasing competition and reducing costs that is not labor intensive. Use of electronic procurement and reverse auctions has been shown to result in significant savings in purchases of a wide variety of goods and services in federal, state, county, and municipal governments.

A reverse auction is a structured bid process that links web-based technology with traditional bidding methods to obtain better pricing for the customer. Pre-qualified vendors compete in a real-time on-line auction to determine the lowest responsible bidder. In effect, the buyers and sellers swap roles. The sellers compete for the opportunity to supply a product or service, and as bids come in, the price goes down. Reverse auctions make economic sense – they create price transparency in the market and allow the buyer to make more fully informed procurement decisions. By putting these auctions online, buyers can also streamline the process of collecting bids and deal with multiple sellers at the same time.

Some of the first extensive government use of reverse auctions was by the federal government. According to the U.S. General Services Administration, the Defense Finance and Accounting Service, Air Force and Coast Guard realized 12-48 percent savings in recent years through its use. Several states have also been active, including Minnesota, Pennsylvania, Massachusetts, Texas, and Wisconsin. State savings have been significant: since June of 2001, Minnesota has purchased via reverse auction a total of $30.5 million in products and services and realized savings of $3.2 million (10.6 percent). Florida has held two auctions purchasing $60.2 million of office supplies and paper, and netted a savings of $18.3 million (30.4 percent). Pennsylvania was recently successful in its reverse auction for office supplies, with projected savings of nearly $10.0 million from a contract that previously cost $22.5 million.

County governments have also had success with reverse auctions. Miami-Dade County's Department of Procurement Management negotiates the purchase of more than $700 million in good and services. Last fall, the department acquired long distance telephone services using an online reverse auction, and achieved savings of over $1 million. Allegheny County (city of Pittsburgh) has been using reverse auctions for several years and projects realized savings of 8-10 percent via reverse auction.

Municipalities have also been responding to the use of reverse auctions. The Kentucky League of Cities engaged a vendor to provide services to Kentucky cities, and several cities saved over $1 million on purchases via this process. Houston, San Antonio, and Minneapolis are other cities that have realized savings through this approach.

It is important that reverse auctions be limited to use in specific areas, because with limited vendor participation or highly specialized products or services, it is possible that reverse auctions will end up with greater costs than under traditional competitive bidding. As governments gain more experience with reverse auctions, the following conclusions are being reached:

- Auctions are cost effective when buying goods that are widely available and competitive on price.
- Auctions are cost effective when buying goods that have specific requirements. Examples would include office paper and other common supplies, uniforms, office furniture, rock salt, industrial tires, linens, etc.
- Auctions are less cost effective on technical services and IT purchases, where specifications vary greatly.

Reverse auctions is a growing but still specialized area of procurement, and there are upfront and ongoing costs associated with it. While the county's SAP enterprise resource planning system includes an e-procurement component, it has not been implemented to date. However, there are several software and vendor solutions that can be readily adapted to fit the county's needs. These include:

- Upfront fees – Minnesota, for example, bought software to conduct auctions at an annual fee of $70,000. Fees generally range from $0-$100,000 and can also involve additional event-specific fees.
- Transaction fees – these can range from 1-5 percent but are simple and straightforward to quantify.

- Supplier fees – while this is initially less expensive for the sponsoring agency, these fees get built into the bids and simply transfer cost to the contracts.

- Percentage of savings – these are difficult to quantify and require rigorous analysis and price history records. This is most likely not the optimal price strategy for Erie County.

This initiative assumes that in FY2006, the County will make two percent of its purchases by online reverse auction, growing to three percent in FY2007, four percent in FY2008, and five percent in FY2009 and realize savings of eight percent on these purchases in FY2006, 9 percent in FY2007, 10 percent in FY2008, and 11 percent in FY2009. This is in line with other government experience, which projects savings of between 8 and 12 percent.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Vendor fee and training	$0	($75,000)	($65,000)	($50,000)	($50,000)
Total Cost	**$0**	**($75,000)**	**($65,000)**	**($50,000)**	**($50,000)**
Purchasing Savings	$0	$114,800	$198,568	$301,529	$424,968
Total Savings	$0	$39,800	$133,568	$251,529	$374,968

Due to potential implementation delays, these savings are discounted by 100 percent in FY2005. They are also discounted by 50 percent in FY2006 but not discounted in later years. It assumes that the County enters into a fixed contract arrangement with a vendor to provide the necessary software to conduct reverse auctions. As the County's SAP ERP system has the capacity to provide this service, eventually this cost may be eliminated but it is not assumed in this initiative.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$20,000	$134,000	$252,000	$375,000

117. Increase Other Government Purchasing on County Contracts

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Bureau of Purchase	**Fiscal Impact To FY09**:	$714,000
		Required Approval:	County

Across the nation, governments at all levels are benefiting from the power of collective purchasing. Cooperative purchasing arrangements make economic sense – larger purchases drive down prices and provide savings for all the participants. Cooperative purchasing also allows the purchasers to aggressively pursue rebates in return for these larger purchases. Governments around the country have negotiated or re-negotiated contract provisions based on larger volume purchases.

While past efforts have focused on joint purchasing, they have not created the interest necessary to achieve joint savings within the county for all governments. Incentives for joint purchases will require an opportunity for all governments to benefit from pooled purchasing arrangements.

Given a pooled purchasing approach, there is no economic reason that all governments should not benefit. If, for example, a local government can gain a comparative advantage from purchasing through current authorities, the county should enter into an agreement with that local government. If that is not the case, the local government should join with the county and they both should contract with a firm that specializes in negotiating and re-negotiating purchasing arrangements based on larger volumes.

Most government experience is that significant volume increases will allow renegotiation with rebates in the range of one to three percent. In combination with reverse auction practices, this can either increase savings or be targeted in areas where there are significant joint purchases that do not lend themselves to adding value through reverse auctions (such as information technology hardware, software, and services).

To facilitate local government involvement, the County would provide rebates to local government equal to 50 percent of its savings in the first year of any purchasing arrangement (with the local government also keeping its share of rebates) on a pro rata basis to their purchases, and 25 percent in the second year in return for a 4-year joint purchasing commitment.

Under this scenario, all governments will benefit from the joint purchasing arrangement. The longer term goal is that the longer range strategic purchasing methods would allow all governments in Erie County to benefit from a proactive purchasing perspective.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
	$0	$0	$0	$0	$0
Total Cost	**$0**	**$0**	**$0**	**$0**	**$0**
Purchasing Savings	$0	210,000	799,500	$814,875	$753,823
Total Savings	**$0**	**$495,000**	**$522,750**	**$609,362**	**$700,022**

The calculations for savings assumes the current level of county purchases ($70.0 million) in FY2005, growing by the assumed rate of inflation (2.5 percent) in the following years. The savings assume 10 percent of total county purchases would be done through cooperative purchasing, and that the rebates for these purchases average 3 percent. The summary assumes that half of the projected county rebate is given to participating local governments in FY2006 and one-fourth to other participating local governments in FY2007.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$105,000	$161,000	$221,000	$227,000

118. Resume, with Better Internal Processes, the Use of Procurement Cards

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Bureau of Purchase	**Fiscal Impact To FY09**:	$315,000
		Required Approval:	County

One of the challenges of procurement is that small purchases consume a great amount of staff time and effort. The Lumsden Report, written to examine opportunities for efficiency in Erie County government, noted that 77 percent of individual purchase invoices processed through the purchasing system under $1,000 constituted only 3 percent of the total dollars spent.

Unfortunately, each of these purchases require much of the same invoice effort as larger purchases, which consumes resources better spent on more strategic analysis of methods for reducing purchasing costs. The Lumsden Report estimated that, with full implementation of procurement cards reducing 15,000 invoices, the productivity savings would allow the elimination of 9 to 11 FTE clerks and accountants and savings of $500,000, net of any monitoring costs. Given the current fiscal year's personnel reductions, it is unlikely that this level of staff savings could be achieved, but a functioning procurement card program should allows departments to better cope with these staff reductions.

As the report noted, the County's large purchase volume should allow the County to negotiate a favorable contract with a purchase card vendor with significant rebates on purchases. These generally amount to 3-5 percent of total purchases.

It should be noted that the County had an unfavorable experience with purchase cards in the past. Discussions with County staff suggest that the purchase card program was too restrictive and provided little opportunity to reduce paperwork and improve productivity. Current procurement card programs provide for greater online controls and safeguards against unauthorized use of the cards. Given other budget reductions, the procurement card, which has been successful in many other public organizations, should be re-established.

For example, by the end of 1999 it has been mandated by federal law that all federal agency small purchases (typically under $2,500 but often under $10,000) be purchased via the GSA SmartPay rather than via purchase order. There are currently over 250,000 IMPAC/SmartPay cards issued to government employees, accounting for over $3.5 billion in purchases over the past year. Government agencies are choosing to work with strategic suppliers, both large and small, who understand the advantages of doing business electronically. This helps reduce the cost and time involved in invoice preparation, government paperwork, and the effort involved in tracking down late payments.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Cost	**$0**	**$0**	**$0**	**$0**	**$0**
Purchasing Savings	$0	$43,050	$66,189	$90,459	115,900
Total Savings	**$0**	**$43,050**	**$66,189**	**$90,459**	**$115,900**

The calculations for savings assume the current level of county purchases ($70.0 million) grows by the assumed rate of inflation (2.5 percent) in the following years. The savings assume that in FY2006, 2 percent of county purchases would be made with procurement cards, with a rebate on purchases of 3 percent. The use of procurement cards would grow to 3 percent of purchases in FY2007, 4 percent in FY2008, and 5 percent in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$43,000	$66,000	$90,000	$116,000

DIVISION OF INFORMATION SUPPORT SERVICES

MISSION

The Division of Information and Support Services will manage the use of information Technology to support and ensure countywide planning and collaboration on systems for common services and functions. The Division of Information and Support Services will build and maintain a secure common, standards-based, countywide Information Technology infrastructure for collaboration between Erie County work groups.

GOALS

- To reduce unnecessary duplication of supportive services among county departments and to provide those supportive services that are most cost-effective when centrally managed and delivered:
- To serve over 4,000 voice mail users and manage automated attendant services for major county departments.
- To provide Internet access and e-mail services for county business purposes.
- To assist local governments with telecommunications questions and issues.
- To manage the county's fiber optic network infrastructure for the use of all county departments.
- To provide local area network services and networked business software to the desktop.
- To plan, operate and manage the Erie County Network telecommunications system which provides voice and data communications via microwave, leased line and installed cable transmission.
- To maintain daily support for the remote data communications sites and their terminals, communications equipment and dedicated communications lines.
- To evaluate department requirements, make recommendations and install or relocate recommended terminal equipment, communications equipment and data communications lines to provide on-line remote access to the county's computer system for departments requiring data communications services.
- To provide efficient and reliable information management and electronic data processing services to county departments to support their administrative and service operations.
- To ensure the security and integrity of the county's information technology systems.

- To provide in-house maintenance and repair service for more than 4,000 personal computers and their associated peripheral equipment as required by county departments.
- To establish standard methods and procedures to guide the design and development of information systems for county departments.
- To provide effective and efficient systems analysis and computer programming support for the county's 80 application systems and over 8,000 production programs.
- To consult with county departments on new projects involving computerization and acquisition of data processing systems and/or services.
- To provide computer operation in support of county operations including input/output control, and the establishment and maintenance of operation and production schedules.
- To evaluate equipment, software products and departmental requirements for office automation, and make recommendations to meet identified departmental requirements.
- To evaluate, install and maintain system control programs and non-application software required to support all operating systems, data communications systems, data management and technical library maintenance.
- To receive, meter and post outgoing U.S. mail from county departments and sort inter-office and inter-departmental mail pick-up for county departments.
- To provide facsimile communications for county departments.
- To reduce the unit costs of printing and copying services through centralized coordination and provision of services to county departments.
- To evaluate departmental needs for graphic reproduction services and copy machine equipment, and recommend the appropriate purchase of equipment and utilization of central printing and graphics services.
- To ensure the operational readiness and safety of equipment in the county equipment fleet and the Erie County Medical Center motor vehicle fleet, increase the useful life of equipment and minimize vehicle "down time" due to breakdown and repair.
- To schedule and perform routine preventative maintenance for county-owned equipment to ensure extended operational life and utility.
- To reduce vehicle repair costs by evaluating repair requirements, screening needed work and accurately estimating repair costs.

- To act as liaison for user departments with outside vendors for automobile repairs, including contracting and oversight of work performed off-site.
- To perform New York State Inspections for county-owned automobiles.
- To dispense gasoline, diesel fuel, oil and lubrication for county-owned automobiles.

Source: Erie County Department of Information and Support Services

MEASURES OF PERFORMANCE

	Actual 2004	Estimated 2005	Estimated 2006
Server centralization	45	15	10
Towns/villages connectivity to county infrastructure	23	24	11
Income from Sale of surplus	$193,819	$85,000	$70,000
Towns/villages connectivity to county infrastructure	2	0	0
GIS towns/villages	4	1	0

DIVISION INITIATIVES

122. Determine the Economic Viability of the Community Owned Dark Fiber Project (Erie Niagara Partnership)

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	TBD (Capital)
		Required Approval:	County

The County, in conjunction with Buffalo University, has been engaged in the Community Owned Dark Fiber Project, with the goal to provide greater access to high speed connections throughout the county. While the project has been championed in a number of other locations, including New York City, the report of the Erie Niagara Partnership suggests that the availability of cheap bandwidth makes the project expendable at this time. While there is no general fund appropriation associated with the project, the County should investigate whether the $4 million in capital funding and the debt service associated with it may be put to more productive use.

120. Restore Internal Print Shop Services

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$704,000
		Required Approval:	County

During the current fiscal year, the copy center, print shop, and graphics were reduced from 9.5 to 5.5 employees. This has dramatically reduced the output in this area. For example, total copy center copies were reduced from 6.5 million last year to an estimated 4.3 million this year; print shop copies were reduced from 14.0 million to a projected 3.0 million; and graphics forms, books and reports, masters, and special projects were reduced from 8,400 to 3,480.

From examination of current alternate charges, it appears that these changes in methods for producing documents are not cost effective. For example, DISS copying and print shop charges average 0.5 cents per page, while departments, through use of other copying methods, are averaging 1.78 cents per page. Given previous volume levels, this translates into an additional cost to the county of approximately $200,000. Given the County's level of printing, it makes more sense to restore the FTEs necessary to maintain previous levels of service.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Restored FTE positions	$0	($83,000)	($86,295)	($90,791)	($95,376)
Total Cost	**$0**	**($456,000)**	**($443,200)**	**($430,400)**	**($417,600)**
Savings in copying and print costs	$0	$256,000	$268,800	$281,600	$294,400
Total Savings	$0	$173,000	$182,505	$190,809	$199,024

Due to potential implementation delays, these savings are discounted by 100 percent in FY2005. It is assumed that these savings, as well as the cost of wage increases per the County's wage scale, would be realized in FY2006. It also assumes that in FY2006, 20 million copies would be printed by the County copy center rather than convenience centers, growing to 21 million in FY2007, 22 million in FY2008, and 23 million in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$170,000	$170,000	$178,000	$186,000

121. Resume IT Replacement

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	IT	**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

The DISS has put together a schedule for replacement of IT equipment for all other County Departments. There currently are 3,584 PC workstations, of which 1,798 have been completed for replacement, leaving 1,786 yet to be replaced, or 49.8 percent of all PCs to be replaced. The hardware has already been budgeted and purchased; however, the inability to use consultants for deployment has created a scheduling backlog.

To reduce disruption for Department operations, the DISS schedules these replacements over a period of two or three days, usually over weekends. To be able to replace as many as several hundred work stations in that amount of time requires a great deal of staff time, and the Division cannot accomplish these tasks in that timeframe without the use of additional contracted personnel.

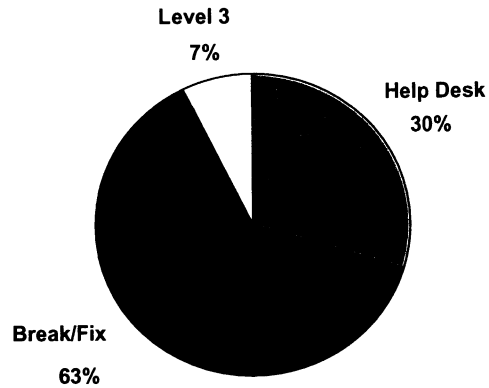
Resuming deployment will result in real savings for the impacted Departments and Divisions. Much of the equipment to be replaced has outlived its useful life, and there will be improved productivity from the faster and more stable replacement equipment. Further, the new work stations allow for DISS to undertake remote updates and upgrades and many workstation fixes. This reduces the maintenance and help station costs for these Departments and Divisions.

As an example, work order resolution is increasingly being handled by the Help Desk, without the need for a more expensive on-site Break/Fix (which requires an on-site visit by a technician) or Level 3 resolution (which is a broader infrastructure problem that usually affects more than one user). The following table illustrates the difference between work order resolution between FY2004 and FY2005:

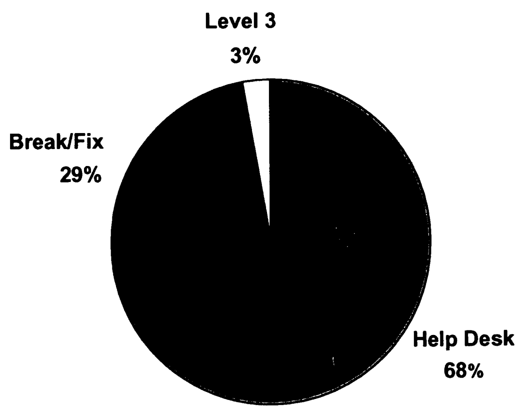
Resolution	2004	2005
Help Desk	4,333	6,052
Break/Fix	9,183	2,558
Level 3	1,059	252
Total	14,575	8,862

The replacement of approximately half of the County's PCs has allowed a dramatic increase in Help Desk resolution of problems. The following chart illustrates this progress:

Work Order Resolution by Team: 2004



Work Order Resolution by Team: 2005



This translates into direct savings for Department budgets. While the average site visit to make repairs takes about an hour, centralized support takes about one-third of that time. Based on the reduction in on-site repairs between FY2004 and FY2005, this resulted in a savings to Departments of $195,000 (based on an average wage of $30.00 an hour). While there is not as much opportunity for further savings, it is likely to approach $100,000 a year with the completion of the project.

There will be productivity savings as well. The current staffing pattern for the Department assumed the completion of the computer replacement project, and the staffing mix between the Help Desk and the break/fix team accordingly. The interruption of the roll out has reduced the ability of the repair staff to quickly respond to service calls. The 50 percent Department reduction in personnel in March 2005 has made this issue even more apparent.

The County is also losing valuable warranty coverage. Because the computers have already been paid for and are sitting in the warehouse, they have already used up one year of their three year warranty.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

123. Assess Use of the WAN Infrastructure to Reduce Circuits No Longer in Use (Erie Niagara Partnership)

Dept: Information and Support Services
Division/Bureau: IT
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $156,000
Required Approval: County

Because of extensive staff reductions, the County has more work stations than are necessary. As noted in the Erie County Stabilization Project, monthly recurring charges for T1 connections is about $250 per month, or $3,000 annually. The Project report recommended that the "County should dedicate time spent on the evaluation of utilization of circuits in order to verify there is no future need for these circuits, verify no contract obligations banned, then send disconnection notice. It must then follow up on billing to make sure charges no longer appear."

The Department has begun work on this initiative and to date 13 T1 lines have been eliminated due to inactivity. Of the 36 remaining lines, 26 are dedicated to police needs and termination would pose a public safety risk. The 10 remaining lines will be monitored for activity in the future and may be able to be eliminated due to departmental closure or consolidation. The elimination of 13 T1 lines projects out to a savings of $39,000 on an annual basis. It should be noted that this reduction will result in savings to other Departments and will allow them to use those resources for other more productive purposes.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$39,000	$39,000	$39,000	$39,000

119. Paperless Systems

Dept: Information and Support Services
Division/Bureau: IT
Rev/Sav/Productivity: Productivity
Fiscal Impact To FY09: CQ
Required Approval: County

The Department of Information and Support Services (DISS) installs and maintains all network links to all County facilities, all city, town and village police departments and to most town halls. This includes the wiring and management of over 1,000 pieces of network equipment.

The DISS also manages all county servers (over 100) where departmental applications or databases reside. DISS also provides helpdesk and break/fix support for almost 4,500 PCs and related devices, which encompasses nearly 1,800 calls per month. The DISS also manages all software licensing, data storage, backups, and system security.

The DISS is also responsible for managing all voice communications, including all hard-line telephones, fax lines, voice mail, directories, and break/fix. In addition, the Department manages all wireless communication devices including almost 1,000 cell phones and 200 Blackberry devices.

Further, DISS handles centralized county-wide services, including mail, delivery and pick up, graphics and design printing services and management of convenience copier contract.

Through DISS, the County has embarked on a shared services model, which has generally been shown to be most cost beneficial. The County has also embarked on a major project to implement an enterprise resource planning (ERP) system, which is an effort to integrate the County's accounting, budget and payroll, procurement, and customer service functions. While much progress has been made in implementing this SAP system, reductions in force have slowed its development and deployment.

A key aspect of productivity improvements in an ERP is the opportunity to reduce the use of paper intensive processes and handle otherwise "siloed" systems in a way that is integrated across separate systems.

Unfortunately, the productive value of this system has not been fully realized. While timesheets are handled by the ERP system, in practice employees are still filling out paper timesheets and then re-entering the information into the SAP system. Likewise, purchase orders continue to be done on paper rather than utilizing the e-procurement capabilities of the new system. While it is unlikely that these changes will result in direct expenditure savings for the County, they will provide productivity savings that can help the County manage the reductions in personnel that have already been undertaken.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

BUREAU OF FLEET SERVICES

MISSION

The mission of the Bureau of Fleet Services is to monitor motor vehicle maintenance and repair requirements, service procedures and scheduling. The Bureau oversees the distribution and usage of vehicles in the County vehicle pool. Additional functions include tracking and recording vehicle operating expenses per mile to determine maximum vehicle usage at minimum expense to the county and updating the County fleet as an ongoing product of the review of operating expenses per mile.

GOALS

- To reduce unnecessary duplication of supportive services among county departments and to provide those services, which are most cost-effective when centrally, managed and delivered.
- Provide Fleet Services to County Agencies.
- Maximize equipment utilization.
- Manage maintenance operations.
- Provide Maintenance Services to County Agencies.

Source: Erie County Department of Information and Support Services

MEASURES OF PERFORMANCE

Reduced Maintenance Facilities	4
Reduce Fleet inventory	10
Contract customers for Compressed Natural Gas Station	0

DIVISION INITIATIVES

128. Reduce the Size of the Vehicle and Equipment Fleet

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	$1,665,000
		Required Approval:	County

Fleet size is the super-variable driving overall costs. Aggregate fleet costs ("FC") can be represented by the following equation:

$$FC = [A + R/M + F + I/O] \times \#V$$

A = acquisition expenditures;
R/M = repair/maintenance costs;
F = fuel costs;
I/O = indirect/overhead costs; and
#V = number of vehicles.

The right side of the equation is calculated for each departmental vehicle class (using averages for the four variables) and then summed to determine aggregate fleet costs. Regardless of how well costs are managed and efficiencies generated through process reengineering of the first four variables, fleet costs will be proportional to the overall fleet size. The County should consider implementing strategies including, but not limited to:

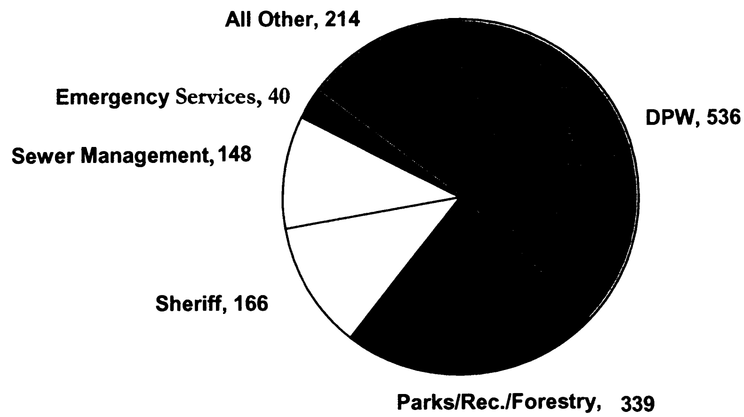
- Identifying underused and redundant vehicles and relinquishing them if appropriate; and,
- Outsourcing passenger vehicle pool management responsibilities to a vendor[5] for efficiency and effectiveness.

In Philadelphia, PFM conducted a fleet size/configuration optimization project that will save approximately $9.0 million over the next five years, attributable to the relinquishment of 330 vehicles and pieces of equipment out of approximately 6,700.

It should be noted that the County has already advanced appreciable fleet reduction efforts over the past several years. In particular, the sedan, van, pickup, and SUV classes have been reduced by 38 percent, 24 percent, 30 percent, and 54 percent, respectively. That said, further reductions are possible. The following chart provides information on departmental vehicle (and equipment) allocations for the County's 1,443 piece fleet:

[5] See www.carsharing.net for more information about automated vehicle sharing.

Departmental Vehicle Allocation



Fleet Size and Configuration

Fleet size, configuration, and allocation are largely dependent on political and practical concerns. One method that fleet management professionals use to ensure that their fleets are being optimally used is to establish a "minimum mileage threshold." This metric establishes a floor for vehicle usage; if a vehicle's annual usage falls under this, it is suspect and its retention in the fleet is contingent upon a plausible explanation from the user department.

For purposes of this analysis, operational vehicles subjected to fewer than 8,000 miles per year are considered underutilized[6]. The level is set here given the size of the County's geographical scope of operation and nature of functions. Further refinement of this metric by department and vehicle function can be contemplated in the future. Given operational considerations, these vehicles are not automatically assumed to be unjustified, but in divisional vehicle classes where more than two underutilized vehicles are present, consolidation opportunities (i.e., from two vehicles to one) are presumed.

[6] Minimum usage standards are common in many government fleet operations, including New York City (NY), Multnomah County (OR), and states such as Missouri, North Carolina, Virginia, Connecticut, and New Jersey. Some standards are as high as 14,000 miles per year, with the average being around 10,000.

The following charts illustrate the methodology used

Table 1	Approximated Annual Miles
Vehicle 1	7,500
Vehicle 2	7,500
Vehicle 3	7,500
Vehicle 4	6,500
Vehicle 5	6,500
Vehicle 6	4,500
Vehicle 7	4,500
Vehicle 8	4,500
Vehicle 9	4,500
Vehicle 10	3,000
Total Aggregate Miles for Underutilized Vehicles	56,500
FTVE	7.1

Table 2	Approximated Annual Miles
Vehicle 1	10,000
Vehicle 2	10,000
Vehicle 3	2,500
Vehicle 4	2,500
Vehicle 5	1,500
Vehicle 6	1,500
Vehicle 7	1,500
Vehicle 8	500
Vehicle 9	500
Vehicle 10	500
Total Aggregate Miles for Underutilized Vehicles	11,000
FTVE	3.4

In Table 1, there are ten vehicles and all are underutilized (i.e., under the 8,000 mile threshold); however, the Full Time Vehicle Equivalent ("FTVE") for these vehicles is 7.1. Therefore, it would be recommended that the vehicle complement within this divisional fleet be reduced from ten to seven (rounding 7.1 down to seven). In Table 2, there are ten vehicles and eight are underutilized. In this instance, it would be recommended that the divisional fleet be reduced from ten to three (1.4 FTVEs provided by the eight underutilized vehicles plus two vehicles over the mileage threshold = 3.4). Analysis of relinquishment possibilities has been informed by data provided by the Department of Information and Support Services. The aforementioned underutilization methodology has been applied to the fleet and reduction potential identified. Based upon this methodology, a potential fleet reduction of 148 vehicles has been projected. Savings potential is illustrated as follows:

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Operating Savings	$0	$444,000[7]	$444,000	$444,000	$444,000
Acquisition Savings	$0	$0	$0	$0	$2,885,850[8]
Total Savings	$0	$444,000	$444,000	$444,000	$3,329,850

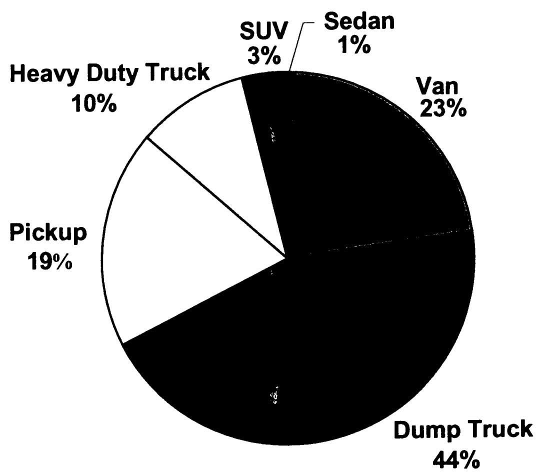
Acquisition savings in FY2009 will accrue to the capital budget and are excluded from calculations of fiscal impact. A discount of 24 percent is applied to the operating savings for FY2006 to account for implementation difficulties and rounded to the nearest thousandth:

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY20089	FY2009
Discount %	100%	25%	0%	0%	0%
Fiscal Impact	$0	$333,000	$444,000	$444,000	$444,000

The following chart indicates from what vehicle classes relinquishment opportunities come from as well as the percentage of the 148 vehicles they represent:

Relinquishment Opportunities by Vehicle Class



This initiative provides a snapshot analysis as to the extent of reduction possibilities; actual implementation should take into account other qualitative and operational variables not incorporated here. It is recommended that a Fleet Reduction and Containment Committee be convened to effectuate a reduction program and work to achieve the goals set forth in this initiative.

[7] Because complete, reliable, historical information is not available for Erie County's fleet, per vehicle operating estimates of $3,000 per year have been used in these calculations. This number was provided by DISS as the cost per year for light-duty pool vehicles and is used here as a proxy for all vehicles.
[8] It is assumed that 1/3 of relinquished vehicles would have been replaced within the four year period. Cost avoidance savings has been informed by conservative, estimated acquisition costs.

127. Conduct Competitive Contracting Process for Fleet Management

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	$798,000
		Required Approval:	Union

County spending on fleet operations is significant, totaling nearly $2.6[9] million in FY2004. The County vehicle fleet is maintained by DISS (providing light-duty repair and maintenance to a number of departments) and DPW, Emergency Services, Jail Management, Library, Parks, Senior Services, Youth Detention, District Attorney, and Sheriff. While separate fleet operations interact intermittently (such as ad hoc discussions on parts purchasing or sporadic vehicle/equipment sharing), overall communication and coordination is lacking. Repair standards and systems vary, and the County has foregone opportunities to balance workloads, consolidate parts inventories, share resources, and improve overall management. The County should use managed competition to explore whether there are economic advantages associated with hiring a private contractor to manage all County fleet under a consolidated Fleet Department. In a competitive contracting exercise, the County's fleet management performance will be compared to that of the private sector proposals. The system that can deliver the lowest cost and best service should be selected. Note that outsourcing would still require the County to maintain in-house administrative personnel to oversee the contract and act as fleet manager.

The potential benefits of managed competition for vehicle maintenance should be evaluated. Based on experiences of other municipalities, managed competition has often resulted in the following:

- Minimization of duplicative and redundant labor, purchasing, infrastructure, and inventory;
- Improvement of training procedures, systems, and reporting; and
- Facilitation of County-wide prioritization in allocating limited resources.

Comparables

The following jurisdictions have been successful in using competitive contracting:

- **Darlington County, South Carolina** has had contracted fleet management services since 1993 for management of the County's 215 Sheriff vehicles and equipment. The total cost of the contract is currently $800,000 per year. The contractor has saved the County $25,000 per year, or 3 percent of the $800,000 budgeted under the contract.
- **Pittsburgh, Pennsylvania** has recently outsourced fleet operations and projects to save approximately $1 million annually
- **San Diego County, California** entered into a competitive management agreement with its own employees in 1995. Cost savings have been estimated at $1.9 million annually.

[9] This figure does not include fuel, vehicle purchasing, and the labor costs of non-DISS fleet personnel.

When a competitive contracting exercise determines that the private sector is better able to deliver services, substantial cost savings can be realized. A study by the Reason Public Policy Institute comparing in-house and contract services for motor vehicle maintenance found that outsourced costs are 1 percent to 38 percent below municipal costs for equivalent or higher levels of service. Within this range, the most common level of savings is approximately 20 percent.

Two key characteristics of successful outsourcing are independent monitoring and oversight of privatized activities and a clear scope of work with well-defined performance goals. In order to ensure an unbiased appraisal of contracting results, oversight would ideally be the responsibility of a unit that is not responsible for the activity that has been privatized. Ongoing monitoring and performance measurement is required to ensure that all contract obligations are being fulfilled and that the quantity and quality of services being provided meet contract specifications.

Estimated Fiscal Impact

Through a managed competition process, the savings that the County may realize from this initiative will be determined by the services required by the County, the types of responses solicited from the RFP process, and the results of contract implementation. If total savings of 20 percent over current costs are projected and then discounted by 60 percent, savings of approximately $265,674 (rounded to $266,000 in the table below) annually are possible.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	60%	60%	60%
Fiscal Impact	$0	$0	$266,000	$266,000	$266,000

129. Revise Vehicle Specifications

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	$264,000
		Required Approval:	County

Specifications should produce a vehicle that provides adequate functionality and efficiency, without jeopardizing safety or service delivery capacity. ***The general rule is that fleet operations should buy the least expensive, task-appropriate vehicle.***

Police Passenger Vehicles

The Sheriff typically purchases Ford Crown Victorias (police package version) as marked patrol vehicles. However, another manufacturer produces a less expensive police vehicle that gets better gas mileage. The Chevrolet Impala[10] costs usually thousands less than the Crown Victoria

[10] While the Crown Victoria is undisputedly the most widely used police vehicle, the Impala has been gaining ground and is now used (although not necessarily exclusively) by the Philadelphia Police Department, New York Metropolitan Transportation Authority, the New York State Police, Montreal, Quebec, the Illinois State Police, the North Carolina

and gets approximately five more miles per gallon. If the Sheriff's were to purchase 22[11] Impalas per year over the next five instead of Crown Victorias, it would be possible to avoid spending $3,000[12] dollars on each vehicle, nearly $66,000 in cost avoidance per year and $264,000 over a four-year period. Significant fuel savings would also be possible as the Impala gets better gas mileage - five miles per gallon – than the Crown Victoria.

Photo of New York City Police Department Impala

Non-Police passenger vehicles

Specification revisions for non-Police passenger vehicles could also save money for the County. For instance, instead of purchasing mid or full-size sedans for passenger transport, a compact sedan like the Ford Focus could be acquired. Again, the cost differential and fuel economy enable significant cost avoidance without compromising functionality and service delivery capacity. Comparative costs of the Focus, Taurus, and Crown Victoria are presented in the following chart and table:

	Miles Per Gallon	Fuel Price Per Gallon	Fuel Cost per Mile	Maintenance Per Mile	Operating Cost per Mile	Total Annual Operating Cost	Total Annual Fixed Cost	Total Costs
Focus	28.00	$1	$0.0357	$0.0373	$0.0730	$1,095	$1,947	$3,042
Taurus	22.50	$1	$0.0444	$0.0315	$0.0759	$1,139	$2,601	$3,740
Crown Victoria	21.50	$1	$0.0465	$0.0352	$0.0817	$1,226	$3,311	$4,536

Source: *Fleet Management*, an industry publication produced by Skyline Publishing Company
Costs are calculated for 15,000 miles annually; Maintenance costs include maintenance, tire, and lubricants; Fixed costs are the projected acquisition costs annualized for an eight-year life cycle

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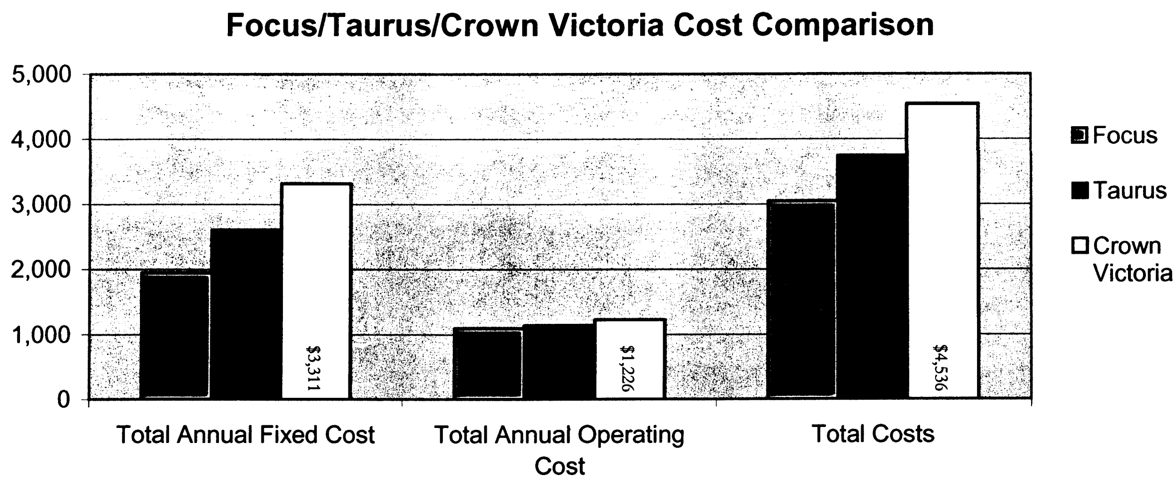
State Police, the North Dakota State Police, Memphis, Tennessee Police, the Virginia State Police, the Allegheny County Sheriff, the Pittsburgh Police Department, and the Vermont State Police.

[11] According to provided information, there are 108 Sheriff sedans; keeping them on a five-year life cycle would require purchasing 22 vehicles annually.

[12] Assuming an acquisition cost differential of $3,000 between the Impala and the Crown Victoria, the average difference seen between the police package versions of these vehicles.



If Erie County began purchasing a less expensive, task appropriate non-police vehicle and compact sedans for nearly all passenger vehicle applications, approximately $3,000 and $1,000[13] could be saved per unit purchased, respectively. Further savings could be generated through increased fuel efficiencies.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Savings	**$0**	**$66,000**	**$66,000**	**$66,000**	**$66,000**

A 100 percent discount is applied in FY2005. No other discounts are applied.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$66,000	$66,000	$66,000	$66,000

133. Implement an Automated Vehicle Sharing Program/Outsource Motor Pool Management

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	$266,000
		Required Approval:	County

Implement an Automated Vehicle Sharing Program

Automated vehicle sharing can help reduce the size of Erie County's fleet, reduce costs, and improve utilization by enabling multiple drivers to easily use the same vehicle. Available

[13] $3,000 is the approximated acquisition cost differential between the Crown Victoria and Chevrolet Impala and $1,000 is the estimated difference between the blended average of mid/large sedans and compact sedans.

technology enables reliable, secure, and automated 24-hour a day, seven day a week access to vehicles in one or more locations. Automated scheduling and vehicle access systems process all administrative, scheduling, key management, usage tracking, and billing tasks.

How it Works

Each driver is issued a unique credit-card sized proximity card and each vehicle is outfitted with a small "black box" that facilitates entry and tracks usage. Car keys are kept tethered in the vehicle. Drivers make their own reservations via the internet in a few seconds. Reservations can be made up to a year in advance, for as little as one hour, on any vehicle in the system, depending upon predefined access parameters. The vehicle ignition is disabled until the reserving driver's proximity card is presented at the right time on the right vehicle. This technology enables secure access 24 hours a day, 7 days a week, without any administrative staff.

There are four major components of this integrated system:

- A user sign up, orientation and vehicle scheduling system;
- Tracking, billing and reporting (both for members and fleet) system;
- A wireless in-vehicle box; and
- A full ticket (problem tracking and resolution) system.

Major Benefits

- **Improve Fleet Utilization:** Because drivers reserve the cars only for the time they need and use, several drivers can easily use the same vehicles on the same day. With no need to hand off the keys from one driver to the next, efficient scheduling results in improved fleet utilization. Depending on patterns of usage and the size of the fleet, the number of cars can be reduced significantly.

  Because access is reliable, secure, and can be tracked uniquely, different departments can share a single pool, further reducing the size of the entire fleet. By pooling single cars or smaller fleets into a larger fleet, overall vehicle availability can be improved while the total fleet size is reduced.

- **Free up personnel:** With the tasks of key management, departmental billing, and fleet scheduling completely automated, personnel managing these tasks can be re-deployed.

- **Decrease the number of dedicated vehicles; increase pooled fleet vehicles:** Because scheduling and reliable vehicle access guarantees vehicle availability, some drivers who have underutilized dedicated cars may be able to use pooled fleet vehicles instead.

- **Eliminate paperwork:** The system is completely automated with excellent real time reporting: no logs, no billing concerns, and no driver records.

- **Enhance Access:** The entire pooled fleet is available 24 hours a day 7 days a week. Additionally, cars can be placed in any geographic location rather than a central pool, making it more convenient and efficient for the drivers.

Suggested implementation at Erie County

While a more expansive program might evolve in the future[14], it is recommended that 25 pool vehicles be relinquished and replaced by an automated vehicle sharing program. Further, while there is no assumption that there is not a sufficient nexus between actual mileage of these pool vehicles and bona fide business functions, there is no assumption that there is. That is, due to the nature of passenger vehicle travel and the existence of less costly accommodative options[15], diminution of available resources in this discrete complement of passenger vehicles is not a zero sum proposition; a reduction in the vehicle pool does not need to be replaced by an equivalent amount of automated vehicle sharing resources.

Erie County could solicit automated vehicle sharing services from one of the two national private sector companies that provide such services[16].

<u>**Cost Avoidance**</u>

If the pool vehicles were relinquished and sold, year-one cost avoidance could be $81,250[17]. In subsequent years, operating cost savings of $75,000 are projected. The four-year total for operational cost avoidance is $306,250. It is assumed that one-half of the pool vehicles would have been replaced within the next four years; therefore moving to an automated vehicle sharing program for this pool would make it possible to avoid incurrence of $195,000[18] in acquisition costs over that period. In total, it is possible to avoid $501,250 in vehicle spending over the next four years if these pool vehicles are relinquished.

Acquiring automated vehicle sharing services will mitigate these savings somewhat; it is estimated that three semi-exclusive[19] use vehicles would cost $28,800[20] annually, for a four-year total of $172,800. Therefore, net savings would be approximately $328,800 *($501,250 - $172,800 = $328,450)* during this period.

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[14] An automated vehicle sharing program can be expanded beyond sedans and SUVs to other light, medium, and heavy-duty pieces. Additionally, individuals other than County employees could enroll in a downtown Buffalo-based automated vehicle sharing program. In particular, the County and City could collaborate on the implementation of an automated vehicle sharing committee.

[15] Including the proposed automated vehicle sharing program as well as personal vehicles, mass transit, taxis, etc.

[16] For more information, see www.zipcar.com or www.flexcar.com. For general information about car sharing in North America, see www.carsharing.net.

[17] Assumes $500 sale price per relinquished unit (25*$250= $6,250) and a fuel and maintenance cost of $3,000 in operating costs per pool vehicle, as per DISS fleet maintenance records.

[18] Assumed at $15,000 per unit, as per DISS records.

[19] "Semi-exclusive" use would set aside vehicles solely for Erie County (or Buffalo) personnel during the work day and open up usage to others during other times of the day. If semi-exclusivity was not needed, the program could be modified and costs would decrease. In Philadelphia, the ratio of cars relinquished to automated car sharing resources was 30:1 and the vehicles were not semi-exclusive; a more generous complement is being suggested here as a measure of conservancy. Resources can be adjusted downward/upward as needed.

[20] Approximately $1,200 per month for a semi-exclusive use of a car share vehicle, according to pricing information on FlexCar's website. Actual costs may vary, as this vendor might not be used and/or other costs may be negotiated.

Cost Avoidance – Maintenance/Fuel (Year One)	$81,250
Cost Avoidance – Maintenance/Fuel (Beyond Year One)	$75,000
Four-Year Cost Avoidance - Operation	$306,250
Five-Year Cost Avoidance – Acquisitions	$195,000
Four Year Cost Avoidance	**$501,250**
Four Year Cost to Implement (Automated Vehicle Sharing Program)	**($172,800)**
Net Savings/Cost Avoidance	**$328,450**

Thereafter, savings would be approximately $31,800 in the aggregate on an annual basis for operating expenses, with more significant cost avoidance achieved in the out-years as future vehicle purchases are avoided. Calculations for annual cost savings – excluding vehicle acquisitions - are illustrated in the table below:

	Current Pool	Automated Vehicle Sharing Program
# of Vehicles	25	3
Annual Cost	75,000	43,200
	Difference	31,800

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings	$0	$81,000	$75,000	$75.000	$75,000

Because of the challenges of implementation, the savings are discounted 100 percent in FY2005 and 50 percent in FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$41,000	$75,000	$75,000	$75,000

134. Purchase Pre-Owned Light-Duty Vehicles

Dept:	Information and Support Services	**Rev/Sav/Productivity:**	Savings
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09:**	$44,000
		Required Approval:	County

Purchasing pre-owned vehicles is another effective and cost-efficient method of accommodating the County's light-duty vehicle purchasing needs[21]. Pre-owned vehicles are less expensive than comparable new vehicles (approximately 15 percent less, possibly more) while providing an

[21] This practice has been used in Philadelphia and Nassau County (NY).

equivalent level of functionality and quality. Bid specifications for this initiative can be formulated to provide optimal effectiveness for the County and can also minimize any perceived or actual risks associated with the acquisition of pre-owned vehicles. Items in the bid specification should include, but not be limited to, the following vendor requirements: a minimum of five years experience; delivered vehicles' compliance with State safety and emission inspection standards; and inclusion of warranties that begin subsequent to the termination of the original equipment manufacturer ("OEM") warranties and extend coverage by 24,000 to 36,000 miles. If Erie County had purchased pre-owned light-duty, passenger, non-police vehicles (sedans) during the past several years, approximately $2,250 per unit in acquisition costs could have been avoided (based on an assumed historical vehicle purchase price of $15,000). If Erie County purchases 20 pre-owned vehicles (five per year) over the next four years rather than new, approximately $45,000 in acquisition costs can be avoided, based upon a projected light-duty vehicle price of $15,000 (*$15,000 x 20 = $300,000 x .15 percent = $45,000*). Figures are rounded to the nearest thousandth below:

Summary of Savings

	FY2006	FY2007	FY2008	FY2009	Total
Purchase Pre-Owned Vehicles	$11,000	$11,000	$11,000	$11,000	$44,000

This initiative is projected to impact FY2006. Otherwise, no discounting is assumed.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$11,000	$11,000	$11,000	$11,000

136. Explore Implementation of Global Positioning System ("GPS") Technology

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	($10,000)
		Required Approval:	County

GPS can be an invaluable management tool. It can detail vehicular movements with incredible specificity, making it possible to accurately assess efficacy of vehicle usage. It is typically difficult to determine the usage efficiency of vehicles that are assigned to field/maintenance functions. Frequently, dispatched vehicles are stationary for extended periods of time while a work order is completed. However, without accurate operational data, it is difficult to corroborate anecdotal accounts of what goes on in the field. With GPS data, it would be possible to compare a vehicle's operational data with the productivity level of the crew. Analyzing this data and employing it to inform management decisions will advance fleet reduction efforts, as it is presumed that low productivity (as opposed to low usage) vehicles would be identified through the use of GPS technology. Similarly, Erie County would be able to monitor employee productivity as it relates to vehicle usage. In many instances, it will be possible to reduce/eliminate overtime or staff[22] as workload productivity is improved through more effective vehicle usage.

Information provided through GPS can facilitate dramatic cost-savings and improvements in service delivery. For instance, gas mileage decreases precipitously when vehicles travel over 60 mph. Therefore, each 5 mph over 60 mph is equivalent to paying approximately $0.10 cents more per gallon of gas. GPS systems allow fleet managers to track excessive speeding and address driver behavior. Additionally, difficult-to-monetize savings could also be achieved through the avoidance of insurance or casualty losses attributable to safer traveling speeds.

In the past, GPS has been cost prohibitive. As with other developing technologies, costs have decreased significantly making it possible to acquire GPS technology at reasonable prices. Costs vary depending on the level of functionality and sophistication desired. Programs can be implemented for less than $1,000 per unit annually, with return on investment contingent on current levels of efficiency – exposed plainly by GPS – and proportionate to management's response to same. The chart below provides an example of the component costs of implementing a pilot program at Erie County for 10 vehicles. Overall, a program of this scope would cost $9,000 for five years. If managed properly, productivity savings should at least zero out the cost of the pilot and will likely exceed them.

Discounted Fiscal Impact

GPS Cost for 10-Vehicle Pilot Program	FY2005	FY2006	FY2007	FY2008	FY2009
Hardware Fees	$0	($6,000)	($500)	($500)	($500)
Setup Fees	$0	($500)	-	-	-
Monthly Service Fees	$0	($500)	($500)	($500)	($500)
Total Cost	$0	($7,000)	($1,000)	($1,000)	($1,000)

125. Establish Support and Authority for Full Fleet Consolidation

Dept:	DISS	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	$1,148,000
		Required Approval:	County

Full consolidation will temporarily disturb current operations and may personally affect employees; therefore, it is important to officially memorialize administrative (e.g., County Executive) support for consolidation through an executive order or similar instrument that explicitly outlines the newly created fleet management program's responsibilities and confers upon it authority to assume control of fleet related activities. Consequently, the fleet management program can move forward with ample authority and organizational confidence.

[22] After implementing GPS in fleet vehicles that transport field personnel, most organizations find that overtime is cut dramatically (and immediately) and productivity improves as a result of field personnel knowing that their movements are being monitored. Overtime reductions and productivity increases can lead to a staff to task realignment that may result in personnel reductions.

In the context of Erie County, "full consolidation" means a reconstitution of the Fleet Bureau within DISS (mostly servicing light-duty vehicles at their central garage) and the transition of fleet management responsibilities from DPW, Sheriff, and Parks to DISS. In the end, no employees other than DISS Fleet Bureau personnel should be involved in the maintenance, repair and management of fleet vehicles and equipment.

Full consolidation can provide two main benefits to Erie County:

- Resource Consolidation: Equipment, facility[23], and personnel resources could be combined, creating economies of scale that produce savings and cost avoidance; and,

- Managerial Consolidation: Centralized fleet management decision-making generally promotes efficiency and enhanced service because a more global, County-wide perspective informs policy/practice.

Consolidation and centralization of managerial decision-making should achieve appreciable economies of scale in fuel, service, and vehicle procurement. Because fleet related activities would be coordinated centrally, consolidation should:

- Minimize duplicative and redundant administrative and vehicle resources;

- Improve and standardize procedures, systems, and reporting;

- Facilitate prioritization of resource allocation and overcome resistance to change; and

- Increase the professionalism and stature of the County's fleet management operation.

Further, full fleet consolidation should take place immediately (i.e., "light switch implementation"). A gradual phase-in is not advisable, as this will simply produce a more pronounced and lengthier period during which perturbation exists.

In Philadelphia – where eight fleets were consolidated into one - the cost per vehicle (and piece of equipment) savings has been $383 dollars. For Erie County's roughly 1,500 vehicle and equipment fleet, savings from a full and complete consolidation could be $574,223 annually. Full implementation wouldn't take as long as Philadelphia, given the relative sizes of the fleet, supporting facility infrastructure, and administration. Projected cost savings are contained in the below table:

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings	$0	$574,223	$574,223	$574,223	$574,223

A discount of 100 percent has been applied for the first year and descending discounts of 50 percent, 30 percent, and 20 percent are applied for the remaining three years to account for the

[23] As part of this consolidation initiative, the County should advance DISS's facility consolidation plan.

challenges of implementation and other variables that will impact the rapidity and extent of consolidation:

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	50%	25%	10%
Fiscal Impact	$0	$0	$287,000	$402,000	$459,000

It should be noted that the cost of putting back fleet staff for DISS is in the context of a 100 percent de-funding that took place during the Spring of 2005; therefore, staffing savings would be significantly larger if compared to that baseline. Further, consolidation savings are calculated conservatively and could be more significant.

124. Convene an Interdepartmental Fleet Management Coordinating Council

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Convening an Interdepartmental Fleet Management Coordinating Council ("FMCC") would sharpen focus and improve coordination. A FMCC would assemble representatives from the County's executive and budgetary staff, The Department of Information and Support Services, the County's fleet-using departments, and other relevant/appropriate parties on a regular basis to formulate strategies collectively, address challenges and exploit opportunities. Convening an FMCC will help eliminate/mitigate duplicative efforts. Prospectively, a FMCC could substantively discuss consolidation planning and form strategies for advancing such. This group should build on the good work of the Fleet Steering Committee, particular in the areas of automation and facilities management.

126. Appoint a Fleet/Contract Manager and Support Staff

Dept:	Information and Support Services	**Rev/Exp/Productivity**:	Productivity
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	($1,108,000)
		Required Approval:	County

After the decision to consolidate has been committed to, a fleet program manager should be appointed. This position would have general oversight responsibilities and would also perform contract management, should the County outsource a major portion of fleet operations. A job specification that clearly articulates qualitative and quantitative responsibilities should establish expectations at the onset. The cost of this initiative is factored into the initiative to consolidate the County's fleet operations. Further, three mechanic staff should be brought back on to administer the central garage.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Fiscal Impact	$0	($277,000)[24]	($277,000)	($277,000)	($277,000)

132. Acquire Automated Fleet Management Tracking Capabilities

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	Fleet Bureau	**Fiscal Impact To FY09**:	CQ
		Required Approval:	Union

The County has a home-grown system that provides some functionality, but a better option is to use an off-the-shelf, fleet specific, automated tracking system. Optimizing fleet management without the benefit of accurate and accessible operational and budgetary information is difficult. Without such information, decision-making is essentially supported by anecdote and experience, rather than empirical evidence and analysis. Using such a system is necessary if Erie County's fleet operation is to make progress. *In particular, the County should move forward with implementation of SAP's fleet module.*

The primary benefit of an automated system is that operational and budgetary information for every vehicle is recorded and monitored: each vehicle will have a "birth certificate" that is electronically entered and stored. When a vehicle comes in for repair, a work order will be opened and relevant cost and operational data will be entered. Database systems providing adequate functionality will track a variety of cost and operational data[25] for each vehicle with reporting functionality at the back end. Initially, baseline information to inform performance measurement establishment can be created. Subsequently, individual vehicle records can be accessed and reports can be created that will enable managers to make more informed, cost-effective decisions. One important benefit of such a system is that charging back accurately across departments is facilitated through reporting protocols provided by an automated system. Optimally, all fleet operations will be acquiring service from one vendor that uses a common software application. Also, scheduling and enforcing compliance with preventive maintenance schedules is facilitated by automated vehicle tracking.

131. Improve Fuel Management

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau	Fleet Bureau	**Fiscal Impact To FY09**:	$124,000
		Required Approval:	County

Currently, the County maintains a network of 30 fueling stations for its vehicle and equipment fleet. Costs associated with operation of an in-house fuel distribution network can be significant

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[24] Includes funding for a Fleet Director (est. at $112,000 including fringes) and the restoration of three mechanics (est. at $165,000 including fringes).

[25] Basic information such as vehicle type, make, model, acquisition cost, VIN number, and other descriptive characteristics should be tracked by the automated vehicle tracking system. Additionally, all historical repair and maintenance information – both quantitative and qualitative – should be tracked by the automated vehicle tracking system.

in terms of administration, monitoring and maintenance, and particularly storage tank replacement and remediation. The County should explore transitioning out of their system to one that relies on both fuel card and mobile delivery components.

A fuel card is essentially a credit card that is specifically designed and managed for fleet customers. Unique features include useful reporting protocols (e.g. "exception reports" that reveal suspicious usage and consumption patterns) and the ability to impose management controls and usage parameters. For instance, cards can be programmed so that users can only fuel up a certain number of instances per time increment or can only purchase a certain amount of fuel (based upon the fuel tank size of the vehicle the card is associated with). With a fleet card, opportunities to leverage the County's purchasing strength can be realized, effective and less administratively burdensome oversight is possible. Further, the personnel and other expenditures associated with fuel system management are largely avoided. A fuel card program would be appropriate for the County's "rolling-stock" or on-road vehicles.

A mobile fuel delivery system would be appropriate for the County's stationary and off-road equipment. Mobile fuel delivery is accomplished by tanker trucks equipped with automated equipment that facilitates quick and accurate fuel transfer. As with fuel cards, detailed usage and consumption reports are available and management controls and usage parameters can be imposed.

To implement this initiative, the County should put a request-for-proposals out to solicit level of service and pricing proposals from interested vendors. While exact savings will fluctuate with the price of fuel, a savings of 5.0 percent can be estimated based on FY2005 estimated fuel costs of $560,000. The savings will stem from eliminating any current unauthorized fuel purchases as well as the County's ability to monitor its fuel consumption.

Summary of Savings
(Before Discount)

	FY2005	FY2006	FY2007	FY2008	FY2009
Fuel Savings	$0	$28,000	$30,000	$32,000	$34,000
Total Savings	**$0**	**$28,000**	**$30,000**	**$32,000**	**$34,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	$0	0%	0%	0%	0%
Fiscal Impact	$0	$28,000	$30,000	$32,000	$34,000

130. Create Comprehensive Fleet Policies and Procedures

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Productivity
Division/Bureau	Fleet Bureau	**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Operating a fleet without comprehensive and uniform policies and procedures is problematic. The inability to dispense uniformly with similar issues in a standard fashion produces inequity and confusion, and extra time and work will necessarily be dedicated to management and administrative functions. At Erie County, there exist some written policies and procedures for certain aspects of fleet management. However, they are not comprehensive or universal. This is likely a symptom of Erie County's deconsolidated fleet operations. Notwithstanding, while a lack of such policies is not atypical for governmental fleet operations, it is not optimal; operational uniformity and consistency would be established and maintained through the creation and promulgation of concise and informative County-wide policies and procedures that cover all important aspects of fleet management.

135. Create an Annual Purchase Plan (APP)

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau	Fleet Bureau	**Fiscal Impact To FY09**:	TBD
		Required Approval:	County

An annual purchasing plan fixes yearly vehicle acquisitions at a certain base level. Greater efficiency results when managers know which vehicles are coming out of the fleet and when they are going to be replaced.

This fiscal impact of this initiative has not been determined.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	TBD	TBD	TBD	TBD	TBD
Fiscal Impact	TBD	TBD	TBD	TBD	TBD

65. Division of Information and Support Services FTE Restoration

Dept:	Information and Support Services	**Rev/Sav/Productivity**:	Expenditure
Division/Bureau:		**Fiscal Impact To FY09**:	($2,677,000)
		Required Approval:	County

In May, 2004, Erie County rolled out its Enterprise Resource Planning (ERP) system, which integrates core operational areas across the enterprise in the areas of accounting, human resources, payroll, budget, procurement, and grant management. This integrated approach replaces "siloed" old legacy systems. Unlike phased implementation approaches, where one or more components are developed and rolled out in stages, the County chose to implement all parts of their system at the same point in time.

When choosing this approach, the County determined that it would be more cost effective to implement all at the same time. Doing so reduced the length of time required for consultants and software developers as well as the length of time where the County would have to run simultaneous, redundant systems.

While this decision was financially sound in 2004, the 2005 reductions in force have created significant obstacles to the continued development and use of the County's ERP system. These problems reside both in the Division of Information and Support Services (DISS) and in the various Departments that utilize the new ERP system.

In developing its ERP, the County contracted with Price Waterhouse Coopers as its implementation consultant, and SAP was its software provider. The ERP implementation was governed by a steering committee chaired by the Deputy County Executive and included eight commissioners and elected officials from the County's larger departments. This committee continues to meet and chart the course for further development and implementation of the system.

While this is a sound governance and implementation model, there is evidence that the ERP system is not being utilized to its full potential, and there is great concern that current staffing levels in the DISS – and in key departments – will hamper further implementation and use of the system. In particular, the DISS now lacks the capacity to work to redesign business processes to take full advantage of the potential contained within its ERP system.

In general, the full benefits of an ERP system are derived from the opportunity to take old processes and revamp them to work within the new ERP system. While the greater speed and real time processing of a new ERP system are important, there is a danger in viewing those advantages as the end result – it can lead to only incremental improvements (sometimes referred to as 'paving the cow path') when more revolutionary changes will yield greater productivity and results.

The DISS needs design staff that can work with Departments to take old processes and reshape them to meet the new technology and its capabilities. This staff will also be necessary to continue with the next phases in ERP implementation, which will focus on assisting the Department of Social Services with the Blueprint for Change by, among other things, building an integrated, unified case management system. It will also assist with efforts associated with the Department of Public Works to improve physical plant maintenance processes.

At the same time, there is still a basic need to maintain the existing system and make incremental changes that have the opportunity to improve productivity across the enterprise. There are widespread examples that the current system is not well understood within other Departments, and older, paper-driven processes, such as in timesheet recording, are still being used even though more efficient processes exist within the ERP. In fact, in some situations, redundant processes have been created – some departments still utilize paper timesheets and then also enter the information electronically into the ERP system.

The DISS should continue to develop and implement an aggressive training module that fully orients current users to the ERP system and its various modules. The DISS also must maintain the system, particularly in security, where its staff is strained, and in basic programming. Enhancements in areas like time keeping and accounts payable are critical to the financial well being of the County.

There is also great potential for cost savings in procurement, as electronic markets have been proven to reduce costs in other government enterprises. The County needs to dedicate an individual to lead this process, because the cost savings provided in other initiatives will more than pay for this effort.

Position	Salary
ERP programmer	65,510
ERP security	59,266
Technician	59,266
Technician	49,929
Business process engineers (3)	65,675

Summary of Savings (Before Discount)

	FY2005	FY2006	FY2007	FY2008	FY2009
Increased Staffing	$0	($663,856)	($690,211)	($726,171)	($762,843)
Total Cost	**$0**	**($663,856)**	**($690,211)**	**($726,171)**	**($762,843)**
Total Savings	**$0**	**($664,000)**	**($690,000)**	**($726,000)**	**($763,000)**

In FY2005, expenditures have been discounted 100%. To account for lag time in finding and hiring suitable personnel, the staffing costs are discounted 25% in FY 2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	25%	0%	0%	0%
Fiscal Impact	$0	($498,000)	($690,000)	($726,000)	($763,000)

137. Use Online Auctions for Disposing of Surplus Property

Dept: Information and Support Services
Division/Bureau: Purchasing
Rev/Exp/Productivity: Revenue
Fiscal Impact to FY09: CQ
Required Approval: County

The Department of Information and Support Services (DISS) Purchasing Division is responsible for receiving and transporting surplus property to a warehouse facility that the County recently purchased. Items that are in surplus for more than a quarter are auctioned. Items that go through two auctions without being sold are broken into parts, and any recyclable parts (such as scrap metal) are sold and usable parts (chair wheels, etc.) are saved. Auctions are held every three months, and a car auction is held twice a year, in May and October. Aside from auctions, savings from transferred items are monitored. In FY2004, transfer savings totaled $139,205.

Currently, the County provides a goal for surplus sales of $85,000 a year. In FY2004, revenue from auction and recycling was $193,819.

Unfortunately, the County does not estimate the actual value of the auctioned property or its original acquisition value. As a consequence, it is not possible to calculate the County's rate of recovery from its current auction mechanism. The County should undertake a complete inventory and evaluation of its surplus property as a way to maximize asset management.

Governments are increasingly turning to online auctions of surplus property as a way to reach a larger potential bidder audience and as a way to quickly dispose of a larger share of their surplus property. Most governments utilizing this method have reported an increase in their sales of surplus property. It has been suggested that the impact of online auction dynamic pricing on liquidation sales is to improve closed auction recovery prices from 5-35 percent of an item's original purchase price to between 30-85 percent.[26] Research has shown that companies that employ auctions increase their recovery prices on assets by, on average 25 percent.[27]

There are a variety of services available for governments wishing to utilize this method. While eBay is the most notable example (and one author found 1,491 items there using the search for "government surplus"), various other services and vendors are available. In fact, the State of Oregon, which has one of the older and more advanced programs, contracts out its services to other governments. A number of Counties, including Harris County (Texas), Lucas and Hamilton County (Ohio), Charleston County (South Carolina), and Davidson County (Tennessee) have moved to online auction for disposing of surplus property. The County should investigate the cost and potential benefits of this method for disposing of surplus property.

[26] Harden and Leyman, The Auction-App: How Companies Tap the Power of Online Auctions to Maximize Growth. 2002. New York: McGraw-Hill.
[27] Queree, Anne (2000). "Bid It Out." *Global Finance* 14⊗1): 36-37.

DEPARTMENT OF PUBLIC WORKS

MISSION

The Department of Public Works is divided into three sections, each with its own mission.

The mission of the Commissioner's Office is twofold. First, the mission is to provide overall management and administration for the entire Department and second, to provide sound engineering and construction services for all capital projects undertaken by the Department.

The primary mission of the Building & Grounds Division is to provide employees and the public with safe, clean, and healthy environments within which to perform all county governmental functions.

GOALS

- Continue updating the in-depth needs assessment of County roads, bridges, and culverts.
- Establish a dedicated local source of surface transportation funding in order to leverage state and federal aid increases.
- Secure innovative future federal funding, including Garvee bonds, for surface transportation projects to accelerate the program.
- Commence an in-depth needs assessment of County-owned facilities.

Source: Erie County Department of Public Works

MEASURES OF PERFORMANCE

Successfully completed major construction projects	20
Grants received from outside sources	15

DEPARTMENT INITIATIVES

140. Achieve Staffing Efficiencies on Snow Plowing Operations

Dept:	DPW	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	Highways	**Fiscal Impact To FY09**:	CA
		Required Approval:	County

Currently, all County plows operate with two-person crews; this includes one driver (personnel classification of "motor vehicle operator") and wingman (personnel classification of "laborer").

Two people per crew are not required by law or regulation; the New York State Department of Transportation and most towns operate primarily with one-person crews. The DPW has already begun and should continue to work in bringing its crew complement down to one person where appropriate and feasible.

There are currently 37 snow routes that have to be staffed over two shifts, for a total of 74 routes. At the current staffing levels, 148 people are needed for coverage. However, DPW has determined that only 50 percent of the routes are configured such that a second "wingman" is required for effective plowing; therefore, only 111 *(37 routes with one employee and 37 with two = 111 employees)* employees are required to effectively cover the 74 routes, a reduction of 37 employees. Union discussions regarding change are ongoing. *Also, it would be more appropriate to characterize this initiative as achieving cost avoidance rather than savings*, as this staffing reconfiguration will enable the department to absorb – to some extent – the 92 full-time position reduction (and 22 seasonal) advanced in March.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	CA	CA	CA	CA	CA

138. Space Audit and Optimization

Dept: DPW
Division/Bureau: Buildings and Grounds
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $1,705,000
Required Approval: County

The County owns approximately 280 buildings, ranging from equipment sheds to parts of the Erie County Medical Center campus to multi-story office buildings, with a total volume of approximately 6.7 million square feet ("sq. ft."). The library, hospital, ECC, and Family Court account for about 4.5 million sq. ft. There is an additional 377,000 sq. ft. of space classified as miscellaneous. The main opportunities presently exist in optimizing that space designated as "office", both owned (1.4 million sq. ft.) and leased (231,900 sq. ft.), for a total of 1.6 million square feet.

The County employs approximately 7,800 full, part-time, and seasonal workers, and approximately 4,440 work in the non-office portions of the County's owned/leased real estate. The remaining 3,400 work in the 1.6 million owned/leased office space; thus, each employee occupies on average 480 sq. ft.

According to industry standards, office space per worker is closer to 125 sq. ft. per worker. However, as a measure of conservatism and to account for the public spaces and service delivery areas of the County's real estate portfolio, the square footage appropriate for Erie County employees is assumed at 160 sq. ft., or almost 30 percent more than industry standards. Using this as a basis for calculation, the County would require 544,000 sq. ft. of office space. Compared to the 1.6 million sq. ft. the County does control, this leaves approximately 1,088,000 sq. ft. of excess volume. A portion of this excess is leased (231,900 sq. ft.); therefore, savings for this component would have to be phased in over a period of years as leases expired.

The County should continue efforts to optimize space utilization; for every sq. foot of owned, surplus square footage reduced *(1,400,000 total owned – 544,000 surplus = 856,000 owned surplus)*, these approximated amounts of upkeep expenditures can be avoided:

Cost per Sq. Ft.	Service	Total
$1.65	Cleaning	$1,412,400
$1.20	Electric	$1,027,200
$1.13	Gas	$967,280
Total		**$3,406,880**

As illustrated above, a reduction of the County's owned office space to more optimal levels could generate savings of $3.4 million annually. As a measure of conservatism, this projection is discounted by 100 percent in FY2005, by 95 percent in FY2006, 90 percent in FY2007, 85 percent in FY2008 and 80 percent in FY09 to allow for implementation delays and the loss of reimbursements.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	95%	90%	85%	80%
Fiscal Impact	$0	$171,000	$341,000	$512,000	$681,000

144. Better Allocation of Road/Highway Responsibilities

Dept: DPW
Division/Bureau:
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $789,000
Required Approval: County

Erie County has more centerline miles than nearly every county in the state at 1,336. The large portfolio was assumed decades ago when the County was in a much better fiscal position than its constituent municipalities. The inertia of history and practice has resulted in a large, static portfolio. A process to examine Erie County road/highway allocation between the State, County, and municipalities has been ongoing, advanced by the Greater Buffalo-Niagara Regional Transportation Council ("GBNRTC"). Results have been difficult to achieve, as it is difficult to off load what are essentially "liabilities" (as opposed to "assets") to other governments. Notwithstanding, the GBNRTC's work should be continued and reinvigorated so that achievable results are realized over the next four years.

As a context for these ongoing discussions, criteria for determining state, county, and municipality highway/road allocations might be articulated simply and clearly in the following manner:

- **Roads of Statewide Significance**
  Those highways/roads that connect three or more Counties (in the same state) and that are important arteries for statewide commerce and service delivery.

- **Roads of Countywide Significance**
  Those highways/roads that connect three or more cities/towns (in the same county) and that are important arteries for Countywide commerce and service delivery.

- **Roads of Local Significance**
  Highways/roads that do not comport with one of the two above definitions are that are otherwise wholly contained within a city/town and do not connect one city/town to another.

Every lane mile of County road costs approximately $16,436 in local spending[28]. If the County were to reduce their road portfolio over the next four years by 20 miles per year, $328,714 annually or $1,314,858 in aggregate savings are possible. Note that a net reduction of 80 miles is modest with respect to the Counties overall portfolio (a five percent decrease) and would still leave the County with a portfolio far larger than most counties in the State.

As a measure of conservatism and implementation delays, this initiative has been discounted at a rate of 100 percent in FY2005 and FY2006 and 20 percent and rounded to the nearest thousandth in the remaining years.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	20%	20%	20%
Fiscal Impact	$0	$0	$263,000	$263,000	$263,000

139. Managed Competition for Janitorial Services

Dept: DPW
Division/Bureau: Building and Grounds

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $216,000
Required Approval: County/Union

Several departments in the County have separate janitorial functions including the DPW and CPS. According to Central Police Services, the cost per square foot for cleaning of the CPS facilities by the CPS is $1.60. The International City/County Managers Association's ("ICMA") benchmarking information reveals that the average cost for custodial services is $1.65 when conducted in-house (comparable to the County at the Rath Building), while the cost of outsourced services is $0.99.

Because the private sector's provision of custodial services to government buildings is $0.61 less than in-house provision of the same services, the County could conceivably save $68,000 in cleaning expenditures for the 112,000 sq. ft. of office space that it needs.

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[28] Extracted from budget model; excludes state and federal monies. $21,958,127 million divided by 1,336 centerline miles = $16,436.

A managed competition would allow the in-house service provider to compete against the private sector, resulting in the development of competitive proposals; the provider with the highest level of service and lowest cost would be selected. It is assumed that either public or private service providers would be motivated by the managed competition to offer cost per square foot pricing better than is currently provided.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Savings	$0	$72,000	$72,000	$72,000	$72,000

An implementation discount of 100 percent has been applied in FY2006. Since this only represents some of the potential savings to the County, savings have not been discounted starting in FY2007.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	0%	0%	0%
Fiscal Impact	$0	$0	$72,000	$72,000	$72,000

142. Review Energy Purchasing Policies

Dept: DPW
Division/Bureau: Utilities

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $320,000
Required Approval: County

The County will ensure that current purchasing consortiums are broad and effective and that peak load sharing programs offered by the State are being applied. Notably, the County will work to weatherize all County buildings. These weatherization efforts will include installing additional insulation to County buildings and updating any inefficient heating infrastructure. While the County has successfully completed weatherization of several County buildings, including the Rath building, the County's current fiscal position has prohibited the DPW from completing the process. If the County were to secure funding to complete all weatherization, the DPW has calculated that $88,000 could be saved annually. Savings are assumed to grow by 2 percent annually and are discounted 50 percent in FY2006 and 20 percent in FY2007 to allow for implementation delays.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$44,000	$90,000	$92,000	$94,000

143. Enter into Energy Service Agreement with City of Buffalo and BEDC to Purchase Heat

Dept: DPW

Division/Bureau: Utilities

Rev/Sav/Productivity: Savings

Fiscal Impact To FY09: $595,000

Required Approval: OLC

Currently, the Buffalo Enterprise Development Corporation ("BEDC") is in the process of purchasing an energy plant from the City of Buffalo. BEDC is trying to use the plant to create a district energy system with the City of Buffalo and Erie County. District energy systems produce steam, hot water, or chilled water at a central plant and then pipe that energy out to buildings in the district for space heating, hot water heating, and air conditioning. The process of producing heat and energy from the same plant is termed cogeneration. Plants that do not engage in cogeneration release the steam created from burning fuels into the atmosphere. The district energy plant would use renewable fuels, such as biomass, and would be able to capture the steam produced and would use the steam for heating purposes. According to the International District Energy Association, cogeneration can increase the efficiency of an energy plant by 40% by capturing the excess steam. This increased efficiency leads to lowered costs of heating for participants in the district energy system. Additionally, County future capital costs would be lowered since buildings which use district energy heat which does not require boilers.

Although actual savings projections are still in the process of being calculated, Siemens, a private company working with BEDC and the County to produce the actual cost savings calculations, has estimated the County could be lowered by 10 percent or between $169,000 and $188,000 over the course of the plan if implemented.

Savings have been discounted 100 percent in FY2006 to allow for implementation.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	40%	0%	0%	0%
Fiscal Impact	$0	$85,000	$140,000	$182,000	$188,000

145. Automate Inspections (Fire & Building)

Dept: DPW

Division/Bureau:

Rev/Sav/Productivity: Savings

Fiscal Impact To FY09: TBD

Required Approval: County

The County will work to automate inspections to improve the efficiency and management of the inspection process. The County will investigate the use of PDA's to gather information as a way to avoid duplicate entry and ensure accuracy. This program could be eligible for state technology aide.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	TBD	TBD	TBD	TBD	TBD
Fiscal Impact	TBD	TBD	TBD	TBD	TBD

141. County Maintains Coordination Responsibility for Snow Plowing Operations, while Contracting Operations with Cities, Towns, and Villages

Dept: DPW
Division/Bureau: Highway
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: CQ
Required Approval: County

The County's plowing resources are overextended and plowing operations are often scattered, confusing, and inefficient. The amount of plowing and days of plowing needed on County roads in any given year can vary with the weather leading to periods with higher or lower demand than predicted. The County already supports its plowing operations through contracts with other local governments within the County to provide for plowing of some County roads.

By expanding this program, cities, towns, and villages could provide more responsive services at a cost lower than the County. Under this initiative, the County would act as contract manager and compensate municipalities for undertaking plowing functions. While actual savings are not able to be calculated at this time, the County should analyze where it would be feasible and cost efficient for localities to take over plowing operations of County roads.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

DEPARTMENT OF HEALTH

MISSION

The mission of the Erie County Department of Health is to promote physical health and prevent disease, injury, and disability. The department assures the conditions necessary for all Erie County residents and visitors to live healthy and fulfilled lives, through community-wide prevention and protection programs. The department is responsible for the prevention of epidemics and the spread of disease, prevention of premature death and ensuring disease and injury free lives before the natural ending of life, protection against environmental hazards, the promotion of wellness including healthy behaviors responding to disasters and assisting communities in recovery and assuring the quality and accessibility of health services.

GOALS

- To provide preventive and prophylactic dental services to children & adults.
- To provide comprehensive pediatric, adult medicine, obstetric and gynecologic care in comprehensive primary care centers.
- To provide family planning services to high-risk women and men.
- To provide health care evaluations and screenings to the homeless.
- To conduct of a comprehensive physical program to meet the needs of all departments in the County of Erie.
- To provide oversight of the medical services at the Holding Center and Correctional Facility including disease detection, treatment, health education, prevention services and continuity of care after release.
- To administer a common injury/illness reporting system for recording of all injuries and illnesses that occurs to the employees of the County of Erie.
- To collaborate with Blueprint for Change Children and Family services High – Need Youth Cluster to ensure all youth detention center residents receive an admission physical exam, regular medical and first aid care as required, and 24-hour emergency medical care, if needed.
- To support and promote positive youth development approaches such as the SEARCH Institute's "40 Developmental Assets" as prevention strategies that empower young people to make and healthy life choices.
- To combat the AIDS epidemic through public and professional education, and by early detection of HIV infection.

- To provide street outreach to bring at risk individuals into care and to link them with needed services.

- To promote public health through the provision of telephone information services, visual education materials and audiovisual equipment, and public presentations.

- To control the spread and complications of sexually transmitted diseases (including HIV) through health education, diagnosis and treatment.

- To ensure the eradication of tuberculosis by prevention to non persons and directly observed therapy and monitoring of those infected individuals.

- To provide immunizations for communicable diseases.

- Develop and implement expanded utilization of Emerging Infections and Biodefense (EIB) Laboratory and biosafety level 3 laboratory

- Perform accurate and timely laboratory tests and diagnostic procedures that meet the requirements of the local health departments, hospitals and other local health-care providers.

- Provide required technical consultations for public health and environmental agencies.

- Provide serologic/immunologic laboratory analyses as requested by local health departments, area hospitals and private physicians.

- Provide bacteriological laboratory tests for the detection of sexually transmitted diseases and the etiologic agent(s) of food poisoning from samples submitted for testing by local health departments, area hospitals and private physicians.

- Provide HIV testing as requested by local health departments, area hospitals and private physicians.

- Provide chemical and bacteriological laboratory tests of water supply and environmental samples as requested by local health departments, other county departments and private agencies.

- Provide laboratory tests to detect lead in samples submitted for testing by local health departments, local hospitals and other health-care providers.

- Explore new business opportunities for public health and environmental laboratory operations.

- Monitor endemic prevalence and epidemic incidence of diseases and potential disease hazards for use in evaluation and planning health care services.

- Enhance disease control/epidemiology activities to include institutional, facility, and community surveillance activities.
- Determine causal factors associated with reported disease occurrences.
- Provide education, mechanisms for screening and follow-up to children ages 9 months to 6 years for lead poisoning through screening clinics, educational home visits and housing inspections.
- Respond to health-related complaints involving sewage, water, Inhabitable housing and other health problems.
- Inspect food service establishments for compliance with mandated standards once each year, and to secure correction of 90% of noted violations within 30 days.
- Sample, inspect and review monthly operational reports of community water systems at the source, at various stages of treatment, and in the outlying water distribution system.
- Reduce health and safety hazards to the public beaches and swimming pools and by reviewing plans for new public swimming pool construction within 30 days of receipt of plans.
- Reduce tobacco use among youth and adults by implementing a focused wellness/tobacco control program.
- Evaluate private water supplies in cases of suspected waterborne pathology or suspected contamination at the time of properly transfer.
- Conduct rabies investigations.
- Respond to health related complaints regarding exposure to smoking.
- Role out field data collection system using handheld computers to replace existing Departmental system.
- Control vector and pest species thereby minimizing the transmission of diseases to residents while improving their quality of life (West Nile Virus, rabies, rodents).
- To continue developing a death investigation system that is supported by scene investigators.
- To provide comprehensive medico-legal services so as to determine cause and manner of death: determine approximate time of death; identify, collect and preserve physical evidence; provide factual information to law enforcement agencies, prosecutors, defense attorneys, relatives and news media; protect the innocent as well as to assist in the

identification and prosecution of the guilty.

- To determine the nature and extent of chemical involvement in a potential chemical poisoning for the purpose of verifying suspected chemical insults, revealing unsuspected poisoning not readily detected at autopsy or by history, test for deceased's compliance with a prescribed drug protocol and document incidence of drug use in violent deaths.

- To interact and confer with local, state and federal law enforcement agencies, physicians, medical facilities, funeral homes, District Attorney's Office, Federal Prosecutor's Office and others involved with this agency's investigation of a death of an individual.

- To provide information and training in the death investigation process to medical students, police, emergency medical service personnel and a limited number of health care providers.

To testify, as needed, in criminal and civil proceedings regarding the Forensic Pathologist findings after investigations.

To develop a forensic fellowship program affiliated with the University of Buffalo's Medical School.

To continue the DFA (drug facilitated) laboratory support.

To work towards developing an office that is NAME (National Association of Medical Examiners) Accredited.

To increase the number of autopsies by securing additional outside county contracts.

To provide pre-hospital emergency medical care training to all emergency services providers including volunteer fire departments, ambulance corps and emergency squads and police departments in Erie County.

To provide 24 hour/day, 7 days/week communication operation and coordination of the countywide ambulance to hospital Medical Emergency Radio System (M.E.R.S.).

To provide 24 hour/day, 7 days/week interrogation of calls for medical assistance, providing pre-arrival instructions, Emergency Medical Dispatch and coordination of the ambulance dispatch system for the City of Buffalo, sections of the N.Y.S. Thruway System and the N.F.T.A.

To provide communication support to Mercy Flight for emergency on scene and hospital air medical transports.

To coordinate the use of the Erie County Medical Center Heliport for air medical transport.

Expand the Quality Assurance (QA) Program for EMD interrogation.

To assist in coordinating of the operations of advanced life support Paramedic units, advanced life support Emergency Medical Technician (E.M.T) units and first responders receiving medical direction from the Erie County Medical Center.

To respond to actual and potential disaster situations and drills involving multi-casualties requiring coordinated emergency medical response.

To provide Hepatitis B vaccinations to emergency services personnel.

To schedule critical incident stress debriefings for all police, fire, EMS, disaster and hospital personnel as needed.

Coordinate training and response to hazardous materials incidents through the operations of the ECHO Team.

Coordinate public health preparedness and response activities for the WNY Region.

Coordinate training and response to public health emergencies through the operation of the Medical Reserve Corps/SMART Team.

Source: Erie County Department of Health

MEASURES OF PERFORMANCE

	Actual 2004	Estimated 2005	Estimated 2006
Number of tuberculosis cases	21	25	25
Gonorrhea rate per 100,000	165.4	160.0	160.0
Percentage of children properly immunized at age two years in departmental programs	73%	75%	75%
Percentage of retail sources of tobacco products that received compliance check	100%	100%	100%
Percentage of compliance checks where underage youth purchased tobacco products	5%	5%	5%
Identify the number students who have successfully completed the C.F.R. Practical Skills examination	287	430	400
Identify the number of students who have successfully completed the C.F.R. written examination	262	395	395

	Actual 2004	Estimated 2005	Estimated 2006
Identify the number of students who have successfully completed the E.M.T. written examination	344	325	350
Identify the number of students who have successfully completed the E.M.T. Practical Skills Examination	359	325	325
Maintain average turnaround time for Chlamydia tests (days)	3	3	3
Identify the number of ambulance calls reviewed with dispatchers to improve the level of compliance with the Emergency Medical Dispatch (E.M.D.) interrogation Protocols	185	195	200
Increase Chlamydia screening to reduce female infertility	10,325	11,000	11,000

DEPARTMENT INITIATIVES

51. Increase Medicaid and Private Insurance Collections for Early Intervention Program Participants

Dept: Health
Division/Bureau:

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $1,751,000
Required Approval: County

With appropriate effort, the County should be able to increase Medicaid reimbursement in early intervention and preschool programs. The Early Intervention (EI) Program is a statewide program that provides many different types of early intervention services to infants and toddlers with disabilities up to age three. The Preschool Program is a statewide program that provides preschool children with disabilities, three years of age and above, timely and appropriate services in the least restrictive environment.

The EI and Preschool programs are funded with federal, state and local dollars. The health related services provided in both programs are reimbursed by Medicaid and third party health insurance. It is the responsibility of the county to identify individuals and families eligible for Medicaid and commercial health insurance.

When the child is referred to EI or preschool, a plan of care is developed by the parents, representatives of the county, the school district, providers and other appropriate county agencies. The primary difference between the planning processes for the two programs is that the county chairs the EI conferences and the school district chairs the Preschool conferences. Due to staffing shortages, the county may not be represented adequately at the annual review conferences. Consequently, parents, providers and special education professionals dictate the plan of service.

For EI, the County projects that they will serve 2,700 children in 2006 at annual cost of $5,000 per child. In 2004, the Department of Health submitted a report to the Legislature on the status of the EI program. They found that in Erie County, from July 1, 2003 through December 31, 2003, for 11.5 percent of the children served in EI it was unknown if they had commercial insurance or Medicaid. Other large counties outside of New York City had an average of less than 2 percent unknown. The State Department of Health is currently checking pre- and post-2004 data to determine if the percentage of unknown coverage has changed from 2003. Erie County Department of Health representatives were aware of the large percentage of unknown coverage.

Thirty-seven percent of the children enrolled in EI have Medicaid that covers the total costs of EI. Commercial insurance covers five percent of the annual cost of an insured child. Assuming that the percentage of children with coverage unknown remains 11 percent, 300 children will have no coverage (11 percent 0f 2,700). The total cost of EI for the 300 children is $1.5 million dollars ($5,000 X 300) that is reimbursed 50 percent state and 50 percent local dollars ($750,000). Assuming that 31 percent or 112 of the 300 children would be Medicaid eligible, Gross Medicaid costs for the 112 would be $560,000 ($420,000 federal and state and $140,000 local share). Assuming the remaining 188 children have commercial insurance, $47,000 in EI costs would be offset by commercial insurance (five percent of costs for 188 children). Maximizing Medicaid and commercial insurance would reduce the county costs by $467,000 annually ($420,000 from Medicaid and $47,000 from insurance). This is an ongoing cost if not corrected through aggressive identification and pursuit of Medicaid and commercial insurance.

For preschool, in 2006, the county projects they will serve 1,011 children in facility based care at a cost of $28,572 per child and 1,944 children in home or day care settings at annual costs of $5,778 per child. As indicated above, the county often does not have adequate experienced professional representation at the Preschool conferences, especially at the annual reviews conducted for every child. The plan of services for the child is dictated by the parents, special education staff and other professionals. The facility based care includes five one-half days of care plus transportation. The County Health Department experts believe that five percent of the children could be served with 2 to 3 half days of facilitated based care that would make room for children in facility based that are now served with multiple related services in the home. Three percent of the children in facility based programs could be served in the home. Although the overall costs per child will be reduced in the summer of 2006 and the 2006-2007 school year, total program costs will remain the same.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Cost	**$0**	**$0**	**$0**	**$0**	**$0**
Additional Savings	$0	$467,000	$467,000	$467,000	$467,000
Total Savings	**$0**	**$467,000**	**$467,000**	**$467,000**	**$467,000**

In FY2005, savings have been discounted 100 percent. To account for implementation delays, the savings have been discounted 75 percent in FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	75%	0%	0%	0%
Fiscal Impact	$0	$350,000	$467,000	$467,000	$467,000

52. Develop a Regional Automated Public Health Laboratory Testing Program

Dept:	Health	**Rev/Sav/Productivity**:	Revenue
Division/Bureau	Public Health Laboratories	**Fiscal Impact To FY09**:	$978,000
		Required Approval:	County

The Erie County Public Health Laboratories (ECPHL) maintains nucleic acid amplification testing (NAAT) capacity for detection of gonorrhea and chlamydia infections. This is a state-of-the art program that offers great opportunity to maximize its use throughout the State of New York. For example, the ECPHL already provides fee-for-service testing to a variety of clients, including Genesee, Niagara, Orleans, and Wyoming Counties. These counties already generate revenue of approximately $50,000 annually. However, it is not clear that the current fee structure entirely reimburses the County for its expenses, either direct or indirect.

Because of its testing facility, which is among the best in the region, numerous public health and health care agencies have sought to contract with ECPHL for this service. However, concerns about the current system lacks a full "turnkey" system that provides the necessary tools from collection to report and automation to allow current laboratory operations to handle increased load have hampered expansion of testing services.

The public health and health care agencies that have used Erie County's testing service but not been willing to undertake a contractual relationship is significant. These include the New York State Department of Health, the Philadelphia Planning Coalition, the New York State Office of Children and Family Services, and Chautauqua and Cattaraugus Counties.

Currently, ECPHL lacks the capacity to fully utilize its state of the art testing facility and public health pricing power. To better utilize this asset and benefit from economies of scale, ECPHL needs to develop a "turnkey" system that provides clients the full array of services from specimen collection to reporting, and it needs to automate its laboratory testing process.

With an investment in robotics technology, the ECPHL can significantly augment its testing capacity. At the same time, ECPHL should contract for marketing services to deliver the message that this testing is available and cost effective.

The Department of Health believes that there is an extensive market for a fully automated turnkey testing system for detection of gonorrhea and chlamydia in Western New York. The need for this testing remains constant, and ECPHL's current pricing structure is nearly $100 per test less than charged by private laboratory facilities.

While this expansion, which better utilizes County laboratory resources, is a useful method for recovering costs associated with the Department, the current fee structure does not adequately cover current direct and indirect costs. The current list price for these tests is $17.85; by contrast, a local private laboratory charges $119.00 for these tests. The current test costs about $20 per test. An expansion of services would raise the cost per test to about $23. To cover department fixed overhead and indirect costs, we would place the scheduled fee at $30 per test. At the same time, the Department should be given the opportunity to use variable rate pricing to enter into bulk purchase agreements with bulk purchasers at around $25 per test.

It is important to note, however, that this initiative requires the County's steadfast commitment to customer service in laboratory testing. For this initiative to realize its potential, the County must continually demonstrate its commitment to providing this service in a timely fashion. The staffing necessary to provide this service must be maintained, supplies must be available at all times, and the County and Department must be willing to contractually commit to these obligations. While this is an excellent opportunity for the county to efficiently utilize its laboratory facility asset, it cannot do so without a firm commitment to this operation.

It is also likely that the Department will need to aggressively market this service to obtain the envisioned increases. The initiative provides $25,000 a year in the first two years for a marketing agreement with a consultant or marketing firm.

The County currently does 26,000 tests and charges a fee of $17.85 per test. The initiative assumes that the County will increase its testing to 35,000 tests in FY2006, 41,000 in FY2007, 60,000 in FY 2008, and 56,000 in FY2007. It assumes that the new $30 fee will be charged for all tests, and the turnkey services will be provided for all tests for which the County can collect the fee (some tests done at its public health clinics must, according to state law, be done at no cost to the patient).

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Testing Expenses	$0	($75,000)	($120,000)	($220,000)	($281,250)
Automation Expense	$0	($30,000)	($30,000)	($30,000)	($30,000)
Turnkey Expense	$0	($39,150)	($65,250)	($104,400)	($130,500)
Marketing Expense	$0	($25,000)	($25,000)	($0)	($0)
Total Cost	**$0**	**($169,150)**	**($240,250)**	**($354,400)**	**($441,750)**
Additional Revenues	$0	$261,450	$411,450	$636,450	$786,450
Total Savings	**$0**	**$92,300**	**$171,200**	**$282,050**	**$344,700**

In FY2005, savings have been discounted 100 percent. Savings for FY2006 have been discounted by 50 percent to account for implementation delays.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$65,000	$210,000	$320,000	$383,000

53. Increase Revenue by Increasing Medicaid Reimbursement

Dept: Health
Division/Bureau:

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $350,000
Required Approval: State

The Erie County Department of Health operates clinics which provide primary care and other health care services. Since a majority of Medicaid enrollees are members of managed care plans, the clinics do not receive payment from insurers because the adult medicine physicians are not credentialed.

At the current time, in part because of low rates of payment to physicians employed by Erie County ($60 per hour); the clinic is operating with a physician who is not appropriately credentialed. Some insurers are refusing to credential this physician and thus the clinics cannot receive reimbursement for visits provided by the physician as well as physician assistants supervised by the physician. Recruiting a Board Certified physician and collaborating with area insurers companies to complete credentialing would result in an increase in revenue.

The Health Department provides family planning services. New York State, with a Federal waiver, has initiated a special category of eligibility under the Medicaid program called Family Planning Benefit Program. Under this program, which provides a limited family planning scope of benefits to enrollees, persons ineligible for regular Medicaid coverage can receive services paid for by the Medicaid program.

Health Department officials believe that more people receiving family planning services are eligible for the Family Planning Benefit Program than are enrolling. Facilitated enrollers are present at the clinics taking applications for Family Health Plus and Child Health Plus but not the Family Planning Benefit Program. The reason applications are not being taken for the Family Planning Benefit Program is that current State policy has precluded it because existing contracts do not permit it and facilitated enrollers have not been trained to do so.

There are indications that an Erie County request to permit facilitated enrollers in its clinics to take applications for the Family Planning Benefit Program would be approved by the State. This would allow the face-to-face interview requirement to be met by the facilitated enroller and thus eliminate the current requirement that an applicant go to Erie County Department of Social Services for the interview. Since many applicants for the Family Planning Benefit Program do not complete this step and thus become eligible, eliminating this requirement will increase the number of program enrollees and thus clinic revenue.

Summary of Savings - Clinics
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY 2009
Physician Costs	$0	($50,000)	($50,985)	($53,641)	($56,350)
Total Costs	**$0**	**($50,000)**	**($50,985)**	**($53,641)**	**($56,350)**
Additional Revenue	0	$75,000	$76,875	$78,797	$80,767
Total Savings	**$0**	**$25,000**	**$25,890**	**$25,156**	**$24,417**

Summary of Savings-Family Planning Benefit
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Costs	$0	$0	$0	$0	$0
Total Costs	**$0**	**$0**	**$0**	**$0**	**$0**
Additional covered	$0	$75,000	$75,000	$75,000	$75,000
Total Savings	**$0**	**$75,000**	**$75,000**	**$75,000**	**$75,000**

Both of these approaches are discounted 100 percent for implementation delays in FY2005 and 50 percent in FY2006 with no further discounting in the following years.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$50,000	$101,000	$100,000	$99,000

54. Increase Revenue by Increasing Inspections and Other Fees

Dept:	Health	**Rev/Sav/Productivity:**	Revenue
Division/Bureau		**4-Yr. Fiscal Impact:**	$6,098,000
		Required Approval:	County

The Erie County Health Department charges fees for Environmental Health Services to support the critical public health and safety functions implicit in inspecting and licensing food service establishments, hotels and motels, caterers, pools and beaches and other locations. These fees have not been adjusted since 1995.

New York State Public Health Law, Article 6, requires that in order for a County to receive State Aid, it must charge for services at a rate comparable to the cost of providing the services. These fee adjustments would allow the County to more accurately reflect the cost of providing these necessary services.

From an analysis of similar fees for some of the larger Department of Health services, the proposed increases would result in similar fee levels for comparable counties. The following table provides this information for Erie, Monroe, and Nassau Counties:

County	Food Service Establishments 0-50 Seats	50+ Seats	Pools	Temporary Food Permits 1-3 days	4-7 days	7+ days
Erie (proposed)	$196	$376	$376	$106	$120	$150
Monroe	avg. $155	avg. $335	$200	$40	$100	$100
Nassau	avg. $325	Avg. $400	avg. $469	$80-$160	$135-$350	$135-$350

The revenue levels assume permitting and licensing activity similar to the previous fiscal year in FY 2006. It also assumes that fees will be continually adjusted to match the inflation rate in the following years.

**Summary of Savings
(Before Discounting)**

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Cost	**$0**	**$0**	**$0**	**$0**	**$0**
Additional Revenues	$0	$1,468,000	$1,505,000	$1,543,000	$1,582,000
Total Savings	**$0**	**$1,468,000**	**$1,505,000**	**$1,543,000**	**$1,582,000**

In FY2005, savings have been discounted 100 percent. There is no additional discounting in the following fiscal years.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$1,468,000	$1,505,000	$1,543,000	$1,582,000

DIVISION OF THE MEDICAL EXAMINER

MISSION

The mission of the Erie County Medical Examiners Officer is to provide regionalized death investigative services to Western New York Counties to determine the cause and manner of the person's demise.

GOALS

- To continue developing a death investigation system that is supported by scene investigators.
- To provide comprehensive medico-legal services so as to determine cause and manner of death; determine approximate time of death; identify, collect and preserve physical evidence; provide factual information to law enforcement agencies, prosecutors, defense attorneys, relatives and news media; protect the innocent as well as to assist in the identification and prosecution of the guilty.
- To determine the nature and extent of chemical involvement in a potential chemical poisoning for the purpose of verifying suspected chemical insults, revealing unsuspected poisoning not readily detected at autopsy or by history, test for deceased's compliance with a prescribed drug protocol and document incidence of drug use in violent deaths.
- To interact and confer with local, state and federal law enforcement agencies, physicians, medical facilities, funeral homes, District Attorney's Office, Federal Prosecutor's Office and others involved with this agency's investigation of a death of an individual.
- To provide information and training in the death investigation process to medical students, police, emergency medical service personnel and a limited number of health care providers.
- To testify, as needed, in criminal and civil proceedings regarding the Forensic Pathologist findings after investigations.
- To develop a forensic fellowship program affiliated with the University of Buffalo's Medical School.
- To continue the DFA (drug facilitated) laboratory support.
- To work towards developing an office that is NAME (National Association of Medical Examiners) Accredited.
- To increase the number of autopsies by securing additional outside county contracts.

Source: Erie County Department of Health

MEASURES OF PERFORMANCE

To increase the percentage of medical examiner cases that result in the issuance of a death certificate within four weeks. A completed investigation and autopsy report	78%

157. Increase Autopsy Report Fees For Non-Family

Dept: Health
Division/Bureau: Medical Examiner

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $47,000
Required Approval: County

The Erie County Medical Examiners (ME) Office receives revenue from fees for autopsy reports requested by insurance companies, lawyers, etc. Families or next-of-kin are not required to pay the fee. The current fee charged is $5.00 per report. Last year 288 of these reports were requested for a total of $1,440 in revenue. It is recommended and supported by the ME that this be increased to $40 per report for non-family individuals or for companies. Onondaga and Monroe currently charge $35 and $30 per report respectively. At 288 reports requested, revenue would total $11,520, an increase of $10,080 of additional revenue per year. To allow time to implement the fee increase, savings have been discounted by 100 percent in FY2005, 20 percent in FY2006 and not discounted thereafter. Additionally, the annual savings have been adjusted to account for inflationary increase.

Summary of Savings (Before Discounting)

	FY 2005	FY 2006	FY 2007	FY2008	FY2009
Report Fees	$11,520	$11,750	$11,985	$12,237	$12,506
Total Revenue	**$11,520**	**$11,750**	**$11,985**	**$12,237**	**$12,506**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	80%	0%	0%	0%
Fiscal Impact	$0	$10,000	$12,000	$12,000	$13,000

DEPARTMENT OF MENTAL HEALTH

MISSION

The Erie County Department of Mental Health in cooperation with its stakeholders provides administrative leadership and management of a community based behavioral health system that results in the availability of high quality, cost effective, comprehensive and integrated services for and accountable to its citizens.

GOALS

- To direct a local comprehensive mental disability planning system.
- To maximize state, federal, and voluntary financial support for programs.
- To develop effective systems that assess and monitor the quality and effectiveness of care delivered by the mental disability programs.
- To monitor expenditures and assure the availability of funds at the lowest possible cost to the county and the highest quality of care standards.
- To provide mental health services required by the criminal justice system and Family Court.
- To provide consultation to contractual agencies in the development of management practices consistent with effective business practice in the not-for-profit sector.
- To assure coordination and integration of mental health, mental retardation/developmental disabilities, and chemical dependency services as well as other human services for Erie County residents, as well as promote cross system collaboration.
- To fulfill the County's legal obligations and responsibilities for the operation of the Assisted Outpatient Treatment Program.
- To provide information, advice and recommendations to the County Executive and Legislature regarding the need for mental health and related services in Erie County and most cost-effective means to address identified needs.
- To assure timely submission of accurate state aid claims.
- To integrate State and Local systems of care.
- To provide psychiatric evaluations of individuals to determine competency, as ordered by the courts.

- To provide psychiatric treatment to inmates to enable their participation in court proceedings.
- To provide ongoing assessments of inmates on behalf of attorneys, probation and parole officers, and detention personnel, as required.
- To provide ongoing psychiatric treatment or mental health services to inmates, as required.
- To provide advocacy and linkage to community mental health services for persons on probation or parole, as required.
- To conduct professional training programs on forensic mental health issues to criminal justice system and law enforcement personnel.
- Through screening and assessment, to identify and prioritize Seriously Mentally Ill Individuals for enrollment in Care Coordination Services and Medication Grant Programs.
- For Individuals to be enrolled in the Medication Grant Program, to initiate the Public Assistance and Medicaid Application Processes.
- To provide psychiatric or mental health evaluations of children and adults as ordered by the Family Court.
- To provide emergency psychiatric evaluations of children or adults as ordered by the Family Court under Section 251.
- To refer persons to outside mental health follow-up services as required.
- To provide psychiatric consultation and community resource information to the Courts, Youth Services and other child serving systems.
- To provide coordinated multidisciplinary behavioral health services at the Department of Probation Secure Detention Center.

Source: Erie County Department of Mental Health

MEASURES OF PERFORMANCE

	Actual 2004	Estimated 2005	Estimated 2006
Number of Contracts			
Annual Agency contracts for Mental Disability Services executed:			
Mental Health	35	36	36
Mental Retardation/DevelDisab	6	6	5
Chemical Dependency Services	18	18	18
Persons Served by Disability Group			
Persons served per month by 38 Mental Health agencies:			
Inpatient Psychiatric Treat.	112	112	112
Supported Housing	679	739	769
Clinic Treatment	8,065	8,065	7,660
Continuing Day Treatment	1,018	1,018	218
Rehab Services/CWA	346	345	0
Preadmission Screening	7,062	7,062	7,062
Transportation	712	712	712
Prev./Consultation/Educ.	5,000	5,000	5,000
Self Help/Advocacy	4,200	4,200	3,150
Psychosocial Program	764	764	0
Case Management	1,669	1,700	1,700
Adult ICM/Transitional CM	560	592	592
Intensive Psych. Rehab	82	72	0
Enhanced Childrens/School Based Services	1,261	1250	1250
Assertive Community Treat.	163	163	163
Children's Full Flex Wrap	188	270	350
Children SAMHSA Crisis Sup	0	0	700
PROS *	0	0	1,320

***Please note**: reductions in Clinic Tr, CDT, Rehab Svcs, Advocacy, Social Club and IPRT are all associated with their consolidation into the PROS Initiative.

	Actual 2004	Estimated 2005	Estimated 2006
Persons served per month by 5 Mental Retardation/ Developmental Disability Service agencies:			
Work Activity/Day Programs	1,167	790	750
Day Training/Family Indiv. Support	705	520	500
Transportation	40	50	70
Assertive Community Treatment	40	40	40
Persons served per month by 18 Chemical Dependency Service agencies:			
Inpatient detoxification, sobering up and rehabilitation programs	2,500	1810	1815
Outpatient clinic	7,800	8,035	10,330
Community residential	790	1,435	1,452
Staff hours for prevention, education information and referral programs	15,000	21,519	22,331

	Actual 2004	Estimated 2005	Estimated 2006
Outpatient Drug Free Programs	3,500	3,500	3,500
School & Community Substance Abuse prevention education	120,000	120,000	120,000
Drug Free/Day Services (MICA)	290	398	440
Vocational Rehabilitation	475	469	530
Managed Addiction Case Mgt.	100	258	273

DEPARTMENT INITIATIVES

50. Reduce Residential Treatment Facility Expenditures

Dept:	Mental Health, Social Services	**Rev/Sav/Productivity**	Savings
Division/Bureau		**Fiscal Impact To FY09**:	$10,026,000
		Required Approval:	County

The Department of Mental Health is in the process of developing and implementing initiatives to reduce the number of youth, who currently number 217, placed in residential treatment centers (RTC). These treatment options are cost intensive, with an average annual cost of over $100,000 for each placement, for a total of $22.0 million from the County general fund in FY2005. Placement in residential care facilities and hospitals is not only extremely expensive for the County, but research suggest it may also have longterm adverse consequences.

In addition to the economic costs, placement in a residential treatment facility often means that the young person will be labelled as mentally ill or emotionally disturbed. There is an extensive body of research establishing the negative effects of such labelling on an individual's self-esteem and behavior patterns, which may also make treatment more difficult, more expensive, and less likely to succeed.

Institutional placement also has adverse effects on the parents and other members of the family and can lead to a decline in relationships and the need for additional services, sometimes with other costs for the County and other governments. Given this set of circumstances, it is appropriate to work together more home and community-based treatment alternatives, and that is the focus of this initiative.

To help improve outcomes, the Department is undertaking two major initiatives:

- Diversion
- Length of Stay

Under the diversion category, efforts will be undertaken to divert Persons in Need of Supervision, Juvenile Delinquents (JD) and children in the Mental Health and Department of Social Services systems from initial placement in RTCs. In part, this will be achieved through working with judges to educate them about viable alternatives to RTC placements.

The Length of Stay category will include the awarding of contracts to RTC providers which contain incentives to reduce length of stay.

In order to provide alternatives to RTC placements, wrap-around slots providing community-based services will need to be established (350 in 2006 increasing to 475 in 2009). In addition, the Department will introduce new evidenced-based programs and other community-based programs to provide alternatives to RTC care. Investments in these services will be required in order to achieve the projected reductions in RTC expenditures. The County plans to use some of the savings achieved with these programs to invest in the components that make them so successful. Besides the Wrap Around program, plans are to also invest in programs funded by the Substance Abuse and Mental Health Services Administration – which is partially necessitated by reduced federal funding in this area..

While the opportunity for savings in this area are very real and are supported by both the Department of Mental Health and Social Services, the need to make continued investments in community infrastructure and services is very real. While RTC is expensive and disruptive, it can be ultimately more expensive and disruptive to individuals and the community if children are removed from this treatment option and provided inadequate alternative services.

The following provides the detailed commitment of both local resources and the reduction in use of RTC:

	2005	2006	2007	2008	2009
Total RTC Cost 2005 Rates	21,995,721	16,098,341	12,788,226	9,829,938	7,304,488
Total RTC Cost		16,822,766	13,965,063	11,217,592	8,710,738
Projected Savings		**2006**	**2007**	**2008**	**2009**
Total RTC Annual Utilization Savings		5,172,955	2,857,703	2,747,471	2,506,854
Total RTC Annual Utilization Savings from 2005		5,172,955	8,030,658	10,778,129	13,284,983
Total Cumulative Savings from 2005 Base		5,172,955	13,203,613	23,981,742	37,266,725
Annual County RTC Utilization Savings from 2005 Base		1,997,809	3,101,462	4,162,543	5,130,697
Total Cumulative RTC Utilization Savings from 2005 Base		1,997,809	5,099,271	9,261,814	14,392,510
Investment in Community Infrastructure					
Sustainability Commitment to SAMHSA		0	1,000,000	1,500,000	2,500,000
Wrap Slots Needed		350	400	450	475
Additional Wrap Slots $'s		0	1,100,000	2,200,000	2,750,000
Subtotal Investment All Funds			2,100,000	3,700,000	5,250,000
Subtotal Investment Local Share			735,000	1,295,000	1,837,500
Net County Savings					
Net Annual County Savings from 2005 Base		1,997,809	2,366,462	2,867,543	3,293,197

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Increased Local Programming	$0	($3,175,146)	($10,837,151)	($21,114,199)	($33,973,528)
Total Cost	**$0**	**($1,997,809)**	**($2,366,462)**	**($2,867,543)**	**($3,293,197)**
Reduced RTC Expenditures	$0	5,172,955	$13,203,613	$23,981,742	$37,266,725
Total Savings	**$0**	**$1,997,809**	**$2,366,462**	**$2,867,543**	**$3,293,197**

In FY2005, savings have been discounted 100 percent. Savings for FY2006 have been discounted by 25 percent to account for implementation delays.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	25%	0%	0%	0%
Fiscal Impact	$0	$1,499,000	$2,366,000	$2,868,000	$3,293,000

DEPARTMENT OF SOCIAL SERVICES

MISSION

The mission of the Department of Social Services is to maximize the personal independence and economic self-sufficiency of children, adults and families in Erie County by diverting them from unnecessary usage of public resources, hastening the movement of customers through the Social Services system and ensuring their permanent exit from the system. We are committed to providing quality social and economic services to all customers in a timely, humane, and financially responsible manner through a team of knowledgeable, well-trained professionals in collaboration with community partners.

GOALS

- Achieve personal independence and economic self-sufficiency at the earliest possible time for all applicants/clients of the Department of Social Services.
- Preserve and ensure safe family units for all children and adults in Erie County.
- Ensure the most efficient and cost effective use of public resources.

Source: Erie County Department of Social Services

MEASURES OF PERFORMANCE

	Actual 2004	Estimated 2005	Estimated 2006
Percent of applicants diverted from Temporary Assistance utilizing self-sufficiency/welfare diversion case management services	87%	60%	60%
Total Public Assistance, Medicaid and Food Stamp cost avoidance from Front End Detection System (FEDS) and Eligibility Verification Review (EVR) special investigation reviews (million dollars)	$1.5	$1.5	$1.5
Percent change, compared to prior year, in total Public Assistance cases assisted	5.3%	1.6%	3.6%
Average length of stay in days of families residing in an emergency shelter	20	20	20
Average monthly percent of eligible individuals enrolled in Medicaid Managed Care programs	74%	75%	75%

	Actual 2004	Estimated 2005	Estimated 2006
Percent of youth in foster care with goal of independent living who are employed	36%	40%	45%
Total child support collected for Public Assistance and Non-Public Assistance Children (million dollars)	$65.6	$67.63	$69.6
Percent of youth in foster care with goal of independent living who are going to school	85%	87%	88%
Federal SSA/SSI Disability Interim Assistance recovered (State/local offsets) for successful disability appeals on behalf of Public Assistance clients (million dollars)	$2.2	$1.8	$1.8
Annual resource or repayment collections (million dollars)	$12.5	$11.5	$10.0

DEPARTMENT INITIATIVES

55. Develop Integrated Data 4 System

Dept: Social Services

Division/Bureau:

Rev/Sav/Productivity: Productivity

Fiscal Impact To FY09: CQ

Required Approval: County

The County will develop an integrated ERP system to transfer client data to appropriate departments for targeted case management. This will also allow a single point of entry and will reduce the amount of redundant case management and other services. Instead of directly attributing savings to this initiative, the Four-Year Plan assumes that such a system will serve as part of the foundation of a broader effort – the Blue Print for Change – to achieve $6.5 million in savings by the close of FY2009 through more efficient, better integrated network of Social Services provision.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	CQ	CQ	CQ	CQ

62. Meet Waiver Requirements for Case Supervisory Review

Dept: Social Services

Division/Bureau:

Rev/Sav/Productivity: Productivity

Fiscal Impact To FY09: CQ

Required Approval: State

Case Supervisory Review (CSR)

ECDSS currently has a waiver from the State that exempts them from supervisory review of all cases processed by the eligibility workers. Due to shortage of supervisors and the increase in applications, the supervisors are having difficulty meeting the current waiver requirements. DSS administration has developed a proposal to reduce the number of CSRs from 30 to 10 and use the supervisors' time to train eligibility workers and provide correction action.

The most common eligibility processing errors are repeated from case to case and they occur in income and resources. The supervisors need more time to implement a corrective action plan with eligibility workers to correct the errors. It can be assumed that implementation of a sound corrective action plan will result in fewer errors and more accurate case decisions and less worker and supervisor time in addressing errors.

It is likely that the State would be receptive to a revised proposal from Erie that focuses on corrective action. This effort should prove cost effective for all parties.

61. Expand Use of Facilitated Enrollers

Dept:	Social Services	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:		**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

State rules require that each head of household applying for Medicaid must meet face to face with the Medicaid Eligibility Worker. Erie County uses county Department of Social Services (DSS) eligibility staff to fulfill this requirement.

With the onset of New York State's Child Health and Family Health programs, the state gave local districts an opportunity to use Facilitated Enrollers (FE) who are non-DSS staff to meet the face to face interview requirements. In larger counties, more than one entity contracts with the New York State Department of Health as FEs.

Onondaga County, with approval from New York State, uses FEs to meet the face to face requirement for general Medicaid for families where all members are less than 65 years of age. The FEs collect all the required information and documentation from the applicants and provides a hard copy of the completed Medicaid application and documentation to Onondaga DSS. Twenty-two county eligibility workers process and make the Medicaid decision. Each county worker processes 60 cases per month. If the county eligibility workers conducted the interviews, each worker would only be able to process 50 cases per month. With 18,000 applications projected for 2005, the county would need four more FTEs if county eligibility workers conducted the interviews. Onondaga County DSS does not pay for FEs. They are paid by managed care plans and the hospitals.

Erie DSS Medicaid staff conducts the face to face interviews for general Medicaid (not Child Health Plus or Family Health Plus) for individuals and families under 65 years of age. As of March 2005, the Medicaid only eligibles, less than 65 years of age, total 66,141 in Erie and

34,107 in Onondaga. Assuming Erie realized the same efficiencies as Onondaga, they should be able to reduce the number of FTEs by at least six thereby either freeing staff time for other projects or relieving some of the burden of the large caseloads in Medicaid. Current caseloads are about 1,000 per worker, while numbers of about 300 to 1 are considered reasonable.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

60. Increase Third-Party Health Insurance Collections

Dept:	Social Services	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:		**Fiscal Impact To FY09**:	$550,000
		Required Approval:	County

Third Party Health Insurance Units

Medicaid is the payer of last resort. Commercial insurance and Medicare are primary payers to Medicaid.

During the Medicaid eligibility process, applicants are asked to provide information about health insurance coverage. The primary insured may be the applicant, an absent spouse or father. Most county social services departments have special units that are knowledgeable about the various health insurance plans available in the region. They understand what employers provide insurance, type of coverage and plans available and what managed care plans are available and the services offered in the area. They work with the family courts to insure health insurance is included in support orders. They have access to files and data bases and develop an understanding and relationship with health insurers in the region.

Large counties like Erie County receive hundreds of applications in a month. The eligibility worker does not have the time or the expertise to obtain appropriate health insurance information. During the 2005 fiscal year Erie County will cost avoid $95 million dollars to Medicaid. These are actual dollars that are paid by insurers and reduce the cost of Medicaid.

The State provided cost avoidance dollars for Erie County from April through August as follows:

Period	Cost Avoidance
04/20/05	$6,051,343
05/25/05	$13,125,280
06/22/05	$7,437,865
07/20/05	$10,408,543
08/24/05	$7,818,902

In 2005 Erie County laid off two FTEs from the third party unit. It is too early to determine the impact of this action but with the large number of new applications received each month, the reduced staffing will have an impact.

Managed Care

For Medicaid recipients enrolled in managed care plans, the county pays a monthly premium. If an individual is insured and already enrolled in a managed care plan, the plan is not entitled to a separate Medicaid premium.

Families may be enrolled in the same plan by Medicaid and by an employer. In such cases, the plan must refund the county for months in which it received a duplicate premium.

Monroe County has been very successful in recovering monthly premiums when a plan receives duplicate premiums. Three part-time and one full-time staff are assigned to this project. In the past year, Monroe recovered $1 million gross ($250,000 local share) in duplicate payments from managed care providers. This is an ongoing effort because the thousands of new Medicaid applicants determined eligible every year can potentially be enrolled in the same plan by employers and county social services.

As of August 2005, Erie County has 103,474 Medicaid eligibles and 73,363 or 71 percent are enrolled in managed care. Monroe has 85,500 Medicaid eligibles and 51,864 or 61 percent are enrolled in managed care.

Assuming Erie County devoted the same effort to recovering duplicate payments as Monroe County, it is expected that the county would recover at least $1 million gross or $250,000 local share in 2006 and $100,000 in subsequent years because the largest retroactive recoveries will have occurred in the first year.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Costs	$0	$0	$0	$0	$0
Total Savings	$250,000	$250,000	$100,000	$100,000	$100,000

Given implementation delays, the savings are discounted by 100 percent in FY2005 but are not discounted in the following years.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$250,000	$100,000	$100,000	$100,000

63. Implement Automated Medicaid Eligibility System

Dept:	Social Services	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:		**Fiscal Impact To FY09**:	CQ
		Required Approval:	State

Electronic Eligibility Determination Process (EEDS)

The state has developed an electronic eligibility tool for workers. It is an interactive process that assists the workers to collect correct information and documentation on personal identity, residence, income and resources from the applicants. EEDS has been successfully tested in New York City and is scheduled to be phased in upstate in 2006. Erie is not scheduled until the latter part of 2006.

The benefit of EEDS is more complete information and documentation and more accurate eligibility decisions freeing up workers' time by reducing the number of duplicate requests for information from applicants and reducing the supervisor-worker conferences on individual cases.

The State of New York has indicated that if Erie County requested to be phased in earlier, the request would be considered and may be granted.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

56. Combat Medicaid Fraud and Abuse

Dept: Social Services
Division/Bureau:

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $7,440,000
Required Approval: State

Given the size and scope of the program, Medicaid program integrity is a critical concern at both the State and County level. Currently, this is a function of both the County and State's quality control and assurance programs. The overall client eligibility error rate in Erie County is within the state's long-standing acceptable rate of 3 percent. However, issues of provider fraud and abuse have been well publicized, and the County is proposing to improve its eligibility review process by initiating a second level review by an independent unit within the Social Services Department.

The State has assumed the major role for provider fraud and abuse activities. Erie County believes its knowledge and presence in the community enables it to be a strong force to reduce provider fraud and abuse. The county must request approval from the State to conduct provider fraud and abuse activities. The process begins when the County and the State enter into a Memorandum of Understanding.

As is being proposed, the County will analyze data and target particular provider groups and request relevant data from the State. The State will identify potential provider problem areas from its data warehouse. Typical examples are physicians and dentists whose billing patterns exceed a given amount in an annual period, physicians with high ordering/prescribing patterns for pharmacy supplies and laboratory tests.

For example, the County may choose to initiate investigations on physician ordering practices. Five hundred and twenty-five physicians in Erie County ordered over $50,000 in services over 12 months. The top seven physicians ordered over $1.0 million dollars in services. Most of the services ordered were prescription drugs. Experts who investigate provider fraud and abuse indicate that for every dollar spent, you can expect ten dollars in return.

To be effective, the County must employ investigators who examine client records and determine if a valid service was provided; the medical necessity of ordered services; the total amount of inappropriate services ordered; and the liability of the ordering provider. Any recovery takes 12 to 18 months after the provider exercises judicial rights. The State and the provider often settle on a lesser amount.

The State does not believe that abusive and fraudulent practices are as high as recently reported by the *New York Times*, which suggested rates of 10 percent or higher. Assuming provider fraud and abuse equaled 5 percent in Erie or $50 million, and assuming the county investigative activities could substantiate that amount, the county would recover the local share (between 10 percent and 25 percent) of $5 million to $12.5 million. The 10 percent equals the local share of long term care services for the elderly and disabled while the 25 percent is the county share for services for all other services. After provider appeals and judicial rights, it is more likely that the county would recover between $2.5 and $6.25 million a year. For purposes of determining savings, the middle point in this range has been used.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008
Salary and Benefits	$181,930	$252,204	$331,680	$418,115
Overhead	$50,000	$100,000	$102,500	$105,063
Total Costs	**$231,930**	**$352,204**	**$434,180**	**$523,178**
Recoveries	$4,375,000	$4,375,000	$4,375,000	$4,375,000
Total Savings	**$4,143,070**	**$4,022,796**	**$3,940,820**	**$3,851,822**

Given implementation delays and the delay in collecting payments, the savings have been discounted 100 percent in both FY2005 and FY2006. To account for the need to gain expertise in investigation and collection, the savings are further discounted by 60 percent in FY2007 and 40 percent in FY2008 but not discounted in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	60%	40%	0%
Fiscal Impact	$0	$0	$1,398,000	$2,190,000	$3,852,000

57. Fiscal Sanction Avoidance

Dept:	Social Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	CQ
		Required Approval:	State

Because of the State takeover of a portion of Medicaid costs and a cap on the increase borne by Counties in the future, concern has been expressed that some Counties may attempt to reduce their FY2005 expenditures to provide for a lower threshold for figuring their FY2006 Medicaid liability. There are concerns that the State may seek to revise those spending thresholds if they detect these practices.

However, the budget reductions experienced in Erie County during FY2005 represent legitimate reductions in personnel expenses associated with the Medicaid program. Under the current set of circumstances, it is imperative that the Erie County Commissioner of Social Services clearly articulate this special circumstance to the New York State Department of Health. Indications are that the Department of Health understands this unique set of circumstances, and the County should be proactive in explaining its actions prior to any decision on possible adjustment to County Medicaid baseline expenditures for FY2005 for purposes of figuring future County spending increases for Medicaid.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount%	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

59. Increase Use of Donated Funds to Provide Match for State Children's Services Funding

Dept:	Social Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	8,000,000
		Required Approval:	State

Currently, under a state formula Counties are allowed to use only a small portion of donated funds to provide their required match for New York State Children's Services funding. Erie County's donated funds greatly exceed that cap. Within the County, organizations like the United Way of Buffalo and Erie County are able to raise funds and designate them for use by community providers for these services.

The County should seek a waiver from the State of New York for a period allowing up to $2.0 million in donated funds to be used as its required 35 percent local match. This would reduce the required expenditure by County taxpayers while also providing a strong connection for the contributing community to these important services.

Inquiries have been made to the State of New York Children and Family Services regarding a waiver for this match. To date, the Department believes that this would require a statutory change and has been unwilling to grant a County specific waiver. The County, given its financial circumstances, should press for this waiver or statutory change to provide resources for serving this vulnerable population and to restore staff and services.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$2,000,000	$2,000,000	$2,000,000	$2,000,000

58. Special State Assistance

Dept: Social Services
Division/Bureau:

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: TBD
Required Approval: State

The New York State Department of Health has the authority to grant waivers, demonstration projects, staff supplementation, and other methods that have the capacity to reduce the cost of providing social services. The Department of Social Services is currently involved in various demonstration projects, such as their joint effort with the Department of Mental Health on Managed Addictions, and has demonstrated cost savings as a result.

The New York State Department of Health has expressed a willingness to work with the County to consider other waivers and demonstration projects. The Department of Social Services should be proactive in pursuing these opportunities.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	TBD	TBD	TBD	TBD	TBD
Fiscal Impact	TBD	TBD	TBD	TBD	TBD

66. Monitor Payments from OMRDD

Dept: Social Services
Division/Bureau:

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $720,000
Required Approval: State

Day Treatment is a Medicaid reimbursed service provided for persons with disabilities. Voluntary providers bill the State's fiscal intermediary for the Day Treatment services, and as is the case with most Medicaid billings, counties incur a local share. Through the State's overburden repayment system counties are retroactively reimbursed by the State for the local share of Day Treatment.

The Office of Mental Retardation and Developmental Disabilities is transitioning Day Treatment to Day Habilitation, a Home and Community Based Waiver Service. There is a county share for the cost of Day Habilitation for Medicaid recipients living at home and for some individuals residing in small residential units. OMRDD received an allocation to reimburse counties for any local share incurred for Day Treatment cases transitioned between April and December 2005.

The state fiscal year runs from April, 2005 to March, 2006. The county fiscal year runs from January, 2006 to December, 2006. Payments received in the 2005 calendar year will reduce Erie County's Medicaid base year. The county should follow up with the state to make sure the payments are received in the calendar year and applied against the Medicaid base.

There are currently 341 persons with disabilities receiving Day Treatment services in Erie County that will be transitioned to Day Habilitation this year. According to the State, a local share will be charged for 200 of these persons. The average cost for day treatment, including transportation, is $120 per day. The county share is $30 of the $120. Assuming that the average number of days persons will be in day habilitation in 2005 is 30, the county share for 2005 will be $180,000. If received this year, Erie's Medicaid base will be decreased by $180,000. The county must take the initiative with the OMRDD to ensure that they are credited for payment in 2005.

Because the credit will be because of FY2005 payments, the initiative does not apply and the savings are discounted at 100 percent. Given that the State has provided the information necessary to calculate the savings, there is no further discounting applied in subsequent fiscal years.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$180,000	$180,000	$180,000	$180,000

64. Social Services FTE Restoration

Dept:	Social Services	**Rev/Sav/Productivity:**	Savings
Division/Bureau:		**Fiscal Impact To FY09:**	($3,782,000)
		Required Approval:	County

While all Departments have experienced hardships in dealing with the FY2005 reductions in force, perhaps none have had the impact, both on the County's finances and the population it serves as those in the Department of Social Services. Social Services deals with vulnerable individuals in need of health care, nursing home care, child care, foster care, and similar services.

The issues of determining appropriate staffing levels are complicated by discussions of funding streams. While many Departments mostly rely on the general fund to fund their personnel costs, Social Services are largely state and federal funded. In fact, some positions, such as those associated with the Food Stamp program, are entirely federally funded.

As part of its budget reduction strategies for FY2005, the Department of Social Services eliminated 171 positions. It also carried over 175 vacant positions from the previous fiscal year. As a consequence, the Department is operating with a 20% reduction in its workforce. At the same time, the Department must comply with State and Federal mandates to maintain programs and services, often with maintenance of effort requirements as well.

As an example of the challenges faced by the Department, based on previous lawsuits on behalf of clients, the State and Federal governments have mandated timelines for processing entitlement benefits such as Temporary Assistance for Needy Families and Medicaid. Additionally, Child Welfare services are required to be conducted with 24 hours a day, 7 days a week contact when a report of child abuse or neglect is received. This capacity has been seriously eroded by budget and workforce reductions.

In many instances, staff reductions have an overall negative impact on the County's financial position. As an example, during FY2005 half of the staff that determines whether Medicaid recipients are also eligible for Third Party Insurance were eliminated. As a result, as much as $26 million per year in cost avoidance by determining that private payers are responsible for these costs may be impacted. There are other cost avoidance issues -- those working to obtain employment for families eligible for assistance are a good example.

Finally, even when there is not a direct financial gain to the County, some services are by their nature critical to the well being of the clients and must be provided. In many instances, the caseloads for Social Services workers have grown to levels that are not acceptable for adequate service delivery, and the County should work to develop caseload benchmark levels and seek staffing levels that meet them

In order to address these issues, the County should restore the following positions:

Position	Salary	Cost Center
Energy Crisis worker	$32,887	Home Energy Assistance Program
Energy Crisis worker2	32,887	Home Energy Assistance Program
System Support Specialist	54,945	Program Support
Senior Special Investigator	46,378	SID Investigations & Collections
Asst. Special Investigator	39,292	SID Investigations & Collections
Sr. Social Welfare Examiner	39,292	SID Investigations & Collections
Social Welfare Examiner	35,840	SID Investigations & Collections
Social Welfare Examiner	35,840	SID Investigations & Collections
Social Welfare Examiner	35,840	SID Investigations & Collections
Medicaid Auditor	39,292	Medicaid Utilization Review
Paralegal	32,887	Legal IVD Child Support
Supervisor Child Support Investigator	49,928	Child Support Enforcement
Sr. Child Support Investigator	42,821	Child Support Enforcement
Account Clerk	30,928	Support Collection Unit
Counsel	72,610	Legal – Children's Services
Social Welfare Examiner	35,840	EC Works Center
Clerk Typist (Spanish Speaking)	27,840	EC Works Center
Social Welfare Examiner Sp. Speak	35,840	Employment & Financial Planning Teams

Position	Salary	Cost Center
Employment Counselor	46,378	Temp Asst Specialized Teams
Clerk	27,840	Temp Asst Specialized Teams
Data Entry Operator	30,928	Temp Asst Specialized Teams
Data Entry Operator	30,928	Temp Asst Specialized Teams
Employment Counselor	46,378	Employment Assessment
Sr. Social Welfare Examiner Sp. Speaking	39,292	Transition to work Teams
Social Welfare Examiner	35,840	Transition to work Teams
Sr. Caseworker	46,378	Child Day Care
Social Welfare Examiner	35,840	Multi Abuse Assessment Teams
Head Social Welfare Examiner	49,928	Food Stamps Eligibility
Sr. Social Welfare Examiner	39,292	Food Stamps Eligibility
Sr. Social Welfare Examiner	39,292	Food Stamps Eligibility
Social Welfare Examiner	35,840	Food Stamps Eligibility
Social Welfare Examiner	35,840	Food Stamps Eligibility
Social Welfare Examiner	35,840	Food Stamps Eligibility
Social Welfare Examiner	35,840	Food Stamps Eligibility
Social Welfare Examiner	35,840	Food Stamps Eligibility
Social Welfare Examiner Sp. Speak	35,840	Food Stamps Eligibility
Clerk	27,840	Food Stamps Eligibility
Social Welfare Examiner	35,840	Community Medicaid Eligibility
Social Welfare Examiner	35,840	Community Medicaid Eligibility
Social Welfare Examiner	35,840	Community Medicaid Eligibility
Sr. Caseworker	46,378	CASA Homecare Eligibility
Sr. Caseworker	46,378	CASA Homecare Eligibility
Caseworker	39,292	CASA Homecare Eligibility
Sr. Medicaid Reform Specialist	42,821	Medicaid Reform/managed Care
Sr. Med Reform Specialist	42,821	Medicaid Reform/managed Care
Social Welfare Examiner	35,840	Medicaid Reform TPHI
Social Welfare Examiner	35,840	Medicaid Reform TPHI
CHAP health Aide	29,575	Medicaid Reform C/THP
Social Services. Clinic Spec	54,945	Services clinic Specialist
Social Services Clinic Spec	54,945	Services clinic Specialist
Child Protection worker	42,821	Child Protective Services
Child Protection worker	42,821	Child Protective Services
Child Protection worker	42,821	Child Protective Services
Child Protection worker	42,821	Child Protective Services
Social Case Supervisor unit	54,945	Children's Services
Caseworker	39,292	Children's Services
Caseworker	39,292	Children's Services
Social Case Super Unit	54,945	Children's Services
Social Services Team Worker	32,887	Adoption
Sr. Caseworker	46,378	TANF Services Plan
Caseworker	39,292	TANF Services Plan

Position	Salary	Cost Center
Sr. Home Economist	49,928	Services Support Services
Homemaker	29,575	Services Support Services

Energy crisis workers are necessary for the opening of the Home Energy Assistance programs in November 2005. The system support specialist is necessary to perform Child Welfare Service computer system functions. Four positions are restored for investigations and collections – positions critical to ensuring that the County files liens against personal injury recoveries, arranges repayments for over-grants including lawsuits or garnishments. This is also the business case for restoring a Medicaid auditor, a position that results in significant cost avoidance for the County. It is also recommended that the County restore child support services, as these services also help to reduce other public assistance for clients.

There are many positions where providing or increasing services lead to diversions from public assistance. For example, the County should restore a social welfare examiner and clerk typist in the EC Works program – the Department's Orientation program, discontinued due to layoffs, provided 3,737 diversions in 2004, and the Self Sufficiency Unit provided 1,249 diversions from welfare in 2004. Likewise, the County should restore a Child Daycare caseworker – this supports client work activity participation and job placement and retention.

Many positions are necessary to avoid legal or fiscal sanctions. For example, legal counsel for children's services is necessary to ensure Federal IV E compliance to avoid possible fiscal sanctions.

The County should also work to restore positions directed at Spanish speaking individuals. It can be extremely time consuming and difficult for clients where language barriers exist. There currently is reduced capacity within the Department to assist Spanish speaking clients. The restorations will provide three additional Spanish speaking social welfare examiners, and a Spanish speaking clerk typist. Besides the benefits to clients, these will reduce costly translation services the County currently must contract to provide.

The County should also restore 4 positions in the Temporary Assistance to Needy Families (TANF) program to deal with caseloads that could result in legal sanctions and should also contain costs by better determining eligibility and monitoring aid issuance. It should also restore 2 caseworkers related to the TANF services plan devoted to foster care placements.

The County should restore 3 individuals dedicated to employment assessment and transition to work teams and an examiner on the multi-abuse assessment teams. Besides the obvious benefit of moving individuals into work as opposed to welfare, these workers are necessary to achieve federal TANF client work participation rates and to avoid fiscal penalties for failure to meet increasing participation rates.

The County should restore 10 positions relating to the Food Stamps program. These positions are 100 percent federally funded and are necessary to meet State and Federal timelines and to reduce the risks of fiscal penalties, sanctions, and lawsuits.

The County should restore three social welfare examiners dedicated to determining Medicaid eligibility. Caseloads in this area are nearly 1,000 per worker, while 300 per worker is considered ideal. Besides the cost avoidance issues surrounding accurately determining Medicaid eligibility, this is also necessary to meet State and Federal timeliness mandates and reduce the risk of fiscal sanctions and penalties.

While providing Medicaid caseworker service is important, it is just as critical to continue efforts to reform the program. This restoration initiative provides 5 positions devoted to Medicaid reform, targeted at managed care and third party health insurance. Third party health insurance achieved over $112 million in Medicaid cost avoidance in FY2004, but staff reductions are causing it to fall below projections for 2005 – 23.1 percent below for the first 6 months of FY2005. This translates into a potential cost avoidance loss of $25 million for FY2005.

The County should restore 2 clinical specialists, 4 child protective workers, and 4 children's services caseworkers in the Foster Care program. These positions reduce foster care placements and are necessary to maintain federal Title IV E compliance. The County should also restore a position focused on adoption, which is a cost containment measure focused on reducing length of stay in foster care and also helps the County meet Title IV 4 requirements. The Senior Home Economist and Homemaker positions should also be restored, as they are also focused on cost containment by reducing length of stay in foster care.

The salary necessary to fund the recommended positions totals $ 2,526,554. Coupled with fringe benefit costs of $1,240,538, the total cost of the positions totals $ 3,767,092. However, much of the cost of these positions is reimbursed by the Federal and State governments. It is projected that these reimbursements total $2,831,346. As a result, the local share for these positions would total $935,746. The costs associated with the following fiscal years have been increased by the same percentages assumed in the fiscal gap model.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Increased Staffing	$0	($3,767,092)	($3,916,646)	($4,120,703)	($4,328,798)
Total Cost	**$0**	**($3,767,092)**	**($3,916,646)**	**($4,120,703)**	**($4,328,798)**
State and Federal Reimbursement	$0	$2,863,218	$2,944,000	$3,097,000	$3,253,399
Total Savings	**$0**	**($903,874)**	**($972,646)**	**($1,023,703)**	**($1,075,400)**

In FY2005, expenditures have been discounted 100%. Because of hiring delays the expenditures have been discounted 25 percent in FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	25%	0%	0%	0%
Fiscal Impact	$0	($710,000)	($973,000)	($1,024,000)	($1,075,000)

159. Enhance Efforts to Implement Blueprint for Change, Integrated Case Management and Other Cost Saving Initiatives

Dept:	Social Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$6,500,000
		Required Approval:	County

In January 2001, Erie County Executive Giambra launched the Blueprint for Change initiative to make organizational and service delivery improvements for more cost effective, integrated, and outcome focused services for children and families. The Steering Committee for the Blueprint is led by the Commissioner of Social Services and includes the leadership of the Departments of Health, Mental Health, Probation, Self-Sufficiency, and Senior Services. There are also teams assigned the responsibility for operational change and ad hoc management support (dealing with planning, evaluation and research; personnel/labor relations; finance; logistics; and information technology).

However, the County's fiscal issues have required some modification of the original Blueprint. Where the plan originally sought to establish one Department for Children, Youth and Families now administered by five county departments, the revised structure calls for three departments, each headed by a Commissioner. The Departments of Senior Services, Mental Health, and Social Services will be combined into one Department of Human Services. The Departments of Health and Probation will have services related to children and families reassigned to the Division of Children and Families; the Departments will continue, however, as independent Departments. The plan has also been broadened to include integration of services to adults, with adult protection and long term care services moving to a new Division of Adults and Senior Services within the Department of Human Services.

On June 13, 2005, the Steering Committee identified the initial cross-department collaboration projects to begin the implementation process. The projects include:

- Development of the Division of Children and Families to be implemented in phases corresponding to clusters of services that consolidate related programs from the existing Departments of Health, Social Services, and Probation/Youth Services;

- Development of the Division of Adult and Senior Services implemented in phases and consolidating services from the Departments of Social Services and Senior Services; and

- Development of Performance Based Master Contracts, which will increase the coordination and consolidation of multi-department contracts with provider agencies and increase the use of outcome and performance based contracts.

There are a variety of opportunities for a revamped structure to provide greater efficiency, better coordination of services, and more consistent cooperation and collaboration. While the focus, understandably, should be toward improving outcomes for clients, there are also opportunities for administrative savings and efficiency. With the staff reductions from FY2005 in mind, there should be opportunities to pool administrative resources and create greater staffing flexibility under the revised structure.

In the long run, the plan to develop a standardized case management database through the County's Enterprise Resource Planning (ERP) system has great potential. The County should continue to plan for its implementation, and it could prove to be a logical candidate for funding through the State of New York's Efficiency Incentive Grant Funds, by which the County can access up to $10 million a year (if appropriated) for a plan to achieve recurring savings through innovations and reengineering.

While the impacted Departments work toward these long range goals to improve organizational and client outcomes, the Department of Social Services should continue its efforts to obtain program cost reductions and improved client services. The Department has had many notable successes in this area, and there have been demonstrated savings in demonstration projects dealing with disease management, use of community based services to replace more expensive inpatient psychiatric and substance abuse services, and "wrap around" services for children and youth to reduce the utilization of high cost residential treatment.

There are continued opportunities to increase the use of disease management and other strategies. Currently, the Department is partnering with Chautauqua County and UB Family Medicine, Inc., on a disease management RFP to the New York State Department of Health Medicaid Disease and Care Management Demonstration Program. These sorts of partnerships are available in other areas as well; within the County, there have been notable successes in reducing costs and improving patient outcomes relating to Diabetes and through pharmacy case management. The Department should seek opportunities to partner within these and similar efforts.

Given the opportunities that exist, a target for savings of $5.0 million from reorganization, integrating case management and services has been established for the Departments engaged in the Blueprint for Change. This will require the continued development of the SAS ERP system as well as progress on the organizational restructuring embodied in the Blueprint. As a consequence, the savings have been discounted 100 percent in FY2006 and FY2007, 50 percent in FY2008, and 20 percent in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	100%	50%	20%
Fiscal Impact	$0	$0	$0	$2,500,000	$4,000,000

PROBATION AND YOUTH DETENTION

MISSION

The mission of the Erie County Probation Division is to provide community protection, offender accountability as well as timely and accurate information to the criminal and Family Court systems. Additional services provided to Family Court include screening and referral of domestic violence and incorrigible youth complaints. Addressing the needs and concerns of victims is paramount to our mission.

These tasks are accomplished through the provision of comprehensive pre-sentence investigations, the utilization of professional casework techniques and practices in order to monitor rehabilitate, and correct the behavior patterns of both adult and juvenile offenders.

GOALS

- Transitioning Youth Services and Secure and Non-Secure Detention as part of Blueprint for Change initiative into the Division of Children and Families.
- Review and update Policy and Procedures manual.
- Strategic planning for the entire Department.
- Increase revenue by increasing the amount of fees collected. Accomplish this by implementing additional fees and allowing defendants to pay with credit cards and refer non-payers for collections efforts.
- To decrease the size of caseloads and enhance officer supervision through specialization and new hires.
- Continued expansion of technology that will allow for enhanced supervision capabilities.
- Continued deployment of staff into the community in nontraditional hours.
- Restructure caseloads to take advantage of community resources.
- To continue to pursue grant opportunities.
- Continued involvement in prevention activities within public schools.
- Overhaul and implementation of domestic violence policy.
- Continued expansion of MIS programs including hardware and software applications.
- Enhanced collaboration with other law enforcement and service related agencies.

Source: Erie County Department of Probation and Youth Detention

MEASURES OF PERFORMANCE

Reductions of cases on general supervision caseloads	15%
Reduction in school truancy	10%
Increase in the number of youth served by the Alternative Home Services Program rather than the more expensive facility-based programs,	10%

Source: Erie County Department of Probation and Youth Detention

DEPARTMENT INITIATIVES

11. Review Probation Caseloads and Adjust Staffing to Meet Supervision/Investigation Responsibilities and Reduce Unnecessary and Costly Incarceration

Dept:	Probation, Youth Detention	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	($5,438,000)
		Required Approval:	County

From 2004 to 2005 the number of Probation Officers has decreased from 90 to 58 as a result of lay-offs and retirements. The Buffalo-Niagara Partnership report notes that "the reduction in probation officers will increase County jail costs" and recommends that some probation officers be rehired.

In relation to comparable counties, the number of caseloads per officer in Erie is high. According to information from the New York State Division of Probation and Correctional Alternatives (DPCA), the County is at an average of 89.7 cases per probation officer as compared with 70.3 in Niagara, the next highest of the counties surveyed, and is more than double the average in Onondaga and Suffolk. It should be noted that this is an imprecise measure of workload as there is a wide degree of variation in the actual number of cases per Probation Officer. This is, however, an indication that overall Erie County is likely understaffed.

Further, since this information was compiled the number of Erie probation officers has declined from 61 to 58, and the Department reports an even higher average of 109 cases per officer.

Average Caseload per Probation Officer in 2005

	Erie	Onondaga	Nassau	Suffolk	Westchester	Monroe	Niagara
Number of probation officers	61	74	112	266	162	142	23
Average number of cases supervised per day	5,472	3,006	7,505	11,726	7,769	6,640	1,618
Average caseload per probation officer	89.7	40.6	67.0	44.1	48.0	46.8	70.3

Erie County should restore 24.5 Probation Officers including: four to conduct pre-sentence investigations, eight to reduce the caseload per probation officer, two to staff a weekend Release

Under Supervision (RUS) program and 10.5 to staff Electronic Monitoring (six positions times a 1.75 relief factor[29]). Additionally, the County should hire two Probation Supervisors, one RPT Investigative Aide, and two part-time Investigative Aides. While this initiative will cost the County real dollars despite a partial State reimbursement, savings are anticipated to result from a smaller jail population as indicated in the Breaking the Cycle Report. With the addition of these staff, the following programs are anticipated to bring reductions in the daily prison population:

- Pre-Trial and Release Under Supervision Weekend Program (50)
- Weekend Programs (7, during weekends only)
- Electronic Monitoring (100)
- GPS (50)

All of these initiatives seek to reduce costly and avoidable incarceration in the Holding Center and Correctional Facility. The Pre-Trial Release program evaluates those charged with misdemeanors and non-violent felonies for release. Through the RUS program, individuals can remain in the community while their case is pending. Because these programs are not staffed on weekends, individuals booked on the weekends are placed in a holding center longer than necessary.

Enhancements in the weekend programs will allow more individuals to be monitored in their homes instead of in a detention facility, and the electronic monitoring program will allow more individuals to be closely monitored. The County is also considering the use of Global Position Systems to monitor probationers. The Breaking the Cycle Report indicates that this program could reduce the jail population by an additional 50 prisoners per day.

In addition to expanding these programs that help to reduce the jail population, eight officers will provide supervision to adults and juveniles. Four will conduct the pre-sentence investigation reports required by the Courts for Class A offenses. Prior to the staff reductions, there were eleven investigators. There are now seven. Before the staff reductions the reports took about six weeks to prepare, according to the Commissioner of the Probation Department. Now, they can take 16 weeks. Until sentencing takes place, the County bears the cost of incarceration.

The 2005 average salary for the Probation Officers is anticipated to be $52,337, with a total cost of $78,075 including fringe benefits and overtime, and an adjusted cost of $65,514 because of State aid. The total net cost in 2005 would be $1,605,093 for all 24.5 officers. This is calculated as follows: 24.5 Officers multiplied by the average salary of $52,337 plus $1,100 in anticipated overtime plus fringe benefit rate of 49.2 percent minus anticipated state reimbursement of 20 percent of the salary and 20 percent fringe benefit rate. The salary, fringe

[29] The relief factor of 1.75 is the standard used by NY State for the Erie County Holding Center which we also applied to the probation officers for our purposes since these 6 positions are replacing correction officers in the Holding Center.

benefit rate, and overtime amount have been adjusted in FY 2006-09 to account for anticipated changes.

The anticipated 2005 cost for the RPT Investigative Aide would be $43,357. This is calculated as follows: salary of $29,064 plus fringe benefit rate of 49.2 percent. The salary and fringe benefit rate have been adjusted in FY 2006-09 to account for anticipated changes.

The cost for the 2 part-time Investigative Aides is anticipated to be a total of $31,281 in 2005. This is calculated as follows: salary of $29,058 plus FICA of 7.65 percent.

The anticipated 2005 average salary for the Probation Supervisors is anticipated to be $63,594, with a total cost of $94,868 including fringe benefits, and an adjusted cost of $79,605 because of State aide. The total cost in 2005 would be $159,210. This is calculated as follows: 2 Probation Supervisors multiplied by average salary of $63,594 plus fringe benefit rate of 49.2 percent minus anticipated state reimbursement of 20 percent of the salary and 20 percent fringe benefit rate. The salary, fringe benefit rate, and overtime amount have been adjusted in FY 2006-09 to account for anticipated changes.

This initiative is anticipated to reduce overtime. In 2004, overtime was $115,544 for the Probation Department. In 2005, it is anticipated to be $246,639. Base overtime is expected to grow by 3.5 percent to $255,271 over the 2004 projection. The addition of Probation Officers is expected to reduce overtime by 15 percent. The overtime reduction anticipated in 2006 is $38,291.

Net Fiscal Impact of *Review Inmate Population through Alternative Sentencing* Initiative (Jail Management Chapter) and *Review Probation Caseloads* Initiative

Initiative	FY2005	FY2006	FY2007	FY2008	FY2009	Cumulative
Reduce Inmate Population through Alternative Sentencing	$0	$1,957,000	$4,567,000	$5,312,000	$5,555,000	$17,391,000
Review Probation Caseloads and Adjust Staffing to Meet Supervision/Investigation Responsibilities and Reduce Unnecessary and Costly Incarceration	$0	($1,851,000)	($1,919,000)	($2,019,000)	($2,117,000)	($7,906,000)
Net Impact		**$106,000**	**$2,648,000**	**$3,293,000**	**$3,438,000**	**$9,485,000**

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Probation Officer	($1,605,000)	($1,661,000)	($1,727,000)	($1,817,000)	($1,909,000)
Investigative Aide PT	($31,000)	($32,000)	($34,000)	($35,000)	($36,000)
Investigative Aide RPT	($43,000)	($45,000)	($47,000)	($49,000)	($52,000)
Probation Supervisor	($145,000)	($151,000)	($151,000)	($159,000)	($162,000)
Total Cost	**($1,824,000)**	**($1,889,000)**	**($1,959,000)**	**($2,060,000)**	**($2,159,000)**
Overtime Savings	$0	$38,000	$40,000	$41,000	$42,000
Total Savings	**$0**	**$38,000**	**$40,000**	**$41,000**	**$42,000**
Total Cost	**($1,824,000)**	**($1,851,000)**	**($1,919,000)**	**($2,019,000)**	**($2,117,000)**

This initiative has been discounted by 100 percent in FY2005 as it will be implemented on January 1, 2006. The costs from this initiative are estimated to be $7,906,000, which is mitigated by a savings of $17,391,000 from the *Review Inmate Trends for County in Conjunction with Overall Criminal Justice Coordination* initiative under Jail Management, creating a net savings of $9.5 million.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	31%	31%	31%	31%
Fiscal Impact	$0	($1,275,000)	($1,320,000)	($1,389,000)	($1,454,000)

12. Establish Supervision Fee for Probationers

Dept: Probation, Youth Detention
Division/Bureau: Probation

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY05: $1,039,000
Required Approval: State

Many counties have implemented fees to recover costs involved with the supervision of prisoners. Nassau County recovered $541,262 in 2004 from a $40 per month fee. Suffolk County charges $50 per month.

The Erie County Legislature has approved a fee of $35 per month to monitor probationers. This fee is being implemented in September 2005 and the first receipts are anticipated in October. With approximately 6,000 cases annually, the implementation of this fee would bring in $2,520,000 each year, less a discount factor based on the anticipated collection rate. The County has found that other counties that assess a similar fee have a collection rate of approximately 30 percent. The total fiscal impact is based on an average of 6,000 cases multiplied by $35 per month multiplied by 12 months. The fiscal impact is adjusted in FY2007-09 to account for anticipated growth.

Summary of Revenue
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue	$2,520,000	$2,520,000	$2,570,400	$2,624,378	$2,682,115
Total Revenue	**$2,520,000**	**$2,520,000**	**$2,570,400**	**$2,624,378**	**$2,682,115**

Preliminary data from comparable counties show significant variation in collection rate experience. Given that these fees will be new, this initiative is discounted by 100 percent in FY2005 and by 90 percent in FY2006-09 to allow time for implementation and anticipated collection rates.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	90%	90%	90%	90%
Fiscal Impact	$0	$252,000	$257,000	$262,000	$268,000

13. Institute Fee for Probationer Testing

Dept: Probation, Youth Detention
Division/Bureau: Probation
Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $128,000
Required Approval: State

Counties across New York impose a drug testing fee to help offset the costs involved with drug testing. Nassau County charges $10 per test and Westchester charges $10 per month for an unlimited number of tests in that month.

Each year there are approximately 2,075 new probationers that require drug testing. To offset the costs of providing the approximately 5,425 drug tests that are administered each year, the County Legislature has approved a one-time fee of $50 that will be due at sentencing. The fee is being implemented in September 2005 and the first receipts are anticipated in October. On an annual basis, this fee will realize $103,750, less a discount factor based on the anticipated collection rate. This is calculated as follows: 2,075 individuals multiplied by $50 due at sentencing each year. The fiscal impact is adjusted in FY2007-09 to account for anticipated growth.

Summary of Revenue
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue	$103,750	$103,750	$105,825	$108,047	$110,424
Total Revenue	**$103,750**	**$103,750**	**$105,825**	**$108,047**	**$110,424**
Total Revenue	$103,750	$103,750	$105,825	$108,047	$110,424

Preliminary data from comparable counties show significant variation in collection rate experience. Given that these fees will be new, this initiative is discounted by 100 percent in

FY2005 and by 70 percent in FY2006-09 to allow time for implementation and anticipated collection rates.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	70%	70%	70%	70%
Fiscal Impact	$0	$31,000	$32,000	$32,000	$33,000

20. Implement Custody and Visitation Investigations Fee

Dept: Probation, Youth Detention
Division/Bureau: Probation
Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $16,000
Required Approval: State

As other counties have done, Erie recently approved a custody and visitation investigations fee. Onondaga County bases its fees on Adjustable Gross Taxable Income. For visitation investigation fees, it charges $200 if income is over $30,000. For adoption fees, $0 is charged for those with income of less than $30,000, $150 if income is greater than $30,000, $300 if income is over $40,000, and $500 for those with incomes over $50,000. In 2004, Onondaga County recovered $20,275 from these fees.

In Erie, the fees for custody and visitation investigations will be implemented on a sliding scale. Collections are anticipated to begin in October 2005. In 2004, there were 276 custody and visitation investigations ordered. With the imposition of the fees, the County anticipates that the number of investigations will decrease by 40 to 50 percent because demand will fall. Therefore, this initiative anticipates that there will be 140 investigations ordered. The fiscal impact is adjusted in FY2007-09 to account for anticipated growth.

Fee Schedule for Custody and Investigation Fees

Probation Department Custody and Visitation Fee Schedule						
Combined Income of Parents	**Number of Dependents**					
	1	**2**	**3**	**4**	**5**	**6**
$20,000 or less	0	0	0	0	0	0
$20,001 - $25,000	50	0	0	0	0	0
$25,001 - $30,000	100	50	0	0	0	0
$30,001 - $35,000	150	100	50	0	0	0
$35,001 - $40,000	200	150	100	50	0	0
$40,001 - $45,000	250	200	150	100	50	0
$45,001 - $50,000	300	250	200	150	100	50
$50,001 - $55,000	350	300	250	200	150	100
$55,001 - $60,000	400	350	300	250	200	150
$60,001 - $65,000	450	400	350	300	250	200
$65,000 and up	500	450	400	350	300	250

To calculate the financial impact of this initiative, it is assumed that the average fee that will be collected is $100 and that 140 investigations will be completed annually. The first collections are anticipated in November. Based on these assumptions, then the annual amount collected will be $22,400. The fiscal impact is adjusted in FY2007-09 to account for anticipated growth.

Summary of Revenue
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue	$14,000	$14,000	$14,280	$14,580	$14,901
Total Revenue	**$14,000**	**$14,000**	**$14,280**	**$14,580**	**$14,901**
Total Revenue	**$14,000**	**$14,000**	**$14,280**	**$14,580**	**$14,901**

Preliminary data from comparable counties show significant variation in collection rate experience. Given that these fees will be new, this initiative is discounted by 100 percent in FY2005 and by 70 percent in FY2006-09 to allow time for implementation and anticipated collection rates.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	70%	70%	70%	70%
Fiscal Impact	$0	$4,000	$4,000	$4,000	$4,000

14. Establish Pre-Sentence Investigation Fee

Dept: Probation, Youth Detention
Division/Bureau: Probation

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $1,087,000
Required Approval: State

The Probation Department provides pre-sentence investigation reports to the courts for persons convicted of both criminal and civil offenses. The County will establish a pre-sentence investigation fee of $300 to help offset the cost of these reports.

Nassau County charges $300 for normal and $400 for enhanced pre-investigation fees. The collection rate is approximately 35 percent.

Implementing a fee of $300 in Erie County would realize $1.5 million a year, less a significant discount factor based on estimated collection rates. This is calculated at a fee of 5,000 reports annually. The fiscal impact is adjusted in FY2007-09 to account for anticipated growth.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue	$1,500,000	$1,500,000	$1,530,000	$1,562,130	$1,596,497
Total Revenue	$1,500,000	$1,500,000	$1,530,000	$1,562,130	$1,596,497
Total Revenue	**$1,500,000**	**$1,500,000**	**$1,530,000**	**$1,562,130**	**$1,596,497**

Preliminary data from comparable counties shows significant variation in collection rate experience. Given that these fees will be new, this initiative is discounted by 100 percent in FY2005, 90 percent in 2006, and by 80 percent in FY2007-09 to allow time for implementation and anticipated collection rates.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	90%	80%	80%	80%
Fiscal Impact	$0	$150,000	$306,000	$312,000	$319,000

15. Implement an Electronic Monitoring Fee

Dept: Probation, Youth Detention
Division/Bureau: Probation

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $119,000
Required Approval: State

The County is implementing a $3 per day electronic monitoring fee for each of the 88 individuals being electronically monitored. It is anticipated that the County could realize $96,360 annually from the implementation of this fee, less a discounting factor for collections anticipated. This is calculated as follows: 88 individuals multiplied by 365 days per year multiplied by $3 per day. The fiscal impact is adjusted in FY2007-09 to account for anticipated growth. If the electronic monitoring program is expanded, additional revenue could be realized.

Summary of Revenue
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue	$96,360	$96,360	$98,287	$100,351	$102,559
Total Revenue	**$96,360**	**$96,360**	**$98,287**	**$100,351**	**$102,559**
Total Revenue	$96,360	$96,360	$98,287	$100,351	$102,559

Preliminary data from comparable counties show significant variation in collection rate experience. Given that these fees will be new, this initiative is discounted by 100 percent in FY2005 and by 70 percent in FY2006-09 to allow time for implementation and anticipated collection rates.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	70%	70%	70%	70%
Fiscal Impact	$0	$29,000	$29,000	$30,000	$31,000

16. Increase DWI Supervision Fee

Dept: Probation, Youth Detention
Division/Bureau: Probation

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $290,000
Required Approval: County

The County has increased its DWI supervision fee from $30 per month to $35, an increase of $5. This initiative is calculated using an estimated 3,900 charges based on the 2004 experience.

Summary of Revenue
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue	$234,000	$234,000	$238,680	$243,692	$249,054
Total Revenue	**$234,000**	**$234,000**	**$238,680**	**$243,692**	**$249,054**
Total Revenue	$234,000	$234,000	$238,680	$243,692	$249,054

Preliminary data from comparable counties show significant variation in collection rate experience. Given that these fees will be new, this initiative is discounted by 100 percent in FY2005 and by 70 percent in FY2006-09 to allow time for implementation and anticipated collection rates.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	70%	70%	70%	70%
Fiscal Impact	$0	$70,000	$72,000	$73,000	$75,000

17. Evaluate Youth Detention Food Services Contract

Dept: Probation, Youth Detention
Division/Bureau: Youth Detention

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: TBD
Required Approval: County

The current food cost per day for secure youth detention is $10.90 and on September 1, 2005 this will increase by the local CPI by 3.4 percent. The current contract has been extended twice. When the current contract expires on August 31, 2006, the County will aggressively pursue a new, more favorable contract. The financial impact of this initiative is to be determined.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings from Food Contract	-	-	-	-	-
Total Savings	TBD	TBD	TBD	TBD	TBD
Total Savings	TBD	TBD	TBD	TBD	TBD

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

18. Reduce Medical Expenditures for Youth Detention Services

Dept: Probation, Youth Detention
Division/Bureau: Youth Detention
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: TBD
Required Approval: County

The Health Division provides medical services and prescription drugs for the detention center and recovers its costs through a MOU with the Probation Department. Nurses that are employed by the County are provided by the Health Department. Physician Assistants are provided via a contract. Prescription drugs for children that have Medicaid or insurance through a private insurance carrier are filled at the ECMC. For those that do not have insurance, the County covers the cost, currently estimated at $10,000 per year.

The most expensive aspect of the program is from nurses that are provided by the County's Department of Health. The estimated cost of this program in 2006 is $400,000. The Physician Assistant contract costs the Probation Department approximately $28,000 per year. This is based on an estimate by the Health Department of $43 per hour X 2.5 hours per day X 5 days per week X 52 weeks.

While the facility will need to remain certified by the State Office of Children & Family Services, it should work to reduce and contain medical costs. The County is working to take advantage of the 340b prescription drug program through the Erie County Medical Center (ECMC). If this is successful, then it is anticipated that the County could save 20 to 30 percent annually, less ECMC administrative costs. The assignment of nursing staff should be reviewed to determine if it is the most cost-effective way of providing service to the youth.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Medical savings	CQ	CQ	CQ	CQ	CQ
Total Savings	CQ	CQ	CQ	CQ	CQ
Total Savings	CQ	CQ	CQ	CQ	CQ

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

19. Maximize Revenue Potential of Secure Youth Detention Facility

Dept:	Probation, Youth Detention	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Youth Detention	**Fiscal Impact To FY09**:	$1,521,000
		Required Approval:	County

The capacity of the secure juvenile facility is 64, although only 48 of the beds are currently used. Erie County should increase the capacity to 64 by adding staff so that it can maximize revenue from the facility by charging other counties to hold youth there. The estimated rental cost per bed is $348 per day for 2005 for the secure facility. Staffing the facility for 64 will require the following additional staff:

- 1 Detention Social Worker
- 7 Youth Detention Workers RPT positions at 32 hours per week
- 18 Youth Detention Workers JG PT at 16 hours per week
- Senior Account Clerk

The estimated cost to the County for these positions in 2005 is $500,685 in salary and $246,223 in benefits. This amount has been inflated by the anticipated growth in salaries and fringe benefits in FY2007 and beyond. Additionally, the County will provide food at cost of $11.27 per day in 2006. This amount has been inflated from FY2007 and beyond at 1.5 percent. These costs will be recovered with approximately 6 placements from other jurisdictions.

It is anticipated that the County will be able to "sell" 10 beds at a rate of $356 per day in 2006. This rate is based on the 2005 calculated rate of $348 for that year, inflated by the anticipated growth of expenditures.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Cost of new positions	$0	($771,486)	($802,130)	($843,955)	($886,609)
Cost of Food	$0	($41,136)	($42,164)	($43,218)	($44,298)
Total Cost	**$0**	**($812,622)**	**($844,294)**	**($887,173)**	**($930,907)**
Revenue	$0	$1,299,969	$1,337,942	$1,378,782	$1,420,376
Total Revenue	**$0**	**$1,299,969**	**$1,337,942**	**$1,378,782**	**$1,420,376**
Revenue	$0	$487,347	$493,648	$491,610	$489,469

This initiative has been discounted by 100 percent in 2005, 30 percent in FY2006, and 20 percent in FY2007 and beyond to allow time for implementation and for uncertainty.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	30%	20%	20%	20%
Fiscal Impact	$0	$341,000	$395,000	$393,000	$392,000

21. Encourage Usage of Juvenile Alternative Home Services

Dept:	Probation, Youth Detention	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Youth Detention	**Fiscal Impact To FY09**:	($494,000)
		Required Approval:	County

The placement of youth in detention facilities is expensive. To reduce County costs and to better address the needs of youth, the County will increase the use of Alternative Home Services to offset the costs of secure, non-secure, and group juvenile programs. Both PINS (Persons in Need of Supervision) and JD (Juvenile Delinquent) youth are assigned to AHS agree to follow the terms of their release and with their parents or guardian. In the AHS program, youth are referred to community programs and their behavior is monitored by a social worker.

The current caseload is an average of 175, according to the Probation Department. In 2004, there were 5 full-time Social Workers to operate the Alternative Home Service and there are now two. In order to properly oversee the 175 youth, the Department recommends a ratio of one Social Worker to 25 Youth.

The County should restore two Social Workers to Alternative Home Services as a way to divert youth from the high cost detention facility. Restoring two Social Workers would cost $113,000. This is calculated as follows: 2 Social Workers at Grade 10, Step 3 multiplied by $45,108 salary plus Fringe Benefits of 49.2 percent minus state reimbursement of 20 percent of salaries plus 20 percent fringe benefit rate. Salaries and fringe benefits have been adjusted in FY2006-09 based on anticipated changes.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Salaries	($90,216)	($93,599)	($96,875)	($100,266)	($103,775)
Fringe Benefits	($44,366)	($46,029)	($47,640)	($49,308)	($51,034)
Total Cost	**($134,582)**	**($139,629)**	**($144,516)**	**($149,574)**	**($154,809)**
State Reimbursement	$21,652	$22,464	$23,250	$24,064	$24,906
Total Reimbursement	**$21,652**	**$22,464**	**$23,250**	**$24,064**	**$24,906**
Total Cost	($112,930)	($117,165)	($121,266)	($125,510)	($129,903)

This initiative has been discounted by 100 percent in 2005 as it will be implemented in 2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	($117,000)	($121,000)	($126,000)	($130,000)

JAIL MANAGEMENT

MISSION

To provide for the public safety by maintaining a safe and secure holding center and correctional facility for the confinement of incarcerated persons in accordance with federal, state and local laws and ordinances.

GOALS

- To update the facilities' computer system to a fully networked system.
- Create opportunities for inmates to contribute to society through work projects that provide a measurable benefit to the citizens of Erie County.
- Provide new forms of training for inmates that will provide them with an employable skill upon release.
- Provide inmates with institutional services that will allow them to search and apply for employment while incarcerated and find educational opportunities for post release assistance.

Source: Erie County Department of Jail Management

MEASURES OF PERFORMANCE

Number of inmate hours logged in service actions corps	43,475
Number of inmates employed on a per day basis	232
Percentage of inmates successfully completing the GED exam	85%
Percentage of inmates successfully completing the High Impact Incarceration Program	80%
Number of community groups providing inmates with religious programs	14
Number of community groups providing inmates with human services.	13
To provide high school equivalency exams to a greater number of inmates	150

Source: Erie County Department of Jail Management

DEPARTMENT INITIATIVES

As part of the analysis to identify savings in this plan, there has been an attempt to holistically examine the time people spend in jail and the costs associated therewith. It was determined that it was possible, in fact beneficial, to reduce the number of nights people spent in jail, without degrading public safety.

Using alternatives to incarceration not only reduces cost for the County, but also assists in helping non-violent offenders transition back to society. In this plan there are three initiatives that when taken together produce substantial savings without any significant degradation of public safety.

- *Reduce Inmate Population Through Alternative Sentencing*
- *Reduce Transportation Costs through Video Arraignments*
- *Review Probation Caseloads and Adjust Staffing to Meet Supervision/ Investigation Responsibilities and Reduce Unnecessary and Costly Incarceration*

In addition to providing savings, these three initiatives reduce the overpopulation problem present in the County's jail management system. Moreover, a forth initiative, *Realign Workforces in Corrections Facility and Holding Center to Maximize Cost-Effective Service Delivery*, directly addresses the overpopulation and understaffing problem in the jails with the addition of Deputy Sheriffs. Although the State has indicated that there are more than 80 new officers needed, this plan has determined that through the various alternatives to incarceration strategies identified here this need could be reduced by 37 officers, when taking into account the number of shifts and actual work time available (i.e. accounting for the total number of days an officer works).

These four initiatives taken together account for significant plan savings:

Anticipated Savings from Jail Population Reduction Initiatives

Initiative	FY2006	FY2007	FY2008	FY2009
Reduce Inmate Population Through Alternative Sentencing	$1,957,000	$4,567,000	$5,312,000	$5,555,000
Reduce Transportation Costs through Video Arraignments	$95,000	$131,000	$135,000	$139,000
Review Probation Caseloads and Adjust Staffing to Meet Supervision/ Investigation Responsibilities and Reduce Unnecessary and Costly Incarceration	($1,851,000)	($1,919,000)	($2,019,000)	($2,117,000)
Realign Workforces in Corrections Facility and Holding Center to Maximize Cost-Effective Service Delivery	$271,000	$538,000	$447,000	$445,000
Total	**$472,000**	**$3,317,000**	**$3,875,000**	**$4,022,000**

While these initiatives provide that the County hires an additional 31 Deputy Sheriffs and 26 Probation Officers, the net savings achieved from these staff changes is more than $11 million, after discounting, over the next four years. Equally as important, these changes serve to mitigate the overcrowding problems and improve the functioning of the criminal justice system.

In short, these initiatives provide an approach to finding better, more cost effective ways to work within the criminal justice system. Additionally, through this analysis, several other areas were found to be ripe for additional study. One such area for future reform was the provision of legal services to indigent defendants. Under the current system, some defendants are provided an Assigned Counsel while others are provided service by the Erie County Legal Aid Society. The Legal Aid Society has indicated they could save the County significant expense if given the full contract for services. The Assigned Counsel program disputed that claim, but during the Plan phase there was not enough time to fully investigate this area. However, the Plan process did provide the push forward for the two programs to solve a problem with inefficiency in providing indigent defense. While they had been working on solving this problem of a bifurcated system of providing representation, they did not bring the proposal to fruition until pressed during the planning process. The County should continue to evaluate the Legal Aid Society proposal to determine if it should use that approach to providing indigent legal representation.

Two other areas for near term savings are the expanded use of videoconferencing and minimizing the time spent in jail by people indicted for a felony prior to the disposition of their case. Fully exploring the use of video conferencing, even beyond what is suggested in the plan, could yield significant savings. There are 38 Town and Justice Courts in the County and the Sheriff incurs significant transport cost for this activity. Once the stakeholders in the criminal justice system (i.e. defense counsel, prosecutors, judges) learn how the system works and see it functioning well, a significant expansion can move forward. Similarly, reducing the time spent in jail by people who have been indicted for a felony prior to there being a decision in their case could yield significant savings. Once there is a full disposition in a case, dismissal or release, there is no more cost to the County. The prisoner is now remanded to the State system or released altogether. However, this aspect is mainly under the control of the Courts and not of the County. This is true even though the County incurs significant expense for this activity.

The ideas and strategies put forward in this plan will yield significant savings; however, they are only another step in the work that is yet to be done in reforming the County's criminal justice system. The County, Courts, Prosecutors and Defense Counsel will continue to work together to reduce the costs of the criminal justice system while more effectively delivering services to the Citizens of Erie County.

24. Reduce Inmate Population Through Alternative Sentencing

Dept:	Jail Management	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$17,391,000
		Required Approval:	County

During the years 2000 – 2004 the Erie County Holding Center housed an average of 880 inmates per night at considerable cost to County taxpayers. The analysis below describes a strategy to reduce nightly inmate population by more than 200 people per night. The five components of this strategy are:

1) Increase the use of electronic monitoring for "Release Under Supervision (RUS)" and "house arrest" for offenders who pose a low-risk to the community (100 people per night);

2) Acquire Global Positioning Systems for "Release Under Supervision" and "house arrest" for offenders who pose a higher risk to the community (50);

3) Expansion of the Pre-trial and Release Under Supervision by hiring additional probation officers (50);

4) Adjust probation department schedule to provide for weekend supervision (7); and

5) Use Video Arraignment equipment to increase the time during which arrestees can be arraigned (6)

This strategy, when fully implemented should result in the reduction of an average of 213 detainees per night reducing costs by approximately $3.8 million per year. In addition to reducing costs, this prisoner reduction helps the County address overcrowding problems within the Holding Center Facility itself (see below).

Background

New York State law[30] mandates that the Sheriff of Erie County manage and oversee the Erie County Holding Center. This Center is regularly burdened by overcrowding problems, so much so that to date, the NYS Corrections Commissions has granted 19 variances that allow the Holding Center to house detainees above the official inmate maximum capacity of 586. Typically this number is exceeded on any given day. Since March 2005, these variances have had to be applied for quarterly. The average daily number of inmates for the Holding Center for the years 2000-2004 was 880, ranging from as high as 1,153 to no lower than 637, with an average length of stay of 19 days.

Average Daily Population in the Holding Center 2000 to 2004

	FY2000	FY2001	FY2002	FY2003	FY2004
Male	709	737	801	779	873
Female	91	91	102	103	116
Total	**800**	**828**	**903**	**882**	**989**
Average Daily Population All Years.............880					

With fewer Probation Officers due to layoffs and retirements in 2005, Judges have been more likely to sentence offenders to jail time instead of using alternative sentencing methods. It is impossible to quantify precisely the number of offenders sentenced to jail rather than an alternative due to judges' perceptions of inadequate probation coverage. However, in discussions with Erie County judicial administration personnel it appears that this number could be greater than 15 people per night.

[30] NY Stat. art 17, §650 (1)

Additionally, with a higher caseload per officer, Pre-Sentence Investigation cases have become backlogged, thus increasing the number of days detainees must remain incarcerated. The initiative *Review Probation Caseloads and Adjust Staffing to Meet Supervision/Investigation Responsibilities and Reduce Unnecessary and Costly Incarceration* (Review Probation Caseloads) described elsewhere in this plan, recommends hiring 24.5 additional Probation Officers.

These additional Probation Officers would enable the expansion of the alternative sentencing, Pre-Trial Services and RUS programs, and achieve a prison population reduction of 207 inmates daily, along with a further reduction of 6 inmates daily from the *Reduce Transportation Costs through Video Arraignments* initiative described elsewhere in this plan will produce a savings of $29,000 annually and after the hire of an additional 24.5 Probation Officers at a cost of $1,605,093 in FY2006 (14 Probation Officers + 2 for Electronic Monitoring X 3 shifts X 1.75 relief factor X 65,514 average salary), a net savings of $3,288,429 in FY2006 and $9,485,433 through FY2009. These programs are described more fully below.

<u>Increase the use of electronic monitoring for "Release Under Supervision" and "house arrest" for offenders who pose a low-risk to the community (100 people per night):</u>

The addition of Probation Officers will allow the Electronic Monitoring program to be expanded. Currently, the Department has 150 Electronic Monitoring Devices (e.g. ankle bracelets) but only uses 50 since there are not enough Probation Officers to monitor more probationers. The Department estimates that it would need an additional 2 Probation Officers per shift to monitor the additional 100 probationers. Many individuals referred to the RUS program are monitored through electronic monitoring bracelets, telephone and personal contacts, and are required to undergo evaluation and follow-up for issues such as substance abuse, mental health or employment. In addition, the use of electronic monitoring could allow low risk offenders to be sentenced to house arrest. The Department of Probation, Judicial Administration Personnel, and Defense Counsel indicated that they would all support expanded use of electronic monitoring for low risk offenders. Increased electronic monitoring could reduce an average of 100 people per night in jail. Of the 150 electronic monitoring bracelets the Probation Department has, it would like to upgrade 50 of the older models at a cost of $76,288. It is assumed that this cost will be offset by receipt of the State Efficiency Grant.

<u>Acquire Global Positioning Systems for "Release Under Supervision" and "house arrest" for offenders who pose a higher risk to the community:</u>

While Electronic Monitoring Devices can indicate to the Probation Department where a probationer "is not," a Global Positioning Device can indicate to the probation department where a probationer is. Individuals posing a more significant risk would be monitored and tracked by actual movement and location with the use of active and passive Global Positioning Systems (GPS). Nassau County, NY, has been using GPS to track sex offenders since 2002. This costs Nassau $10/day, which they in turn charge the probationers, recovering costs at a rate of 60 percent. Suffolk County is currently testing various GPS technologies, also for their sex offender probationers. They have found the average cost of service is $10 per unit per day, and that many vendors charge only a service fee, providing the units free of charge. A study conducted by Suffolk found GPS tracking to be a cheaper alternative to incarceration, including salaries of the additional officers (1 Officer to 6 probationers) which would be needed for the program. Initial cost quotes for this service are $135,000 to purchase the GPS equipment and an optional daily monitoring rate of $2.50 to $3.50 per unit for the 50 units. It is assumed these costs will also be offset by the State Efficiency Grant in addition to the costs of the electronic monitoring devices.

The *Breaking the Cycle*[31] report indicated that 50 GPS systems would be a good start. This analysis verified the reasonableness of that recommendation through discussions with Judicial Administration as well as the Department of Probation. In addition, the Probation Department indicated that the probation officers assigned to monitor the detainees with the 150 electronic monitors could also handle monitoring the GPS systems with no addition of staff. This GPS system strategy could reduce an average of 50 people per night in jail.

<u>Expansion of the Pre-trial and Release Under Supervision by hiring additional probation officers:</u>

Currently, a Pre-Trial Services unit within the Erie County Probation Department screens non-violent felony and misdemeanor cases for both pre-trial release and the Release Under Supervision Program (RUS). The RUS program is an enhanced diversion pre-trial release program provided as an option to posting bail. Individuals charged with non-violent felonies, already on probation, or posing a moderate risk, would be referred to the RUS program. As recommended by the Breaking the Cycle report, the RUS and Pre-Trial Services programs should be staffed on the weekend to help avoid costly and inappropriate weekend detainment. By expanding the structure of the Pre-Trial Services and RUS programs to include weekends, the County has found that more judges will be likely to use these programs.

In 2004, Pre-Trial Services and Release Under Supervision diverted 988 persons from the Holding Center, saving a total of 18,772 days, based on the average of each detainee spending 19 days in the Holding Center prior to release through bail or final disposition of the case. That savings alone amounts to $234,838 (988 diverted persons X 19 days average length of stay X cost per day) annually, using a daily savings of $12.51 per prisoner per day[32]. The Erie County Department of Probation has calculated that level of diversion can be tripled by modifying its release criteria without addition to staff. Additionally, eligibility criteria need to be examined and may be too stringent. Estimates show that in a given year 360 detainees are recommended for the Release Under Supervision program and are not accepted[33]. The County projects an increase of 768 potential detainees diverted from the Holding Center, which could amount to an annual fiscal impact of $182,546 (total number of prisoner days of 19 X 768 X $12.51 cost per day). This strategy would reduce the number of people in jail on average of 40 per night.

[31] Alexander, George B. Commissioner Erie County Department of Probation and Youth Detention Services. Breaking the Cycle: A system-wide Intervention to Address Chronic Overcrowding at the Erie County Holding Center. <u>Preliminary Report</u>. March 14, 2005.
[32] Calculation comprised of food, medical and clothing costs per prisoner per day.
[33] Estimated from the *Breaking the Cycle Report* Preliminary Report. March 2005. p.13

Adjust probation department schedule to provide for weekend supervision:

Since the RUS program is not staffed on weekends, individuals booked on the weekends are placed in a holding center and are typically not processed until the Tuesday following the weekend, increasing the population of persons that are being unnecessarily held. This strategy would reduce the number of people in jail by 7 per weekend night on average.

Use Video Arraignment equipment to increase the time during which arrestees can be arraigned:

Currently, the court stops accepting prisoners for arraignment early in the afternoon. With Video arraignment, the Court would be able to arraign prisoners throughout the day eliminating the need, and cost, for an average of 6 detainees per day to spend the night in jail.

Increase use of Appearance Tickets:

Another potential alternative to incarceration is the increased use of Appearance tickets to help minimize the number of individuals admitted into the Holding Center. For charges classified as low-risk, such as prostitution, shoplifting, fraud, marijuana possession, etc. in which the person does not necessarily pose a risk to the community, an Appearance ticket simply directs the person to appear in court on a specified day and time. This approach minimizes the number of low risk offenders admitted into the Holding Center. Appearance tickets should not only be applicable at the time of arrest, but also after an individual has been admitted to the Holding Center and deemed eligible, thus further reducing the necessary jail population. The County currently seems to make substantial use of Appearance Tickets but should explore ways to increase the use of this option.

Savings from Jail Population Reduction

For every reduction of one inmate, savings in food, medical and clothing total an average of $12.51. According to the Sheriff's office however, in order for personnel cost savings to be realized from a population reduction, the reduction must result in the closing of an entire unit. Units in the linear design are typically sized to hold 8, 22, or 28 inmates, and podular designed cells sized to hold up to 48 inmates. The smaller units could probably not be eliminated since those are typically reserved for problem/special needs inmates that cannot be held with a larger population. Since even one prisoner must be attended by at least one guard, the reduction of a guard is a step function. The Sheriff's Office estimates that for every 28 inmates reduced, 1 guard post could be eliminated, for an average savings of $1,493 per day and $544,828 annually. This was calculated with the average Correction Officer hourly rate of $35.54 which includes fringe benefits at 49.18 percent X a relief factor of 1.75 X 24 hours X 365 days.

With Pre-trial Services and Release Under Supervision expanded to the weekends, overall criteria for being accepted to RUS expanded, and more Probation Officers hired to reduce caseloads, it is estimated that 50 fewer inmates would be incarcerated on a daily basis and 7 fewer on the weekends. Further, with the hiring of more Probation Officers, Electronic Monitoring and GPS use can also be expanded to allow a daily inmate reduction of 100 persons placed on Electronic Monitoring and 50 on GPS along with the 6 for video arraignment would result in a daily reduction of 206 inmates on all days and 7 inmates during the weekend days for a total of 213.

This initiative only includes the savings associated with the jail time reduction. However, when assessing this initiative it is important to include the costs associated with hiring an additional 24.5 FTE probation officers. The table below details the combined savings associated with this initiative.

Net Fiscal Impact of
***Review Inmate Population through Alternative Sentencing* Initiative and**
***Review Probation Caseloads* (Probation Chapter) Initiative**

Initiative	FY2005	FY2006	FY2007	FY2008	FY2009	Cumulative
Reduce Inmate Population through Alternative Sentencing	-	$1,957,000	$4,567,000	$5,312,000	$5,555,000	$17,391,000
Review Probation Caseloads and Adjust Staffing to Meet Supervision/Investigation Responsibilities and Reduce Unnecessary and Costly Incarceration	$0	($1,851,000)	($1,919,000)	($2,019,000)	($2,117,000)	($7,906,000)
Net Impact	**-**	**$106,000**	**$2,648,000**	**$3,293,000**	**$3,438,000**	**$9,485,000**

Summary of Savings
(Before Discounting)

	Reduction in Daily Population	FY2005	FY2006[1]	FY2007	FY2008	FY2009
Pre-trial and Release under Supervision	50	$0	$234,000	$240,000	$246,000	$252,000
Weekend Programs	7	$0	$9,000	$9,000	$9,000	$9,000
Electronic Monitoring	100	$0	$468,000	$480,000	$492,000	$504,000
GPS	50	$0	$234,000	$240,000	$246,000	$252,000
Video Arraignment	6	See *Reduce Transportation Cost Through Video Arraignment Initiative*				
Savings from Inmate Costs	**213**	**$0**	**$945,000**	**$969,000**	**$993,000**	**$1,017,000**
Guard reduction	7	$0	$3,948,000	$4,105,000	$4,319,000	$4,537,000
Savings from Guard Reductions	**7**	**$0**	**$3,948,000**	**$4,105,000**	**$4,319,000**	**$4,537,000**
Total Savings	**213**	**$0**	**$4,893,000**	**$5,074,000**	**$5,312,000**	**$5,555,000**

1. Calculations for FY2006 are as follows: population reduction X 365 days X $12.51 cost per prisoner per day X 1.025 growth rate. Weekend Program calculation: 7 population reduction X 2 days per week X 52 weeks X $12.51 per prisoner X 1.025 growth rate. Out years are based on this calculation plus growth of 2.5 percent in each year.

To allow time for implementation, these savings are discounted by 100 percent in FY2005. It is assumed that these savings would be realized in FY2006, again discounted 60 percent to adjust for implementation. Savings would be discounted by 10 percent in FY2007, and not be discounted thereafter. Additionally, inflation and salary increases have been calculated into the savings.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	60%	10%	0%	0%
Annual savings for a daily inmate reduction of 213	$0	$1,957,000	$4,567,000	$5,312,000	$5,555,000

31. Reduce Transportation Costs through Video Arraignments

Dept:	Jail Management	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$505,000
		Required Approval:	State

In a typical arraignment process, the accused must be processed for transportation, shackled, transported with security to the Court, placed in a court holding facility, guarded during the arraignment, and transported with security back to the Holding Center if further detainment is necessary. The process requires time and personnel. It also involves the potential for danger to officers as well as risk of escape by the accused.

Under a system offering video arraignment, the accused are able to be arraigned without leaving the detention facility. The Clerk swears the accused in and connects the accused through the video conferencing equipment to the Judge, the Prosecution, and the Defense. The proceedings take place as if all were present in the room and the accused is able to see the Judge, the defense attorney, the prosecutor, and any witnesses if they are called. Erie's jail management currently owns the equipment it needs to conduct video arraignments, and only lacks a space in which to hold the arraignments.

As noted in the FY2005 Sheriff's Annual Report, Erie County is the 20th county in the state to receive authorization to conduct video arraignments and currently has 10 video conferencing/ arraignment sites in the county. For FY2005 an estimated 11,265 arraignments will be performed for the County. Transporting prisoners for arraignments requires two deputies per day for an average of three hours per day, seven days per week, at an average transport deputy salary of $24.97 per hour. Up to 24 prisoners can be transported at one time; and according to jail administrators numbers near this level are generally transported. If all 11,265 arraignments were performed via video conferencing, an estimated 2,190 man hours would be saved in transportation costs, which equates to $54,640 in avoided costs for the deputy transport officers' salaries as well as overtime costs resulting from their absence. Annual transportation savings of $2,500 will likewise be achieved in the District Attorney's Office.

Currently, arraignments require four officers per day for eight hours Monday through Friday and two deputies for four hours on Saturday and Sunday at an average pay of $24.58. Total costs for court security translate into 9,152 man hours per year dedicated towards court security or an estimated $224,956 in the salaries for court security guards. Conversations with jail management administrators however indicate that projected security needs for in-house arraignment will be equal to those of courthouse arraignments, requiring 1-2 deputies to supervise defendants awaiting arraignment, 1 deputy to operate the videoconferencing equipment, and 1 deputy to escort prisoners to and from the videoconferencing cell. As such no savings have been forecast for reduced security service needs. It is anticipated that security needs for the arraignment facility will be reimbursed under the Unified Court System grant, as is current court security for the City and County courts.

Video arraignments should also increase the speed which arraignments are processed. Currently, the Sheriff's Office relates that any arrests occurring after 1pm are generally not arraigned until the following day. Based on preliminary discussion with Court administrators, in light of videoconferencing's more efficient processing of defendants, it is possible that arrests between 1pm to 4pm, which would otherwise be detained until the next morning, should be able to be processed by the 5pm court closing time. Using a two-week sample of booking data provided by the Sheriff's Office, an estimated 10.1 percent of intakes, or 88 bookings, occurred between 1pm and 4pm; annualized, this data suggests that an estimated 2,288 bookings will occur between the hours of 1pm and 4pm annually and could potentially be arraigned the same day if video arraignment were used. By shortening all 2,288 defendants' detainment by one day given the earlier arraignment time, for an average of 6.3 inmates per day, an estimated $28,547 in unnecessary inmate housing costs can be saved annually through video arraignment.

Inmate Bookings for Two-Week Period

Time Period	Number of Bookings	Percentage of Bookings
3am to 1pm	251	28.9%
1pm to 4pm	**88**	**10.1%**
4pm to midnight	401	46.1%
Midnight to 3am	129	14.8%
Total	869	

Of even greater impact is the savings that could be achieved in transportation costs to towns and municipalities where videoconferencing could be extended to pre-trial conferences and motions that could be as effectively carried out through videoconferencing. Given the enormous complexity of the legal process and the wide variations between cases, court administrators and the District Attorney's Office deem estimates as to the number of court appearances between arraignment and trial and the percent that might be carried out through video to be difficult to quantify. Nonetheless, using rough estimates given by the district attorney's office and sheriff's office, a single case may have 3-4 court appearances or 2-3 after removal of arraignment. If videoconferencing could be used for some of the remaining court appearances, transportation costs could be reduced for the Sheriff's Office.

In FY2004, the Sheriff's Office conducted an estimated 3,140 prisoner trips to and from town and city courts. Using eleven days worth of inmate transport call data[34], 56 out of 137 (40.9 percent) calls received were to transport a *single* inmate to court; an additional 27 calls (19.7 percent) were to transport only two inmates. Therefore, for the time period selected, 60.6 percent

[34] The call data was selected by Central Police Services radio room and was determined to be representative of typical inmate transport to town and village courts. The data was all calls for inmate transport to courts received from 9/19/2005 to 9/30/2005. This data does not include transport to and from the Buffalo City Court or County court.

of court calls were for one or two inmate transport. Extrapolating this data[35] suggests that annually, over 1,100 court transports are for a single inmate and an additional 556 trips are for two inmates. The average transport time[36] for the data collected was one hour and thirty six minutes. This data suggests that an estimated 2,650 hours per year are being used for single or double inmate transport. Relative to man hours, at $24.97 per transport deputy, two deputies' salaries for 2,650 hours of time would amount to an estimated $132,000 spent on transport to and from local and town courts annually. Although it is difficult to generalize about the percent of non-hearing or non-trial court appearances that might qualify for videoconferencing technology, if one assumes that 20 to 30 percent of appearances could potentially be done through videoconferencing, an estimated $26,000 to $40,000 might be saved annually through deferred transportation costs alone. Notably, this projection does not cost out other benefits resulting from greater administrative efficiencies achieved through videoconferencing.

Summary of Savings
(Before Discounting)

Source of Savings	Estimated Savings
Transportation To/From Buffalo City Courts for Arraignments	$55,000
Transportation Savings from District Attorney's Office	$2,500
Inmate Housing Savings (2,282 nights per year x $12.51/day)	$29,000
Reduced Transportation Costs to Town / Village Courts	$40,000
Fuel Savings for reduced transportation to Town / Village Courts	$500
Total Savings	$127,000

Although these calculations project preliminarily that the use of videoconferencing for arraignment and other suitable court appearances could save up to $127,000 in the first year of implementation, such cost savings should only be considered to be estimates, with the potential to be significantly higher, given the time savings, other difficult to quantify administrative efficiencies that such technology can achieve, and the number of court proceedings that may potentially qualify for videoconferencing. To account for implementation time, a 25 percent discount has been taken for FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$70,000	$140,000	$145,000	$150,000

Generally speaking, one of the strongest benefits of video arraignment is the greater efficiency with which they can be conducted. As the Buffalo Niagara Partnership report *Who Does What?* noted, those arrested in Erie County jurisdictions after regular court hours are generally held in either a municipal overnight lock-up or the county holding center to await arraignment, and

35 Adjusted to just include transport to only town and village courts, does not include transport to City Court and County courts.
36 Transport time begins at dispatch time and includes travel to the holding center or correctional facility to pick up inmate(s), travel time to town or village court, and either estimated or actual return time for dispatched unit to the holding center.

larger municipalities have lock-ups which house prisoners until they can be brought before a municipal judge on the next court business day.

Given the significant cost of housing prisoners, some localities, such as Philadelphia have instituted 24 hour a day, 7 days a week Arraignment Court, located at Philadelphia's Criminal Justice Center. All arraignments in Philadelphia are done via video arraignment, where the detainee will be taken to a secure area in the local district criminal processing unit and will wait to be called into a videoconferencing cell. The offender will be video conferenced through the pre-trial services, who will request background demographic information from the detainee using the telephone and webcams in the cell. Everything said by the defendant is entered into the system. Simultaneously, an ADA seated at a Police Arrest Report System (PARS) terminal in the DA's offices will view the same cases, will read the Police Report on PARS, and will type in the charges that will be brought against the defendant on the basis of the Police Report. At no time does the DA generally meet in person the arresting officer in either felony or misdemeanor cases. Once both agencies have completed their data-entry, all criminal cases go to the Arraignment Queue. The Arraignment Court Bail Commissioner views each case electronically as it reaches the head of the queue, and can view all documents by clicking on different icons (such as the Police Report, Criminal History, Pre-Trial information needed to set bail amount, etc.). The Commissioner sets the trial date and bail terms which are signed electronically by the DA and the Commissioner; and the subpoena is signed by the detainee at the remote terminal. Up to 120 detainees can be arraigned in a Commissioner's session, and each videoconferencing case can take as little as 45 seconds. Because of the efficiencies created by video arraignment, the time needed for security services is less and should achieve cost savings.

In terms of the potential impact of this initiative for Erie County, however, cost savings are limited due to Section 182 of the New York Criminal Procedure Law which states "the court, in its discretion, may dispense with the personal appearance of the defendant, except at a hearing or trial, and conduct an electronic appearance in connection with a criminal action provided that the chief administrator of the courts has authorized the use of electronic appearance and the defendant, after consultation with counsel, consent on record. Such consent shall be required at the commencement of each electronic appearance to such electronic appearance." This law therefore dictates that the accused, counsel to the accused, and court agree to the use of video arraignment.

Of the comparable counties surveyed, Onondaga County implemented video arraignment and related that in practice only 10 percent of accused selected the video arraignment option[37]. Similarly, in a video arraignment survey conducted by the New York State Sheriff's Association, Ontario Count noted that their video arraignment system was generally underused because accused persons general prefer to appear in court, if only to leave the jailhouse for a period time.

As such, given these low participation rates, the cost savings projected previously that can be effected through the adoption of video arraignment technology is drastically reduced. Since two

[37] Onondaga County has recently ceased the use of video arraignment due to low utilization rates.

or more guards must be used to transport prisoners regardless of the number of prisoners being transported, and since prisoners are generally transported in groups of 24, a 10 percent reduction will not affect the number of guards needed. Similarly, the number of officers needed for court security is not anticipated to be affected by a 10 percent reduction in the number of prisoners arraigned. Although a 10 percent usage rate for video arraignment will affect several thousand dollars of savings in transportation costs for the District Attorney's Office, given the additional security would be needed to staff the video arraignment facility, no cost savings have been projected for this initiative without change in State law.

It should be noted however that if New York State law removed the requirement of consent by the accused, cost savings such as those previously discussed should be effected through reduced transportation needs and decreased arraignment time. In turn, this should yield benefits in terms of overtime, court security costs, and lock-up costs, if Erie County were to adopt after hour arraignment capabilities.

22. Reduce Inmate Medical Expenditures through Various Cost Containment Initiatives

Dept:	Jail Management	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$956,000
		Required Approval:	County

Inmate medical care for the holding center and correctional facility is now provided by Erie County through a combination of in-house and outsourced medical services. Medical, dental, and mental health care are available for inmates through in-house infirmaries and referrals to specialty clinics at the Erie County Medical Center (ECMC). In-house infirmaries hold sick call in the evening seven days a week and licensed physicians rotate schedules in order to effectively evaluate inmate medical complaints and provide quality medical care.

FY2004 Medical Care Expenses

Expenditure Category	FY2004 Expenditures
ECMC:	
Laboratory Services	$91,247
Pharmacy Supplies	$1,161
Inmate Services	$566,874
MEDICAL SUPPLIES:	
General Supplies	$19,942
Inmate Prescriptions	$1,390,810
DUES & FEES:	
Dental Services	$33,965
In House Physician	$1,513
Physician Assistants	$100,000
Ambulance Transports	$24,971
Other Vendors	$33,965
PERSONNEL COSTS:	
Holding Center	$1,249,492
Correctional Facility	$695,635
TOTAL MEDICAL EXPENSES:	**$4,209,575**
Average Daily Number of Inmates - HC	990
Average Daily Number of Inmates - CF	528
Total Daily Inmate Population	1,518
AVERAGE ANNUAL MEDICAL EXPENSES PER INMATE	**$2,773**

The ECMC is an important partner of the County's jail management division, and its close proximity to the correctional facility and holding center makes it a natural service provider for inmate medical care. To build upon this historical partnership, financial management of this medical services agreement needs to be evaluated and potentially strengthened to facilitate cost containment measures for inmate medical needs.

The County does not have a contract with the ECMC for inmate medical services. Instead, inmate care is billed at the Medicaid rate and additional Medicaid reimbursements are provided for prisoners who are eligible. Given the current financial arrangement between the County and medical center, ECMC costs are largely driven by the needs of the inmates for that year. As a result, significant variations in ECMC costs can occur from one year to the next. For example, the chart below shows the inpatient and outpatient care provided to inmates in FY2003 compared to FY2004. As shown here, FY2003 total costs of $931,501 exceeded FY2004 costs of $787,943 by $143,558, or 18.2 percent. These increased costs are due to the nearly $200,000 higher costs in FY2003 for inpatient medical care, which when looking at individual patient data can be linked to the unusually high inpatient needs of just a handful of inmates.

FY2003 and FY2004 – ECMC Costs for Inmate Medical Care

Care Type	# Patients	FY2003 Expenditures	# Patients	FY2004 Expenditures
Outpatient				
Corrections Facility	638	($68,654)	717	($84,555)
Holding Center	605	($78,992)	594	($110,237)
Total	**1,243**	**($147,646)**	**1,311**	**($194,792)**
Inpatient				
Corrections Facility	20	($81,738)	26	($123,137)
Holding Center	95	($702,117)	76	($470,014)
Total	**115**	**($783,855)**	**102**	**($593,151)**
TOTAL	1,358	($931,501)	1,413	($787,943)
COST PER INMATE		($686)		($558)

To reduce volatility in annual medical expenditures as well as provide more cost efficient medical service, Erie County is in the process of developing a contract with the Erie County Medical Center. Since Erie County currently pays Medicaid rates for inmate medical care, it is not anticipated that the contract terms will have a large impact on average per inmate medical expenditures; nonetheless the ECMC contract should serve to maintain the current quality of care while encouraging more cost-effective service delivery.

From a cost avoidance standpoint, the County will further explore the following measures to reduce inmate medical costs:

- **Increased in-house specialty clinic capabilities**: Currently, the ECMC provides a number of specialty medical services for the Holding Center and Correctional inmates. Transportation, supervision, and overtime costs are incurred every time inmates travel off-site to receive medical care. If in-house specialty clinic capabilities for the most commonly treated conditions were developed, per annum transportation-related savings could potentially be achieved by the County. Speaking with senior leadership at jail management indicates that some areas to be explored may be STD and AIDS clinic capabilities. A more in-depth analysis reviewing currently outsourced treatments, the costs associated with providing the services in-house (capital needs, staffing requirements), and avoided costs from transportation, overtime, and supervision savings would be required to quantify potential cost savings.

- **Stop-loss insurance for catastrophic inmate medical care**: The County's current lack of stop loss insurance exposes it to significant risks in the event that an inmate may require extremely costly catastrophic care. While it is generally prudent for large governments to self-insure for most expenses, a relatively affordable stop-loss policy should be considered to cap the County's exposure in extraordinary cases, thereby minimizing the risk of unpredictable swings in cost.

- **Pursuit of 340b Drug Pricing Program discounts**: Established in response to the passage of U.S. Public Law 102-585, the Veterans Health Care Act of 1992. Section 340B of this law limits the cost of drugs to federal purchasers and to certain grantees of federal agencies.

Significant savings on pharmaceuticals may be seen by those entities who participate in this program. Inmate pharmaceuticals are presently provided by MedCare, a private pharmaceutical provider. The chart below shows 340b pricing relative to other price levels.[38] Comparisons are shown in relative terms, and each price has been shows as a percentage of the average wholesaler price, average manufacturer's price, Medicaid net price, and federal supply schedule. Non-FAMP[39] refers to the average price paid to a manufacturer by wholesalers for drugs distributed to non-federal purchasers. The Medicaid minimum price structure refers to the rebate for brand name drugs mandated by law[40] and the Medicaid Net pricing refers to the effective drug price after manufacturer rebates to state Medicaid programs. The basic Medicaid rebate is 15.1 percent of AMP for brand name drugs and 11 percent of AMP for generic drugs; Medicaid net reflects the additional rebates that are given for brand name drugs whose AMP increases exceed inflation in the consumer price index.

Jail administrators estimate that current pharmaceutical prices fall somewhere between an average manufacturers' price and the 340b price level. Since the Federal Supply Schedule is only available to federal purchasers, it has been conservatively estimated that the price level now achieved by the Erie County jails is equal to Medicaid Net prices (again, the price levels available to State Medicaid programs). This approximation of a 23.5 percent price differential between Erie's current price levels and 340b pricing is consistent with the Sheriff's Office estimates that a 10 to 20 percent price reduction should be achieved through 340b pricing after payment to the ECMC for administration costs.

Estimated Relationship among Key Price Terms for Pharmaceutical Purchasing

Price Level	Relative Price	% of AWP	% of AMP	% of Medicaid Net	% of 340b
Average Wholesaler Price (AWP)	$1.00	100.0%	125.0%	165.3%	204.1%
Average Manufacturers Price (AMP)	$0.80	80.0%	100.0%	132.2%	163.3%
AMP- Medicaid (minimum)	$0.68	67.9%	84.9%	112.2%	138.6%
Non-FAMP	$0.63	63.0%	78.8%	104.1%	128.6%
Medicaid Net	$0.61	60.5%	75.6%	100.0%	123.5%
Federal Supply Schedule (FSS)	$0.52	51.7%	64.6%	85.5%	105.5%
340b	$0.49	49.0%	61.3%	81.0%	100.0%
Federal Ceiling Price (FCP)	$0.48	47.9%	59.9%	79.2%	97.8%
Veterans Administration	$0.45	44.8%	56.0%	74.0%	91.4%

Source: Pharmaceutical Discounts Under Federal Law: State Program Opportunities. Public Health Institute. May 2001. http://www.phpcrx.org/PHI.Pharm.pdf

Inmate pharmaceutical costs for FY2004 totaled $1,390,810. Even assuming the lower price levels of Medicaid Net, the introduction of 340b pricing should effect a 19.7 percent reduction or $288,000 in FY2006[41], assuming that the relative prices derived in the survey for Medicaid Net and 340b are consistent with the formularies used by County inmates. For

[38] Survey results are based on the composite prices of commonly prescribed brand name drugs.
[39] Non-Federal Average Manufacturer Price
[40] 42 U.S.C Section 1396r-8(C)(l).
[41] FY2005 levels are estimated to be 2.5 percent higher than FY2004 actuals of $1,390,810. A 2.5 percent annual increase has been projected for both 340b pricing and non-340b price levels.

anticipated savings projections, however, a 20 percent discount has been applied from FY2006 to FY2009 to account for the newness of the program as well as variations in inmate pharmaceutical needs from the surveyed drug composite. A one hundred percent discount has been applied for FY2005 to account for the time necessary to gain approval for 340b pricing.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Non-340b Pricing	$1,425,580	$1,461,220	$1,497,750	$1,535,194	$1,573,574
340b pricing	-	$1,173,359	$1,202,693	$1,232,761	$1,263,580
Savings	$0	$288,000	$295,000	$302,000	$310,000

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	20%	20%	20%
Fiscal Impact	$0	$230,000	$236,000	$242,000	$248,000

28. Competitively Contract Commissary

Dept: Jail Management
Division/Bureau:

Rev/Sav/Productivity: Savings/Revenue
Fiscal Impact To FY09: $75,000
Required Approval: County

As a relatively small operation, with a total budget of under $365,000 per year, any potential savings from changes in Commissary operations are projected to be modest at best. Nonetheless, some jail systems have experienced positive results from the privatization of Commissary services. Commissary expenses for FY2003 and FY2004 are shown in the table below. In FY2003 and FY20004 the County has an estimated operating deficit of $68,096 and $63,475 for these two years. Significantly, this figure is smaller than the actual operating deficit, since it does not include labor costs associated with purchasing, inventory, accounting, and staffing the commissary.

FY2003 and FY2004 Net Income Statement for Commissary Unit

INCOME:	2003	2004
Commissary Sales	$751,159	$868,294
Locker Income	$7,688	$8,273
Checking Account Interest	$4,024	$4,008
Copies/Money Orders	$1,865	$2,022
TOTAL INCOME	$764,736	$882,597
COST/GOODS SOLD	$500,610	$582,551
GROSS PROFIT	**$264,126**	**$300,046**
OPERATING EXPENSES:	**2003**	**2004**
Erie County	($284,983)	($293,000)
Postage	($39,461)	($44,973)
Supplies & Repairs	($4,868)	($22,522)
Damaged Merchandise	($2,910)	($3,026)
TOTAL OPERATING EXPENSES	**($332,222)**	**($363,521)**
NET INCOME (LOSS)	**($68,096)**	**($63,475)**

As an operation that is technically intended to be self-supporting, Erie County currently charges the jail system an annual rent that represents the cost of the space as well as the allocated expenses associated with that space. In FY2004, this amount was $293,000 and documented in the "Erie County" line item above.

A successful case study on commissary privatization involves the commissaries of the Rhode Island Adult Correctional Institutions, which prior to privatization operated at a net loss of $360,000 in FY2001. In FY2002, however, the ACI turned the operation over to a private contractor, and now expects to see a $360,000 profit. Its contractor has successfully run commissary operations for prisons in four state systems and for numerous counties and bases the state's commission on a percentage of sales[42]. A more regional example is the Westchester County Correctional Center's use of third party vendors. Under its current vendor agreement, Westchester County Correctional Center receives 31.3 percent of gross profits and is also able to avoid those costs associated with purchasing, inventory, accounting, and staffing the commissary unit. Weekly gross revenues received from inmates are $24,000, of this $7,512 is paid to Westchester County, for total annual revenues of $390,624[43]. While Westchester County's commissary revenue may be unusually high, even Onondaga County's commissary unit, presently contracted at the rate of 26 percent of gross sales, receives an estimated $80,000 in revenue annually from this agreement[44].

Security concerns are sometimes cited as a reason not to pursue commissary privatization. However, according to the 2004 report issued by Nassau County's comptroller, Westchester County officials state that security has not been jeopardized by their use of an outside vendor and that all employees of the outside firm undergo a security clearance and are responsible for bagging and sealing items for distribution. They deliver these items to the jail floors and the

[42] Editorial - Saving money at ACI . *The Providence Journal*. 5 September 2002
[43] Director of Administrative Services. Westchester County Correctional Facility.
[44] Onondaga County Correctional Facility. Accounting Department.

assigned unit officers distribute them[45]. Moreover, no correction officers are assigned to the commissary operations; they distribute the items as part of their regular assigned duties. If Erie County were to use this model, the corrections officers currently assigned to the commissary could be redeployed for guard service, and should therefore serve to reduce overtime costs.

The Correctional Center should issue an RFP to obtain the services of an outside contractor to operate the commissary. Privatization could generate revenue that can be used for the inmates' welfare, and would allow the Correctional Center to transfer correction officers currently working partially in the commissary back to security positions, thereby reducing the need for overtime. Privatization would also reduce the time non-commissary employees spend supervising, purchasing inventory, and maintaining commissary accounting records in support of the in-house commissary unit[46]. Using Onondaga's contract terms, it is estimated that at 26 percent of gross sales, $226,000 in revenue could potentially be generated through the contracting out of the commissary unit. Although it is difficult to project how much of the rent for the commissary a contractor would be willing to provide, any amount more than $4,000 per year in rent money would offset the sheriff's current operating deficit of $63,475 and would therefore be a gain for the County. Further cost savings should be achieved through the redeployment of officers and resulting reductions overtime costs

Without knowing the potential contribution by vendors towards space rental, a contribution of $2,000 per month in rental costs in addition to the 26 percent of gross revenue has been estimated for the potential benefits of commissary privatization. A one hundred percent discount has been used for FY2005 and 2006 to account for the transitional requirements associated with issuing an RFP and contracting out the management of the commissary. An additional 5 percent discount for FY2006 to FY2009 revenues has been assumed due to the newness of the program.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
% Discount	100%	20%	20%	20%	20%
Current Operating Deficit	**($63,475)**	**($65,062)**	**($66,688)**	**($68,356)**	**($70,065)**
County Rent	($293,000)	($300,325)	($307,833)	($315,529)	($323,417)
Contractor Payment (26% of gross revenues)	$231,400	$237,185	$243,115	$249,193	$255,423
Contractor Rent	$24,000	$24,000	$24,000	$24,000	$24,000
Operating Deficit with Contractor	**($37,600)**	**($39,140)**	**($40,718)**	**($42,336)**	**($43,994)**
Estimated Reduction in Operating Deficit	**$26,000**	**$26,000**	**$26,000**	**$26,000**	**$26,000**

45 Correctional Center Commissary Operations: Follow-up to Audit Report of September 8, 2000. Comptroller's Office. June 21, 2004
46 Ibid.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	5%	5%	5%
Fiscal Impact	$0	$0	$25,000	$25,000	$25,000

39. Establish Inmate Housing Fee

Dept: Jail Management
Division/Bureau:

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $345,000
Required Approval: State

In light of rising incarceration costs, it is in the interest of Erie County to require persons who are incarcerated in the Erie County holding facility and subsequently convicted of the crime which led to their incarceration to pay Erie County for actual unreimbursed costs of their incarceration.

Suffolk and Nassau counties in New York State have already established a holding center charge for inmates relative to inmates' assets. Prisoners with assets greater than $100,000 are charged $130 per day, inmates with assets less than $100,000 are charged $40 a day, and inmates with representation by legal aid are not required to pay any expenses associated with their incarceration. If inmates are not convicted of a crime they are not required to pay for the costs of their incarceration. In the event of non-payment of any costs which have not been waived, Suffolk and Nassau counties may seek to enforce payments in any manner permitted by law.

Presently, Corrections Law § 500-n prevents charging prisoners for food "[e]xcept as otherwise provided by law" and outright prevents charging rent. The law is effective until September 1, 2007, when it "sunsets." It is suggested that in the interim Erie County should take steps to pursue state approval to gain exception from this law, as Nassau and Suffolk counties have done successfully.

Since Suffolk County only implemented holding center charges this year, no information on revenue collections is yet available. Revenues from Nassau County's holding center charge, however, were $149,557 for FY2003 and projected revenues were $160,000 for FY2004. Since Erie County's average prison population is similar to Nassau's average prison population of 1,500, similar revenue streams can be anticipated. Given the legal steps necessary to begin collecting an inmate housing fee, however, no revenue projections will be counted towards gap closure.

Summary and Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Inmate Housing Charge	$0	$0	$150,000	$153,150	$156,519
25 percent discount	$0	$0	$37,500	$38,288	$39,130
Estimated Revenues	**$0**	**$0**	**$112,500**	**$114,863**	**$117,389**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	0%	0%	0%
Fiscal Impact	$0	$0	$113,000	$115,000	$117,000

30. Establish Inmate Co-pays for Medical Services

Dept: Jail Management
Division/Bureau:
Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $141,000
Required Approval: State

Nationally, an increasing number of prison systems have implemented co-pays for inmate health services and prescription medicine. According to a 1997 U.S. Department of Justice, National Institute of Corrections survey of 100 of the nation's largest jails, 56 percent charged inmates co-pays for medical care. As of the date of the survey, 33 state legislatures nationwide had authorized local jails to charge fees for medical services. While direct fee revenues were generally very small, averaging $22,800 per jail per year, 75 percent of surveyed facilities reported a significant decline in inmate use of medical services, generally attributed to a reduction in frivolous requests. Although precise cost savings from such effects are difficult to quantify, even a 2 percent reduction in FY2004 actual spending[47] of $2.3 million could achieve $45,300 in annual savings. In New York State, however, state legislation would be required to authorize such a program. Because of statewide implications, and the resulting uncertainty of this initiative, no savings are assigned toward fiscal gap closure.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Estimated Savings from Inmate Co-pays	$0	$0	$45,300	$47,000	$49,000
Total Savings	**$0**	**$0**	**$45,300**	**$47,000**	**$49,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	-	-	-	-	-
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

[47] Does not include the in-house personnel costs for medical care, includes only ECMC costs, medical supply costs, and other dues and fees associated with inmate medical care.

27. Contain Jail Food Costs

Dept:	Jail Management	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$622,000
		Required Approval:	County

In FY04, correctional center food services were provided in-house at the approximate cost of $1.60 per meal or $4.80 per inmate per day in the corrections facility, not including labor costs, food and kitchen supplies amount to $0.96 per meal[48]. The table that follows details the derivation of this cost estimate.

Erie County FY2004 Food Costs

Expenditure Category	FY2004 Expenditures
Holding Center	
Salaries	($655,464)
Fringe @ 36.4%	($238,589)
Total Labor Costs	**($894,052)**
Correctional Facility	
Salaries	($230,226)
Fringe @ 38.2%	($87,946)
Total Labor Costs	**($318,173)**
Food & Kitchen Supplies	**($1,818,062)**
Total Food Services Cost	($3,030,287)
# of Meals Served	1,890,627
Cost Per Meal (all costs)	**($1.60)**
Cost Inmate per Day	**($4.81)**
Cost Per Meal (w/o labor costs)	**($0.96)**

Food costs for the five comparable county jails selected for this analysis are shown below. As seen here, Erie County's food costs are 11.6 percent higher than Onondaga County and 18.5 percent higher than Oneida County on a cost per meal basis, for food costs only. Erie County's all-in-food cost is $0.37 higher on a cost per meal basis than Westchester according to the Westchester County Correctional Facility, which is currently under a $2.3 million contract to provide its inmate food services[49].

48 FY2004 food service data is being used due to lack of information regarding total meals served for FY2005. Budgeted positions from FY2004 to FY2005 have remained relatively the same, with only the elimination of one kitchen helper position.

49. Westchester County Correctional Facility.

Cost per Meal - Erie and Comparable Counties

County	Food Service Contracted out?	Cost per Meal (w/labor)	Cost per Meal (w/o labor)
Erie County	No	($1.60)	($0.96)
Onondaga	No	NA	($0.86)
Oneida	Yes	NA	($0.81)
Rockland	No	NA	($1.12)
Suffolk	No	($1.75)	NA
Westchester	Yes	($1.23)	NA

Given the performance of regional comparables such as Onondaga and contracted out services such as Westchester and Oneida, it is anticipated that Erie County should be able reduce its food costs by 10 percent, or approximately $180,000 per year. Although the Sheriff's Office has implemented such cost saving measures as portion control, use of a dietician to determine meal content and portion sizes, and recently, use of the State contract for food purchase, further cost savings should be achievable through such changes as the elimination of free meals (or at least nominal charges) to correction officers and deputies. Further improvements to purchasing, portion control, and inventory oversight might also be pursued. In the future, Erie County may want to pursue the privatization of its food services as similar contract terms to Westchester County, since a $0.37 per meal reduction, could achieve an annual estimated savings of $700,000[50].

To reflect the transitional requirements associated with this initiative, the ten percent anticipated achievable savings have been reduced 100 percent in FY2005 and 50 percent in FY2006. FY2007 to FY2009 have been discounted 10 percent.

Summary and Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
In-house food costs	$1,818,062	$1,863,514	$1,910,101	$1,957,854	$2,006,800
Targeted food costs (10% reduction)	($1,636,256)	($1,677,162)	($1,719,091)	($1,762,069)	($1,806,120)
Estimated Savings	**$182,000**	**$186,000**	**$191,000**	**$196,000**	**$201,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	10%	10%	10%
Fiscal Impact	$0	$93,000	$172,000	$176,000	$181,000

[50] Assumes that the number of meals served will remain at FY2004 levels of 1,890,627.

36. Minimize Utilities Expenditures

Dept: Jail Management
Division/Bureau:
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: See initiative #151
Required Approval: County

Many organizations have achieved significant cost reductions in utility costs through rate restructurings and conservation measures. Moreover, large institutional energy users with high load profiles such as the Correctional Center and Holding Center facilities often are the best candidates for cost reduction programs. The reduction of utilities expenditures for the jail management division is discussed as part of a larger county-wide initiative and is detailed in the Department of Public Works section.

26. Update Federal Marshal Reimbursement

Dept: Jail Management
Division/Bureau:
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $956,000
Required Approval: Federal

The United States Marshals Service (USMS) is dependent upon state or local governments to provide detention space and services for federal prisoners. In support of this requirement, Intergovernmental Agreements (IGA's) are established with local and state governments to provide detention space and services for federal prisoners in return for a mutually acceptable fixed per diem rate. The fixed per diem rate will be computed on the basis of actual, allowable, and allocable direct and indirect costs associated with the operation of the facility and that benefit federal prisoners during the most recent accounting period[51]. Included as actual and allowable costs are the cost incurred through personnel costs, personnel benefits, consultants and contract services, other direct jail operating costs, equipment and building depreciation costs, and allocated costs from other government services. To qualify for federal reimbursement, costs must specifically benefit federal prisoners. If costs do not benefit federal prisoners, they cannot be claimed; such costs include the costs associated with work release programs and the cost of operating detention facilities in which federal prisoners are not housed.

The current reimbursement rate from USMS for its federal prisoners is $95 per day per detainee and $93 per day for each Immigration hold. According the jail administrators, this federal reimbursement rate has not been updated since 1991, and as such substantially lags actual per diem costs of housing federal prisoners. Speaking with jail administrators, it is anticipated that all costs incurred by the facilities should qualify for federal reimbursement and that future federal reimbursement rates should be $105[52] per inmate per day. Following the approval of the new federal reimbursement rate, it can be expected that federal inmate per diem reimbursements should increase $10 for non-immigration holds and $12 for immigration holds.

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[51] http://www.usmarshals.gov/prisoner/243instr.htm

[52] Senior leadership at the jail management department indicate that although actual per diem costs are nearer to $115 per day, it is expected that an amount nearer to $105 will be granted by the federal government. As such, this recommended amount will be used but no additional discounts will be taken. This per diem cost of $115.61 per day is also somewhat deflated due to the use of 2001 utilities expenditures for its calculation. Conversations with jail administrators indicate that with FY2004 utilities expenditure rates, per diem costs should near $120.

As shown in the table below, the average number of federal prisoners housed per day from January to May of this year was 70. Using this daily average, it can be anticipated that between $256,000 and $307,000 in additional reimbursements should be received annually, depending upon the mix of immigration and non-immigration holds.

Federal Inmate Population – January 2005 through May 2005

Month	Number of Federal Prisoners Housed	Average Daily Number of Federal Prisoners
January	1,926	62
February	1,877	67
March	2,107	68
April	2,206	74
May	2,439	79
Average		**70**

For conservatism, the lower of these values will be used for FY2006 to FY2009 projections. Speaking with jail administrators, it is anticipated that a six month time period should be sufficient to update the federal reimbursement rate; for conservatism however, a full 50 percent discount will be taken in FY2006 as well as a one-hundred percent discount for FY2005. No other discounts will be taken[53].

Summary and Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue from current $95 marshal reimbursement	$2,427,250	$2,487,931	$2,550,130	$2,613,883	$2,679,230
Anticipated Revenue from $105 marshal reimbursement	$2,682,750	$2,749,819	$2,818,564	$2,889,028	$2,961,254
Revenue Increase	**$256,000**	**$262,000**	**$268,000**	**$275,000**	**$282,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$131,000	$268,000	$275,000	$282,000

165. Pursue Increased State Reimbursement to Improve Cost Recovery (Partnership Report)

Dept: Jail Management
Division/Bureau:

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: CQ
Required Approval: State

As noted in the Buffalo Niagara Partnership Report, the County houses a number of state ready[54] inmates and reimbursement rates are set at levels well below actual costs. Recent changes to State laws that increase the number of state prisoners housed in county facilities

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53 Ibid.
54 Inmates awaiting transfer to state correctional facilities.

include the Vehicle and Traffic Law, which makes the aggravated unlicensed operation of a Motor Vehicle, 1st, 2nd, and 3rd Degrees misdemeanors, and as such for defendants who are charged with this crime and do not pay their fines must be detained at the Holding Center.[55] Similarly, State legislation discontinuing reimbursements for State parole violators with new arrests and the state's subsequent lodging of warrants against them, thus preventing them from being bailed, also incur housing fees for local jails[56]. This plan concurs with the Buffalo Niagara Partnership report and Breaking the Cycle report that state reimbursement levels should be raised so as to shift costs back to the state. Presently, state prisoners are reimbursed at a rate of $34 per day[57] compared to federal reimbursement levels of $93 to $95 dollars per day. Using current state prisoner numbers for parole violators pending criminal charges, technical parole violators, and state readies[58], non-reimbursed costs of housing state prisoners may exceed $5.3 million dollars annually[59]. Since changes to state reimbursement levels require an amendment to state correction law, no projections have been made towards the gap closure at this time.

Non-Reimbursed Housing Costs for State Prisoners

State Inmate	Daily number of Prisoners	FY2005	FY2006	FY2007	FY2008	FY2009
Parole Violators Pending Criminal Charges	59	($2,239,640)	($2,295,631)	($2,353,022)	($2,411,847)	($2,472,144)
Technical Parole Violators	103	($2,706,840)	($2,774,511)	($2,843,874)	($2,914,971)	($2,987,845)
State Readies	16	($420,480)	($430,992)	($441,767)	($452,811)	($464,131)
Total	178	($5,366,960)	($5,501,134)	($5,638,662)	($5,779,629)	($5,924,120)

Similarly, the Sheriff's Office now receives reimbursements from the New York State Unified Court System for court security provided to the County courts. Contracts established between local law enforcement agencies and the Unified Court System (UCS) require that such agencies provide protection and maintain security for all court personnel and property, as well as members of the public utilizing the courts. Under this contract, reimbursable security services include the time spent protecting and guarding the judges, non-judicial officers and employees, jurors, parties, attorney's witness and the general public in the designated court[60]. Non-reimbursable costs include transportation costs to and from the facility and moving prisoners within the court system.

In accordance with this agreement, the salaries, benefits, and overtime costs for the four officers who guard the courts Monday through Friday and the two deputies who guard the court on

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55 Alexander, George B. Breaking the Cycle. 14 March 2005. Includes costs associated with housing parole violators and state readies.
56 Alexander, George B. Breaking the Cycle. 14 March 2005. p8.
57 Alexander, George B. Breaking the Cycle. 14 March 2005.
58 Parole violator and state prisoner numbers are from September 27, 2005.
59 5 year fiscal impact of full State reimbursement would be $28,210,505. This estimate uses the $104 cost estimated in the Breaking the Cycle Report for Parole Violators Pending Criminal Charges (currently not reimbursed at all) and $72/day for Technical Parole Violators and State Readies (the difference between the currently reimbursed $32/day and the fully loaded $104 rate). Growth rates of 2.5% per year have also been added into the calculation.
60 http://www.courts.state.ny.us/admin/financialops/FPCM-PDFs/V2_contracts/IX_1000.pd. State of New York. *Financial Planning & Control Manual.* Unified Court System.

Saturday and Sunday are covered. What is not reimbursed, however, are injuries sustained while in service of the State. In FY2003, $72,979 in line of duty injuries were paid by Erie County for injuries sustained while in service of the State, although speaking with jail administrators, typical levels are nearer to $10,000. Regardless, it is recommended that Erie County pursue with the Unified Court System reimbursement terms that more accurately reflect the actual cost of service. Due to the uncertainties involved with changing contract terms, however, no cost savings in this area have been projected for use in gap closures.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	-	-	-	-	-
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

23. Realign Workforces in Corrections Facility and Holding Center to Maximize Cost-Effective Service Delivery

Dept: Jail Management
Division/Bureau:
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $1,706,000
Required Approval: County / Union

To maximize productivity levels of its current jail management workforce, Erie County should pursue a three-pronged approach to achieve optimal service levels. The County should:

- Develop target staffing levels for its jails to minimize overtime expenditures;
- Seek, where applicable, to increase the use of civilian personnel so as to minimize unnecessary costs; and
- Seek to eliminate staffing restrictions imposed by union agreements.

These three approaches are discussed below and have an estimated impact of $1.7 million by FY2009.

Develop Targeted Staffing Levels to Minimize Overtime Expenditures

In addition to removing the staffing constraints caused by union restrictions, the County should seek to develop target staffing levels for the Holding Center and Correctional Facility, which should also moderate overtime expenditures.

As of September 2, 2005, the State Commission of Correction (COC) eliminated 126 variance beds, thereby reducing the County's maximum prisoner capacity from 1676 to 1550[61]. The State has further stated that an additional 169 variances may be removed in the future. As of September 1st, the population of the corrections facility was 1,521, just 29 inmates below the new temporary minimum. If an additional 169 variance spaces were eliminated, the current

[61] Letter from Sheriff Timothy Howard to County Executive Giambra and Legislator Kuwik. Dated September 1, 2005.

inmate population would exceed spaces by an average 140 inmates per day. Should this occur, inmates would need to be housed at other localities' corrections facilities, at the estimated cost of $80 to $100 per inmate housed. If one assumes the worst case scenario in which all 169 variance beds are eliminated, the daily cost of housing these excess inmates would amount to $11,200 per day or over $4 million per year, not including the cost of transporting prisoners to other facilities.

The initial variance bed reductions were taken in response to the personnel shortage in the correctional facility and holding center noted from the COC's site work collected from June 20-23, 2005[62]. Adjusting for the holding center annex (which although is within the correctional facility is staffed by holding center personnel) the COC requests that 189 sworn FTEs[63] be employed at the correctional facility and 402 FTEs be employed at the holding center[64]. Year to date numbers[65] show adjusted sworn correctional personnel deficit to be 22 in the correctional facility and 63 in the holding center, using COC recommended figures.

Reviewing shift data from the holding center and correctional facility affirms the COC's estimated staffing shortage. Sampling two weeks of data[66] for three shifts per day from both the correctional facility and holding center shows that on average, 64 positions of 216 total positions in the holding center are filled through overtime and that 15 of 159 average daily positions in the correctional facility are being filled through overtime.

Number of Positions Filled through Overtime in Holding Center and Correctional Facility

		Holding Center			Correctional Facility		
Day	Date	Positions Needed	Total OT Filled	Forced OT Filled	Positions Needed	Total OT Filled	Forced OT Filled
Saturday	7/16/2005	187.0	85.0	34.0	154.0	12.0	3.0
Sunday	7/17/2005	190.0	88.0	29.0	153.0	21.1	1.4
Monday	7/18/2005	221.0	71.0	14.0	157.0	16.9	2.0
Tuesday	7/19/2005	223.0	75.0	24.0	157.0	15.8	0.0
Wednesday	7/20/2005	220.0	73.0	27.0	157.0	21.2	3.1
Thursday	7/21/2005	212.0	67.0	6.0	158.0	17.3	0.9
Friday	7/22/2005	213.0	70.0	33.0	158.0	18.3	3.5
Average		**209.4**	**75.6**	**23.9**	**156.3**	**17.5**	**2.0**
Day	Date	Positions Needed	Total OT Filled	Forced OT Filled	Positions Needed	Total OT Filled	Forced OT Filled
Saturday	2/5/2005	192.0	53.0	0.0	163.0	8.1	0.0

[62] Letter from Commissioner Alan Croce, State Commission of Correction, to Sheriff Timothy B. Howard. Dated August 15, 2005.
[63] COC's recommended number for the correctional facility is 240 sworn FTEs. However, since this number includes the holding center annex, 17 posts (51 FTEs) have been moved from the corrections facility recommended FTEs to the holding center recommended FTE count.
[64] COC's recommended number for the holding center is 351 FTEs. However, since this number does not include the holding center annex, 17 posts (51 FTEs) have been moved from the corrections facility recommended FTEs to the holding center recommended FTE count, making the total recommended county 402 FTEs for the holding center
[65] Received from jail management on 10/5/2005: 339 sworn FTEs in Holding Center, and 167 sworn FTEs in Correctional Facility.
[66] Two representative weeks were selected by the Sheriff's Office for this study. These weeks were 7/16/05 to 7/22/05 and 2/5/2005 to 2/11/2005. One summer week and one winter week were selected to reflect seasonal OT drivers: vacation, sick leave usage, etc. The Sheriff's Office also notes that forced OT numbers may not be accurate due to supervisors' inconsistent tracking of this information.

		Holding Center			Correctional Facility		
Sunday	2/6/2005	196.0	65.0	0.0	162.0	9.4	0.0
Monday	2/7/2005	240.0	67.0	0.0	162.0	18.8	2.8
Tuesday	2/8/2005	236.0	58.0	0.0	162.0	18.3	3.8
Wednesday	2/9/2005	233.0	41.0	0.0	162.0	16.5	0.7
Thursday	2/10/2005	235.0	42.0	0.0	162.0	10.4	0.0
Friday	2/11/2005	223.0	42.0	0.0	162.0	7.6	0.0
Average		222.1	52.6	0.0	162.1	12.7	1.0
Total Average		215.8	64.1	11.9	159.2	15.1	1.5
Total Median		220.5	67.0	3.0	160.0	16.7	1.2

The table below summarizes the different staffing shortage estimates. As shown here, the estimates provided by the COC closely correlate to those observed through sample data. In light of the County's finances, the lowest of these numbers will be used for estimating jail management staffing needs.

Estimated Staffing Shortages

Facility	Commission on Correction	Sample Median	Sample Average	Estimate Used
Holding Center	63.0	67.0	64.1	63.0
Correctional Facility	22.0	16.7	15.1	15.1
Estimated Deficit from Methodology	85.0	83.7	79.2	78.1

Given the numerous initiatives directed at reducing the jail population, discussed elsewhere in this plan, a substantially lower number of guards are anticipated to be needed for FY2006 and beyond. Several initiatives, detailed in the table below, are anticipated to have the following impact on overall guard needs. Additionally, as of the week of September 26, the County Executive authorized the filling of 10 vacant positions, 7 of which will be deputy sheriffs in the holding center and 3 of which will be corrections officers.

Estimated Impact of Prisoner Population Reduction Initiatives

Initiative	Daily Population Reduction
Electronic Monitoring	100
GPS Monitoring	50
Pre-Trial and Release Under Supervision	50
Weekend Programs	7
Video Arraignment	6
Total Population Reduction	**213**
Post Reduction	7
Guard Reduction*	37
County authorized positions (as of 10/1/05)	10
Total Position Reduction	**47**
YTD Estimated Positions Needed	78
FY06 Reduced Positional Estimate	31

* Assumes 3 shifts per day and 1.75 relief factor

With the 47 position reduction achieved from various prisoner population reduction initiatives and the County's authorization of the filling 10 guard positions, it is estimated that the current estimated deficit of 15 positions (approximately 3 posts) in the correctional facility should be wholly eliminated and the estimated deficit for the holding center should drop from an estimated 63 FTEs to 31 FTEs in FY2006.

The FY2006 average annual base salary for a deputy sheriff is $48,696. With fringe benefit assumptions, detailed below, the total average annual salary compensation reaches $72,291 and the overtime rate given the average actual days worked per year has been calculated to be $42.30. Given the entry level salary of $37,889 for new deputy sheriffs and actual days worked adjusted for training and reduced sick leave and vacation allowances, an estimated $2.04 can be saved per hour given the cost differential between entry and current average annual salary levels, for an estimated overtime savings of $2,958 saved per new officer hired for FY2006[67]. In FY2007, savings per hour worked is expected to increase to $7.24 given the increased number of actual days worked by the new officers. Declines in savings are projected in FY2008 and FY2009 projected given the narrowing cost differential between average annual salary and the new officers' salaries. The projected cost and subsequent and estimated overtime savings for hiring correctional personnel are shown in the following chart.

[67] $2.04 x 181 days actually worked * 8 hours per day

CURRENT STAFFING / IMPACT OF NEW STAFFING	FY2006	FY2007	FY2008	FY2009
Average Salary for Deputy Sheriff***	($48,696)	($50,620)	($53,367)	($55,957)
Salary for New Deputy Sheriff****	($37,889)	($41,916)	($44,580)	($46,685)
Base Hourly Rate no fringes [Base Salary / (40*52)]	($18.22)	($20.15)	($21.43)	($22.44)
BENEFITS AND PAYROLL TAXES				
FICA** (7.65% of Base Salary)	($3,725) / ($2,899)	($3,873) / ($3,207)	($4,076) / ($3,410)	($4,281) / ($3,571)
Unemployment (0.25% of base salary)	($122) / ($95)	($105)	($133)	($140)
Workers Compensation (0.85% of base salary)	($414) / ($322)	($430) / ($356)	($453) / ($379)	($476) / ($397)
Health and Dental Insurance ($7,909 per year***)	($8,206)	($9,364)	($10,800)	($12,220)
Retirement** (12.8% of base salary)	($4,850) / ($6,233)	($5,365) / ($6,481)	($5,706) / ($6,818)	($5,976) / ($7,162)
Hospitalization - Retirement (4.25% of base salary)	($1,610) / ($2,070)	($1,781) / ($2,152)	($1,895) / ($2,264)	($1,984) / ($2,378)
Uniform Allowance ($1,000 per year)	($1,000)	($1,000)	($1,000)	($1,000)
Lineup Pay (base salary/40*1.5)	($1,421)	($1,572)	($1,672)	($1,751)
Total Cost of Officer	**($58,291)**	**($64,666)**	**($69,553)**	**($73,701)**
ACTUAL DAYS WORKED PER YEAR				
52 weeks/year x 5 days	260	260	260	260
Vacation Average	-5 / -20	-10 / -20	-15 / -20	-15 / -20
Sick Time	-14	-14	-14	-14
Personal Leave	0 / -4	-4	-4	-4
Holidays	-12	-12	-12	-12
Summer Compensation Time	-2	-2	-2	-2
Training and Other	-55	-2	-2	-2
Actual Days Worked	**181**	**220**	**213**	**213**
Rate per Hour	($40.26)	($36.74)	($40.82)	($43.25)
Net Savings Per Hour (Average Salary Hourly Overtime Rate - New Officer Salary Hourly Rate)	($2.04)	($7.24)	($5.45)	($5.35)

** Also charged on OT Earnings

***Annual Growth Assumption for Health Benefits: FY06: 3.75%, FY07: 14.12%, FY08: 15.33%, FY09: 13.15%

***Annual Growth Assumption for FY2006 Salary: FY07: 3.97%, FY08: 5.21%, FY09: 5.05%

****Includes pay step increases as well as annual salary growth assumption

Actual achievable savings however are highly variable depending on how perfectly overtime hours can be substituted for hours worked by the new hires. Variations resulting from inevitable scheduling conflicts and limitations, changes to projected vacation and sick leave usage, and fluctuations in the prison population and unexpected attrition from current staff levels can cause projected cost savings to change markedly. The chart below shows potential savings from the hiring of one deputy sheriff with a 0%, 5%, 10%, 15%, and 20% discount applied to overtime dollar reductions. As shown, a change between a 10 percent discount to a 15 percent discount creates a loss of $11,000 over the four years compared to a gain of $4,000 per guard, whereas the perfect substitution of overtime hours for hours worked by the incoming deputy sheriffs would create $34,000 in savings over the four years. Recognizing the inevitability of imperfect scheduling and other unforeseen variables that may arise with this new initiative, a 90% return rate (10% discount) will be assumed for overtime savings projections to hours worked by incoming officers.

Discounted Overtime Savings Estimates

Savings Calculated by Hiring New Guard		FY2006	FY2007	FY2008	FY2009	Impact to FY09
Cost of Guard	1	($58,291)	($64,666)	($69,553)	($73,701)	
Reduction in Overtime Hours		1,448	1,760	1,704	1,704	
Reduction in Overtime Dollars		$61,249	$77,401	$78,843	$82,824	
Estimated Savings		$2,958	$12,736	$9,290	$9,124	$34,108
Net Savings		**FY2006**	**FY2007**	**FY2008**	**FY2009**	**Impact to FY09**
Anticipated overtime reduction with 0% discount	0.0%	$61,249	$77,401	$78,843	$82,824	
Discounted Net Savings		$2,958	$12,736	$9,290	$9,124	$34,108
Anticipated overtime reduction with 5% discount	5.0%	$58,186	$73,531	$74,901	$78,683	
Discounted Net Savings		-$105	$8,866	$5,348	$4,983	$19,092
Anticipated overtime reduction with 10% discount	**10.0%**	**$55,124**	**$69,661**	**$70,959**	**$74,542**	
Discounted Net Savings		**-$3,167**	**$4,995**	**$1,406**	**$841**	**$4,076**
Anticipated overtime reduction with 15% discount	15.0%	$52,061	$65,791	$67,016	$70,401	
Discounted Net Savings		-$6,229	$1,125	-$2,536	-$3,300	-$10,940
Anticipated overtime reduction with 20% discount	20.0%	$48,999	$61,921	$63,074	$66,260	
Discounted Net Savings		-$9,292	-$2,745	-$6,478	-$7,441	-$25,956

Again, the FY2006 anticipated positional need at the holding center is 31 FTEs. Accordingly, the hiring of 31 deputy sheriffs is anticipated to net $126,000 in savings over the next four years, although it is anticipated that the FY2006 impact to be a loss of $98,000, given the training period of new recruits, and the subsequently shorter hours worked over the first year. Notably, overtime savings has the potential to be significantly higher. Assuming a perfect exchange between the hours worked by new officers and overtime hours, the first year impact may be as large as $92,000 and the four year impact would reach $1,057,000. With a somewhat more plausible 95 percent return, the four year impact would $592,000 over the four years.

Estimated Overtime Savings from Additional Guards

Savings Calculated by Hiring New Guard		FY2006	FY2007	FY2008	FY2009	Impact to FY09
Cost of Officers	31	($1,807,014)	($2,004,638)	($2,156,131)	($2,284,721)	
Reduction in Overtime Hours		44,888	54,560	52,824	52,824	
Reduction in Overtime Dollars		$1,898,708	$2,399,443	$2,444,130	$2,567,559	
Estimated Savings		$91,694	$394,805	$288,000	$282,838	$1,057,336
Discounted Savings		**FY2006**	**FY2007**	**FY2008**	**FY2009**	**Impact to FY09**
Anticipated overtime reduction with 0% discount	0.0%	$1,898,708	$2,399,443	$2,444,130	$2,567,559	
Discounted Estimated Savings		$91,694	$394,805	$288,000	$282,838	$1,057,336
Anticipated overtime reduction with 5% discount	5.0%	$1,803,773	$2,279,471	$2,321,924	$2,439,181	
Discounted Estimated Savings		-$3,241	$274,832	$165,793	$154,460	$591,844
Anticipated overtime reduction with 10% discount	**10.0%**	**$1,708,838**	**$2,159,499**	**$2,199,717**	**$2,310,803**	
Discounted Estimated Savings		**-$98,177**	**$154,860**	**$43,587**	**$26,082**	**$126,352**
Anticipated overtime reduction with 15% discount	15.0%	$1,613,902	$2,039,526	$2,077,511	$2,182,425	
Discounted Estimated Savings		-$193,112	$34,888	-$78,620	-$102,296	-$339,140
Anticipated overtime reduction with 20% discount	20.0%	$1,518,967	$1,919,554	$1,955,304	$2,054,047	
Discounted Estimated Savings		-$288,048	-$85,084	-$200,826	-$230,674	-$804,632

Another major variable is the assumed prison population reductions resulting from other Four-Year Plan initiatives, such as the use of alternative sentencing resulting from the restoration of parole officer positions. It is currently projected that prison population reduction initiatives achieve the 213 per day population reduction and subsequent 37 guard position reduction projected through the various alternatives to incarceration proposed throughout the plan. The County will likely need to further evaluate and adjust staffing levels upon the determination of the full impact these measures.

[redacted]

	FY2005	FY2006	FY2007	FY2008	FY2009
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Another component, not yet discussed, is supervisory needs discussed in the Commission on Corrections report. In its latest correspondence, dated August 15, the COC state that its stated personnel deficit includes a supervisory deficit, namely one lieutenant and 12 sergeants in the holding center and a deficit of three lieutenants and three sergeants in the correctional facility. Reviewing overtime reports show that per day, there is an estimated deficit of one lieutenant officer and three sergeant officers in the holding center. However, the Sheriff's Office relates that certain posts recommended by the COC, are not regularly filled due to staffing shortages. Given the COC's method of determining supervisory needs which are based on such fixed measures such as the number of tours, zones, and functional areas within the two facilities, the estimated 47 guard reduction resulting from prisoner population initiatives are not anticipated to have an effect on supervisory needs. As such, the COC's recommendations have been adopted for an initial costing out.

Overtime Costs for Jail Management Lieutenants and Sergeants

Job Title	# of Filled Positions	Total OT Hours for 287 days surveyed	OT Costs for 287 days surveyed	BU	Average OT Hours per day	# of Posts Filled by OT	Average Costs per Day
Corrections Facility							
Corrections Lieutenant	5	622.5	$27,174	CSEA	2.2	0.3	$94.68
Corrections Sergeant	6	1,139.3	$42,679	CSEA	4.0	0.5	$148.71
Sergeant	1	25.5	$1,017	PBA	0.1	0.0	$3.54
Sergeant	1	159.0	$6,304	PBA	0.6	0.1	$21.97
Holding Center							
Lieutenant Officer	4	2,786.8	$121,604	Teamsters	9.7	1.2	$423.71
Sergeant Officer	15	8,585.4	$335,835	Teamsters	29.9	3.7	$1,170.16
Grand Total		**13,318.5**			**46.4**	**5.8**	**$1,862.76**

Speaking with jail administrators, promotions to supervisor positions are generally performed internally. Assuming that lieutenant officers will be promoted internally from the sergeant positions and that sergeant positions will be promoted from the average guard salary, the FY2006 estimated costs for 19 supervisor deficit estimated by the COC is $93,000 for the holding center and $39,000 for the correctional facility, for a combined cost of $132,000 in FY2006.

Estimated Supervisory Needs

Supervisor	Current Filled	COC Recommendations	Deficit	# Internal Promotions Needed	Position Promoted From
Holding Center					
Lieutenant Officer	4	5	1	1	sergeant officer
Sergeant Officer	13	25	12	13	deputy sheriff
Total (HC)	**17**	**30**	**13**	**14**	
Corrections Facility					
Lieutenant	2	5	3	3	sergeant
Sergeant	6	9	3	6	corrections officer
Total (CF)	**8**	**14**	**6**	**9**	
Total (CF+ HC)					

Estimated Costs for Supervisory Needs[68]

Supervisor	Promotions needed	FY2005 Average Salary	FY2006 Anticipated Salary	Estimated Salary Promoted From	Difference	Annual Deferred OT Costs for FY2006	FY2006 Estimated Costs for Additional Supervisors
Holding Center							
Lieutenant Officer	1	$61,356	$63,503	$57,218	$9,377	$160,063	($150,686)
Sergeant Officer	13	$55,283	$57,218	$48,696	$12,713	$441,997	($276,728)
Total (HC)	**14**					**$602,060**	**($427,415)**
Corrections Facility							
Lieutenant	3	$59,889	$61,985	$57,621	$6,511	$35,768	($16,234)
Sergeant	6	$55,672	$57,621	$49,754	$11,735	$65,816	($4,596)
Total (CF)	**9**					**$101,584**	**($11,639)**
Total (CF+ HC)							**($439,053)**

The four year projected costs of COC supervisory requirements and the estimated overtime savings from the new hires are summarized below. Assuming a 90 percent return rate (10 percent discount) in overtime savings achieved through the hiring of new sworn personnel and internal promotions, the total savings is estimated to be $1.7 million over the four years. Significantly, using different discount rates on overtime has the potential to reduce these anticipated costs. As shown in the table below, assuming a 5 percent discount factor increases these savings to $2.2 million over the four year period.

Total Costs for Increased Sworn Personnel and Supervisory Positions

Savings for Additional Supervisors (at various discounts)		FY2006	FY2007	FY2008	F2009	Impact to FY09
Holding Center		$367,209	$381,787	$401,678	$421,963	$1,572,638
Corrections Facility		$1,480	$1,539	$1,619	$1,701	$6,338
For Supervisory promotions	0%	$439,053	$456,483	$480,266	$504,520	$1,880,322
	5%	$403,871	$419,905	$441,782	$464,092	$1,729,649
	10%	**$368,689**	**$383,326**	**$403,297**	**$423,664**	**$1,578,976**
	15%	$333,507	$346,747	$364,813	$383,236	$1,428,303
Overtime Savings from hiring 20 deputies (at various discounts)	**Discount**	**FY2006**	**FY2007**	**FY2008**	**F2009**	**Impact to FY09**
For hiring of 31 deputies	0%	$91,694	$394,805	$288,000	$282,838	$1,057,337
	5%	($3,241)	$274,832	$165,793	$154,460	$591,844
	10%	**($98,177)**	**$154,860**	**$43,587**	**$26,082**	**$126,352**
	15%	($193,112)	$34,888	($78,620)	($102,296)	($339,140)
Net Savings	**Discount**	**FY2006**	**FY2007**	**FY2008**	**F2009**	**Impact to FY09**

[68] Assumes perfect exchange between incoming supervisors' hours and overtime reductions for existing personnel. Overtime discounts are shown in later charts.

Savings for Additional Supervisors (at various discounts)		FY2006	FY2007	FY2008	F2009	Impact to FY09
For hiring of 31 deputies and for supervisory promotions	0%	$460,383	$778,131	$691,297	$706,502	$2,636,313
	5%	$365,448	$658,158	$569,090	$578,124	$2,170,820
	10%	**$270,512**	**$538,186**	**$446,884**	**$449,746**	**$1,705,328**
	15%	$175,577	$418,214	$324,677	$321,368	$1,239,836

Given fluctuating rates of attrition, detailed below, and the variability of the jail population size, however, 10 percent will be used, with an overall cost of $1,705,000 by FY2009, with the understanding that savings have the potential to be significantly higher given the achievement of various staffing efficiencies and relatively consistent staffing demands.

Historical Attrition Rates for Sworn Personnel in Jail Management

JAIL MANAGEMENT SWORN	FY2001	FY2002	FY2003	FY2004	10.1.2005	Median	Average
1st Deputy Superintendent				1		**1.0**	**1.0**
Chief of Operations		1				**1.0**	**1.0**
Lieutenant Officer		2		1		**1.5**	**1.5**
Sergeant Officer	1	5		1	2	**1.5**	**2.3**
Deputy Sheriff Officer	3	26	7	16	16	**16.0**	**13.6**
Deputy Sheriff Officer 55a			1			**1.0**	**1.0**
Deputy Sheriff Officer Spanish	1					**1.0**	**1.0**
Correction Officers	1	12	7	9	16	**9.0**	**9.0**
SUB TOTAL	6	46	15	28	34	31.0	43.0

Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	10%	10%	10%	10%
Fiscal Impact	-	$271,000	$538,000	$447,000	$450,000

Increased use of civilian personnel

Another opportunity for cost savings involves the potential "civilianization" of non-security correctional center assignments currently filled by uniformed employees. The salaries for corrections officers on staff currently range from $39,982 to $52,937 and the salaries for deputy sheriffs currently range from $40,315 to $53,812, which is significantly more than civilian personnel. A list of administrative positions presently filled by sworn officers is being developed by the Sheriff's Office, following its completion the cost benefit of replacing these administrative positions with civilian personnel should be reviewed and implemented in consideration to overall jail needs.

It should be noted that the compensation differential between uniformed correctional employees and civilians is generally much smaller than the gap between uniformed police employees. Moreover, in corrections, there are advantages in terms of both morale and lower staff turnover to employing personnel accustomed to the jail environment, and there are also security benefits to having additional trained personnel on hand in the event of an emergency. Nonetheless, the civilianization of certain positions is likely to achieve cost savings for the jail management department and should be pursued as an overall strategy for improved efficiencies. The actual cost savings for this initiative will be determined upon completion of the Sheriff's report.

Eliminate Union Staffing Constraints

Currently, separate unions represent guards at the County holding center and correctional facility. CSEA represents the 153 corrections officers at the Correctional Facility and Teamsters represent the 316 deputy sheriffs and sheriffs that staff the Holding Center. Because of the separate union representation for these two facilities, staffing shortages in one facility cannot be supplemented by staff in the other facility. As noted in the Buffalo Niagara Partnership report, this inflexibility restricts the ability of management to assign staff as needed and thus creates unnecessary overtime costs. Without union constraints, corrections facility staff could easily be transferred to the holding center when needed and vice versa and should result in the more cost-efficient operation of both facilities. Some differences in terms of training requirements also need to be integrated between the corrections officers and deputy sheriffs to facilitate the full transferability of duties.

As noted in the Buffalo Niagara report, twenty-five deputy sheriff deputies from the enforcement divisions have been tasked to the Sheriff's transport division to relieve the overtime burden on the jails division. While this is a positive step in creating greater efficiencies between the holding center and corrections facility, full integration between the supervisory personnel of each facility should reduce overtime costs. Senior leaders at the jail management department indicate that since the Erie County corrections facility and holding center are generally near capacity, the overtime resulting from union constraints is somewhat moderated compared to what it would be a lower capacity. Nonetheless, should Erie County lower its prison populations through the various alternatives to incarceration methods proposed throughout this plan, the elimination of these union constraints and the staffing flexibility that would result should serve to meaningfully decrease overtime costs.

DISTRICT ATTORNEY

MISSION

To justly prosecute those accused of crimes and offenses in Erie County.

GOALS

- Continue to implement the vertical prosecution system which will use given assets more effectively.
- Initiate crime coalition effort to work collaboratively with local and federal law enforcement to target violent crime.
- Maintain high conviction rate.
- Continue to train and educate attorneys with regard to trail and research skills.

Source: Erie County District Attorney

DEPARTMENT INITIATIVES

75. Feed CPS Data into District Attorney's Office

Dept:	District Attorney	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:		**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Currently all the separate Criminal Justice departments have their own data processing employees. Moreover, sharing of information between the departments is limited. Due to this, the District Attorney's Office is left uninformed of police records which will ultimately concern them.

Under the current system, Central Police Services keeps records on daily arrests. The District Attorney's Office does not have a feed to this information and is not updated with this information. They only have access to daily arrest records within the City of Buffalo. However, as the County District Attorney, the office is required to represent the accused across the County. Without daily access to County arrest records, the time between arrest and notification of District Attorney's Office is elongated, limiting the D.A.'s ability to prepare for cases.

By installing a feed from CPS to the District Attorney's Office, the District Attorney's Office will be updated instantaneously on arrests across the County and can start preparing for the cases more rapidly. The two departments have determined that start up costs would be minimal as would time constraints. At this time, actual costs and potential cost savings are not able to be quantified.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Feed Costs	CQ	CQ	CQ	CQ	CQ
Savings	CQ	CQ	CQ	CQ	CQ
Total Savings	**CQ**	**CQ**	**CQ**	**CQ**	**CQ**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	$0	CQ	CQ	CQ	CQ

77. Scan Misdemeanors and Records

Dept: District Attorney
Division/Bureau: N/A

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $29,000
Required Approval: County

The District Attorney's Office currently keeps all records for misdemeanors in paper form. These records are stored in either the record room or storage room in the District Attorney's Office or in the ECMC, to which the District Attorney pays $1,425 a month for rent of storage space.

By scanning documents instead of filing paper copies, the department will save money on rent for storage, the paper needed for the paper copies, and boxes to store the copies. Some of these savings will not be realized until all the current back copies are scanned into the new system. Currently unquantifiable productivity gains will also be achieved. Personnel will no longer be needed to sort records, retrieve documents, and prepare necessary documents for destruction.

According to a similar RFP put out by the New York State Department of Archives cited by the County, start up costs for all necessary equipment will come to roughly $75,000. Since this new system is expected to take less time than creating and filing paper copies, current staffing will be able to process the new records and, over time, turn past records into scanned documents.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Cost	**$0**	**($75,000)**	**$0**	**$0**	**$0**
ECMC Rent	$0	$0	$17,000	$17,000	$17,000
Paper Costs	$0	$9,000	$9,000	$9,000	$9,000
Boxes	$0	$1,000	$1,000	$1,000	$1,000
Total Savings	**$0**	**($65,000)**	**$27,000**	**$27,000**	**$27,000**

Due to implementation delays in acquiring the scanning system, savings have been discounted 100 percent for FY2005. In FY2006, the necessary time lag between scanning new documents will cause the County to still pay rent to the ECMC for document storage. Beyond that, savings will be discounted 20 percent to allow for the conversion between systems. Starting in FY2007, savings will not be discounted.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	0%	0%	0%
Fiscal Impact	$0	($52,000)	$27,000	$27,000	$27,000

Video Arraignment (See Initiative 31)

Dept: District Attorney's/Sheriff

Division/Bureau: N/A

Rev/Sav/Productivity: Savings

Fiscal Impact To FY09: See Jail Management

Required Approval: County

By participating in the video arraignment system being put forth as a Jail Management initiative, the District Attorney's Office will be able to save travel costs associated with sending Assistant District Attorneys out to the regional courts to take part in an arraignment. Under the video arraignment system, the detainee would remain in the City of Buffalo at the Holding Center. Following the assumptions made in the video arraignment system initiative in the Corrections section, 10 percent of all arraignments are estimated to take place through this video arraignment process. For the District Attorney's Office, this would translate to a 10 percent reduction of the current $25,000 in annual travel costs for arraignments for a savings of $3,000 ($2,500 rounded to the nearest thousand) in a year before discounting. This projection remains constant throughout the plan since travel costs for arraignments have been reported by the District Attorney's Office as stable.

76. Assess Establishment of Complaint Room Approach to Avoid Unnecessary Jail Time through Prosecutorial Decision-making Immediately After Arrest

Dept: District Attorney

Division/Bureau: N/A

Rev/Sav/Productivity: Savings

Fiscal Impact To FY09: CQ

Required Approval: County

The County will investigate the feasibility of a program which would allow for immediate access to the District Attorney's Office during the heaviest arrest periods in a day. Members of the District Attorney's Office staff would be positioned in the area of the County with the highest level of arrests, the City of Buffalo, during high arrest volume times. Immediately following an arrest, the District Attorney's Office would be able to make decisions regarding whether a case against a detainee is sufficient to warrant incarceration.

Under the current system, a detainee is processed through the police system and has to be detained until the District Attorney is able to advise whether the charge is sufficient to warrant being held. Detainees are often released from custody once the District Attorney's Office comments on the severity and nature of a case. With the current cost of housing an inmate at $104 a day, the policy of housing inmates until the District Attorney's Office is able to look at the case is expensive for the County. By positioning Assistant District Attorneys in the City of Buffalo during high arrest periods for immediate access to cases, the County can avoid housing a percentage of these potential inmates whom the District Attorney's Office would choose not to prosecute.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings	CQ	CQ	CQ	CQ	CQ
Total Savings	CQ	CQ	CQ	CQ	CQ

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

74. Daily Download of Felonies in Localities Other than Buffalo

Dept: District Attorney
Division/Bureau:
Rev/Sav/Productivity: Productivity
Fiscal Impact To FY09: CQ
Required Approval: OLC

Currently, the District Attorney's Office is able to access on a daily basis a record of all felony arrests in the City of Buffalo. This keeps the Office informed on cases they will be prosecuting. However, in all other localities besides the City of Buffalo, there is no current method for the Office to obtain a daily record of these felony arrests. The disconnect between the time of arrest and the time when the District Attorney's Office is informed of the case can lead to defendants spending unnecessary periods of time in jail and stopping the Office from being able to operate at is top level of productivity.

The fiscal impact of this initiative can not be quantified.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings	CQ	CQ	CQ	CQ	CQ
Total Savings	CQ	CQ	CQ	CQ	CQ

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ

Fiscal Impact	CQ	CQ	CQ	CQ	CQ

MISSION

The Office of the Sheriff operates pursuant to the laws of the State of New York and the Erie County Charter and Administrative Code. The Sheriff is the County's elected chief law enforcement official and is responsible for the enforcement of federal and state civil and criminal laws and county, town and village ordinances. The Office of the Sheriff provides police and patrol services, investigative crimes, conducts crime prevention programs and performs public safety and emergency services designed to protect persons and property in Erie County. A number of special-function units are also provided including domestic violence prevention and investigation, aviation, snowmobile, mounted and marine patrols, arson investigation and bomb disposal. The office also serves and enforces all civil processes required by the courts and the District Attorney.

The Division of the Sheriff provides 24 hour police patrol and investigatory services required to ensure effective and efficient enforcement of federal and state civil and criminal laws and county, town and village ordinances, and provides prompt apprehension of law violators. The division also conducts community awareness and crime prevention programs and provides public safety and emergency services as required. It is responsible for providing civil process services to the civil courts. The division also furnishes security in the Rath Building, the Hens & Kelly Building and 290 Main Street under contract with the Department of Social Services.

The primary mission of the Erie County Sheriff's Office is:

- Preserve the rights of citizens.
- Reduce fear in the community through crime prevention.
- Protection of persons and property.
- Maintenance of order in public places.
- Anticipate and respond to events that threaten public order.

GOALS

- To ensure the safety and security of the citizens in Erie County and their property through effective and equitable enforcement of federal and state civil and criminal laws and county, town and village ordinances.
- To ensure the prompt identification and apprehension of law violators.
- To deter crime through effective programs of enforcement, crime prevention and awareness.

GOALS CONTINUED

- To provide security in all city, county and State Supreme Courts, and assure the safety of judges, juries, defendants, witnesses and spectators.
- To enforce and assure compliance with the directions and orders of the civil courts, and efficiently execute all civil process requirements.
- To ensure secure detention in the County Holding Center and Correctional Facility of all pre-sentenced persons.
- To provide effective public safety and emergency services.
- To provide overall policy, administrative and executive direction and coordination for the Sheriff's Office and the operations of its divisions and units.
- To provide 24 hour, 7 day/week road patrol services in each patrol district serving the towns and villages in Erie County that do not have their own police forces.
- To provide appropriate, timely response to all routine and emergency calls received and render services as required.
- To help break the cycle of domestic and family violence by vigorously investigating reports of domestic and family violence, strictly enforcing NYS laws, and responding swiftly and appropriately to calls of domestic and family violence.
- To provide aviation patrol to enforce New York State penal laws, conduct search and rescue operations, and to provide additional intelligence to Sheriff's deputies and other police officers on the ground.
- To provide effective investigation of all felony, violent and other crimes reported to the Sheriff's Office, and assure that persons responsible for criminal acts are identified and arrested.
- To provide specialized investigators, techniques and equipment to assure the effective investigation of narcotics trafficking, and the arrest of persons responsible for narcotics offenses.
- To provide effective specialized investigation of all fires occurring within the Sheriff's patrol districts and other localities, as requested, and assure that persons responsible for arson fires are identified and arrested.
- To provide marine patrol enforcement of boating and navigation laws in the Niagara River, Lake Erie and adjoining waterways, and provide search and rescue services and assistance to boaters as required.

GOALS CONTINUED

- To provide bomb removal and explosive ordnance services, and Special Weapons and Tactical (SWAT) services to all police agencies in the county as requested.
- To maintain effective traffic enforcement programs including accident investigation, traffic law enforcement and DWI enforcement.
- To provide security for the employees of the Erie County Department of Social Services and provide effective response to disturbances or breaches of security within the Rath Building, the Hens & Kelly Building and 290 Main Street.
- To execute all warrants issued from any court in connection with child support cases initiated by the Department of Social Services.
- To receive, record and properly serve all civil process orders including subpoenas, orders of seizure or attachment, warrants of commitment or eviction and executions involving income or property.
- To process and maintain accurate, up-to-date criminal history information in the state computer system.
- To maintain an effective relationship with the general public through intensive community policing activities.
- To implement effective programs of public awareness and crime prevention throughout the county, and provide education and information to the public as requested.
- To conduct effective in service training programs.

Source: Erie County Department of Sheriff

MEASURES OF PERFORMANCE

Calls for service received	68,000
Traffic Safety Bureau:	
Vehicle and traffic arrests	14,000
DWI arrests	385
Accidents investigated	2,600
Investigative Services:	
Cases investigated	500
Detective Bureau arrests	285
Narcotics arrests	50
Narcotics charges lodged	100
Fires Investigated	150

Aviation Unit:	
Total Flight Hours	250
Number of searches conducted	90
Life saving medical Transports	1
Search and rescues	15
Marine Patrol Unit:	
Navigation related offenses	500
Stranded boater assists	35
Accidents investigated	2
Search and rescues	10
BWI Arrests	2
Identification Bureau:	
Arrest reports processed	3,000
Fingerprint cards Processed	5,000
New arrest files created	750
Family Court Warrant Enforcement Unit:	
Summons and petitions served	4,250
Arrests warrants served	650
Welfare fraud arrest	80
Orders of protection served	675
Snowmobile Summons	75
Live explosive ordnance calls	120
Computer Crimes	50
Building security complaints investigated (Social Services)	2,750
Public awareness and crime prevention presentations	650
Number of civil process orders docketed	7,750
Number of hours of in-service training provided	60,000
Weapons confiscated at courthouse	3,750
Arrests made and police reports filed at courthouse	200

113. Charge Local Jurisdictions without Own Police Departments for Patrol Services

Dept:	Sheriff	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Police Services Division – Patrol Services	**Fiscal Impact To FY09**:	$9,618,000
		Required Approval:	County

The Erie County Sheriff's Office ("Sheriff") through the Police Services Division performs primary law enforcement duties such as traffic enforcement, crime prevention and service to the citizens of Erie County. However, 87 percent of the population (40 percent of the geographic area in the County) is also served for primary police services by a department financed through the municipal jurisdictions' own revenue sources ("Own Source Communities"). In 2000 those local expenses, not including the Sheriff, were approximately $160 million[69].

For the additional 13 percent of the population and 60 percent of the geographic region, the Sheriff is the primary police force in the area ("Sheriff Primary Communities"). Determining an arrangement whereby the Sheriff Primary Communities pay for the additional service of receiving primary policing would provide approximately $4.6 million annual additional revenue to the County's General Fund.

Background

The Patrol Services Division of the Sheriff is staffed with 68 sworn officers and two civilians[70], and the Sheriff's office maintains substations in the towns of Grand Island, Clarence, Alden, Elma, Colden, Sardinia and Collins, along with the Villages of Springville and North Collins[71]. In 2004 the Sheriff's Patrol Services Division responded to approximately 35,000 calls for primary police service[72]. Of those, one-fifth or approximately 6,850 calls were to the Own Source Communities while an additional 28,200 calls were to the Sheriff Primary Communities.

Cost of Providing Road Patrol

The Sheriff's Patrol Services Division staffing and costs are detailed in the tables that follow. Over 90 percent of costs of the Patrol Services division are personnel related.

[69] 2000 is the last year for which data is compiled and this serves as a useful indication of financial cost to local jurisdictions.
[70] Four officers are funded through a contract with the Village of Springville, budgeted at $307,563.
[71] The operational and capital costs of these substations are in-kind contributions of the communities in which they are located.
[72] Central Police Services provided data related to all 2004 "calls logged" for dispatching Sheriff Personnel. The total number of calls provided was 48,839 but several of these were related to mandated functions of the Sheriff other than primary policing activities (e.g. prisoner transport). For the top one hundred call types (accounting for 47,562 calls, or 97% of all calls logged) the Sheriff's office characterized the calls logged as either primary policing activities or other than primary policing activities. Also included in the other than primary policing activities are those activities for which the costs are accounted separately (e.g. Aviation Unit, etc.) from Patrol Services.

Patrol Services Division Staffing

Title	Number
Chief Deputy Sheriff	1
Captain	2
Lieutenant	2
Sergeant	4
Deputy Sheriff - Criminal	59
Legal Stenographer (Sheriff) (70%)	1
Receptionist/Dispatcher	1
Total (68 Sworn, 2 Civilian)	70

Patrol Services Division Costs

Cost Component	Amount
Base Salaries	$3,512,274
Overtime	$405,312
Premium Pay (shift differential, line-up, uniform allowance, holiday pay, etc.)	$280,276
Fringe Benefits	$1,498,660
Vehicle Costs	$67,500
Miscellaneous Supplies	$20,000
Overhead @ 7.22%	$417,606
Less Springville Contract Revenue	$(307,563)
Total	$ 5,894,065

Calls Analysis

Generally, the characteristics of providing primary police service are similar to providing the "base" level of police service. (Additional data related to these activities in included at the end of this initiative write up). The table below indicates this.

Volume of Calls by Category for 2004

Category of Type of Call	Sheriff Primary	Own Source
Alarm	3,319	213
Animal	394	38
Community Police	195	273
Crime not major	3,207	589
First Aid/'Accident	5,621	679
Major Crime (Homicide/Assault/Sex Offender/Arson)	191	66
Special Service	100	175
Traffic/ Parking	1,471	668
Welfare	3,231	276
Premises Check	1,957	877
General Policing	7,722	1,987
Assist/Other/Government	815	1,013
Total	28,223	6,854

Additional Cost of Providing Primary Police Services

In order to determine the additional cost of providing primary police services versus the "base" level provided to the majority of the County, this analysis calculated the number of calls per 1,000 in population. For the Sheriff Primary Communities that number was 228, while for those Own Source Communities the number was 8. If the Sheriff Primary Communities' calls per 1,000 were reduced to the "base" level, it would free up approximately 27,000 calls. Proportionally, this translates to a savings of approximately $4.6 million.

Primary Police Service Costs

This cost is approximately $37 per capita, substantially less than the $196 per capita that is the current local policing expense of the Own Source Communities.[73]

Legal Issues

It has been questioned as to whether or not the County Executive and County Legislature possess the legal authority to eliminate road patrol. Included in this initiative is a formal legal request to the County Attorney to obtain an authoritative opinion on this question.

However, the New York State Attorney General Informal Opinion No. 81-62 seems to unambiguously indicate that the County Administration can legally implement this initiative. The conclusion of that report is as follows: "We conclude that a charter county by charter law may limit the sheriff's regular road-patrol service to those municipalities without police forces that contract for the service. We also conclude that both charter and non-charter counties may decline to appropriate county funds for regular road-patrol service except to the extent that municipalities contract for the service and provide the county with funds necessary to cover the cost of the service.

Implementation Issues

There are several challenges that must be addressed in order to efficiently implement this initiative with minimal impact on the public safety of the affected region. First, the County will need to formally notify the affected jurisdictions of its intent discontinue primary policing activities above the base level without a contract that provides the payment for those services.

The County will need to enter into negotiations with the Sheriff Primary Communities in order to educate them on the ramifications of not entering into a contract for payment of services. The County Administration currently assumes that if these Sheriff Primary Communities do not contract with the County, the New York State Police will increase its presence to assure that these "formerly" Sheriff Primary Communities have police protection. The County

[73] "The Sheriff has expressed his objections to focusing primarily on the equitable allocations of Sheriff's resources (i.e. a large majority of the Sheriff's total budget is spent in Own Source Communities) versus focusing on the equitable distribution of all county resources (i.e. total county resources expended in towns, villages, and cities, not just Sheriff's resources)." This analysis respectfully presumes that while the Sheriff's judgment is primary with regard to matters of policing and crime prevention in the County, the current legal system provides that the power to allocate resources is under the authority of the County Executive and the County Legislature.

Administration expectation is that the 911 call centers will be modified from dispatching the Sheriff to dispatching the State Police. The Administration will need to confirm how police protection will be handled after this initiative is implemented.

It will also be important to determine what parameters are available within policing contracts. Generally, communities are more willing to pay for primary policing services if there is a guarantee of a service level (e.g. one car in the town at all times) and if the town has some amount of direction as to how the town is policed (e.g. selecting the Sheriff Manager in charge of patrolling that town). If several of the "formerly" Sheriff Primary Communities choose to contract for primary policing services the Sheriff may need to increase staffing. However, if that were to happen, the contract revenues will need to be structured to achieve full cost recovery and therefore should be a net-neutral impact on the Counties finances.

In addition, there will be technical issues to overcome such as modifying the call centers that receive and dispatch calls to the Sheriff Primary Communities now to route calls to the appropriate policing jurisdiction that may no longer be the Sheriff.

Finally, if there are not enough "formerly" Sheriff Primary Communities that contract with the Sheriff to provide services at the current staffing level there will need to be layoffs and/or redeployments in order to achieve the available savings. With layoffs, there will be termination costs.

Fiscal Impact

The full value of this initiative that could possibly be realized if implementation occurred on January 1, 2006 is as follows:

Summary of Savings
(Before Discounting if Implemented January 1, 2006)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings	**$0**	**$4,570,000**	**$4,751,000**	**$4,999,000**	**$5,251,000**

Implementation Schedule

As described above it is expected that this initiative will encounter significant challenges for implementation. While implementation may start January 1, 2006 (i.e. the Sheriff stops its primary policing services), some period of time in fact be required for a contract negotiation period with the affected localities for elimination of primary policing services by the Sheriff and to provide those affected municipalities time to plan budgetary changes to cover police service costs.

Along with this, there will be termination costs if layoffs must occur. Due to this uncertainty it seems prudent to assume the following discounting schedule: 15 percent in 2007, and 10 percent each year there after. This initiative also includes an inflationary projection each year after implementation.

In FY2006, the Erie County Sheriff Department patrol services (road patrol) shall be maintained at the FY2005 level, with the patrol service budget reduced to $2.9 million in FY2007, $1.3 million in FY2008 and $0 in FY2009. Local municipalities who wish to continue to receive road patrol services will be required to increasingly incur the costs for providing this service beginning in FY2007, with the entire cost for patrol services being charged to participating municipalities by January 1, 2009.

Summary of Savings
(Before Discounting with Suggested Implementation Schedule)

	FY2005	FY2006	FY2007	FY2008	FY2009
Savings	**$0**	**$0**	**$1,574,000**	**$4,999,000**	**$5,251,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	35%	15%	10%	10%
Fiscal Impact	$0	$0	$1,338,000	$3,554,000	$4,726,000

Type Of Call	Number of Calls	Primary Policing Functions	Call Category
First Aid	4,670	Yes	First Aid/'Accident
Welfare Check	3,509	Yes	Welfare
Alarm Ringing	3,263	Yes	Alarm
Trans To Court	3,140	No	Transport
Premises Check	2,834	Yes	Premises Check
Subpoena	2,753	No	Serve Warrant/Subpoena
Trans Co Institution	2,062	No	Transport
Assist Person	1,637	Yes	General Policing
Trans Med Facility	1,388	No	Transport
Refer To Patrol	1,370	Yes	General Policing
Accident - Pdo	1,000	Yes	First Aid/'Accident
Misc Service Call	1,000	Yes	General Policing
Larceny	991	Yes	Crime Not Major
Services-Other	932	No	General Policing
Disturbance Other	887	Yes	General Policing
Unknown Trouble	874	Yes	General Policing
Warrant - Serve	816	No	Serve Warrant/Subpoena
Refer To Other Police Dept	798	Yes	Assist/Other/Govt.
Disorderly Person	789	Yes	Crime Not Major
Harassment	733	Yes	Crime Not Major
Assist Other Police	710	Yes	Assist/Other/Govt.
Serve Op	604	No	Serve Warrant/Subpoena
Criminal Mischief	595	Yes	Crime Not Major
Direct Traffic	405	Yes	Traffic/ Parking
Community Policing	388	Yes	Community Police
Fire Other	330	Yes	General Policing

Type Of Call	Number of Calls	Primary Policing Functions	Call Category
Trans Eccf Work Detail	308	No	Transport
Suspicious Person	301	Yes	General Policing
Accident Injury	275	Yes	First Aid/'Accident
Motorist Broke Down	267	Yes	Traffic/ Parking
Suspicious Person W/Vehicle	265	Yes	General Policing
Parking Violation	253	Yes	Traffic/ Parking
Accident Other	247	Yes	First Aid/'Accident
Suspicious Vehicle	236	Yes	General Policing
Traffic Inf Other	233	Yes	Traffic/ Parking
Trans State Institution	218	No	Transport
Property Lost	208	Yes	General Policing
Loud Music (No Arrest)	203	Yes	General Policing
Animal Complaint-Other	202	Yes	Animal
Funeral Escort	202	Yes	General Policing
Domestic Trouble	199	Yes	General Policing
Malfunction - False Alarm	199	Yes	Alarm
Narcotics	187	No	Crime Not Major
Deer Struck	181	Yes	Traffic/ Parking
Attempt To Locate	180	Yes	General Policing
Weapon Ordinance	178	Yes	Special Service
Suspicious Incident	176	Yes	General Policing
Bad Check	175	Yes	General Policing
Assault	173	Yes	Major Crime (Homicide/Assault/Sex Offender/Arson)
Drunk Driving	155	Yes	Traffic/ Parking
Assist-Other	143	Yes	General Policing
Burglary - Residence	139	Yes	Crime Not Major
Fraud	135	Yes	Crime Not Major
Referral-Town Fire Office	133	Yes	Assist/Other/Govt.
Unwelcome Guest	132	Yes	General Policing
Animal Loose	130	Yes	Animal
Referral-County Hwy Dept	124	Yes	Assist/Other/Govt.
Lock In/Out	118	Yes	General Policing
Repossessed Auto	112	Yes	Traffic/ Parking
Accident Hit & Run	110	Yes	First Aid/'Accident
Ambulance Only	109	Yes	General Policing
Neighbor Dispute	109	Yes	General Policing
Shoplifting	108	Yes	Crime Not Major
Abandoned Vehicle	101	Yes	Traffic/ Parking
Uumv	94	Yes	General Policing
Other Laws	92	Yes	General Policing
Fire Residential	91	Yes	General Policing
Property Found	86	Yes	General Policing
Youth Activity	80	Yes	Community Police
Refferal-Other	80	Yes	Assist/Other/Govt.
Fight	75	Yes	General Policing

Type Of Call	Number of Calls	Primary Policing Functions	Call Category
Traffic-Detail	71	Yes	Traffic/ Parking
Fire Co-Detector	70	Yes	Alarm
Mental	70	Yes	General Policing
Reckless Operation	68	Yes	Traffic/ Parking
Road Obstruction	66	Yes	Traffic/ Parking
Suicide Or Attempt	64	Yes	General Policing
Traffic Stop	63	Yes	Traffic/ Parking
Atv-Operate/Street	62	Yes	Traffic/ Parking
Trespass	62	Yes	Crime Not Major
Animal Injury	60	Yes	Animal
Larceny-Other	59	Yes	Crime Not Major
Missing Person	59	Yes	General Policing
Aircraft Helicop Asst Other	57	Yes	Special Service
Fire Vehicle	55	Yes	Traffic/ Parking
Escorts	51	Yes	General Policing
Fireworks-Use	51	Yes	Crime Not Major
Wire Down Ref>Utility	50	Yes	General Policing
Violate Op	50	Yes	Crime Not Major
Marine-Other	50	No	Special Service
Snowmobile-Pvt Property Operation	47	Yes	Traffic/ Parking
Burn Inv.	44	Yes	Major Crime (Homicide/Assault/Sex Offender/Arson)
Snowmobile-Other	44	Yes	General Policing
Burglary Non-Residence	43	Yes	Crime Not Major
Open Window/Door	43	Yes	General Policing
Larceny-Auto Accessories	42	Yes	Crime Not Major
Hunters	41	Yes	General Policing
Barking Dog	40	Yes	Animal
Boaters	40	Yes	Special Service
Sex Offenses	40	Yes	Major Crime (Homicide/Assault/Sex Offender/Arson)

Source: Erie County Sheriff's Office, Erie County Central Police Services

Jurisdiction	Own Police	Who Provides	Type	Population*	Square Miles	2000 Own Source Police Spending
Akron	Yes	Village Of Akron	Village	3,085	1.92	$145,300
Alden Town	No	Sheriff	Town	10,470	31.87	
Alden Vill.	No	Sheriff	Village	2,666	2.67	
Amherst	Yes	Town Of Amherst	Town	116,510	52.33	$15,242,000
Angola	Yes	Village Of Angola	Village	2,266	1.36	$231,500
Aurora	Yes	Town Of Aurora	Town	13,996	33.97	
Blasdell	Yes	Village Of Blasdell	Village	2,718	0.99	$331,000

Jurisdiction	Own Police	Who Provides	Type	Population*	Square Miles	2000 Own Source Police Spending
Boston	No	Sheriff	Town	7,897	35.82	
Brant	No	Sheriff	Town	1,906	23.28	
Buffalo	Yes	City Of Buffalo	City	292,648	41.06	$88,071,000
Cheektowaga	Yes	Town Of Cheektowaga	Town	94,019	25.46	$12,486,000
Clarence	No	Sheriff	Town	26,123	53.63	
Colden	No	Sheriff	Town	3,323	35.67	
Collins	No	Sheriff	Town	8,307	47.54	
Concord	No	Sheriff	Town	8,526	66.73	
Depew	Yes	Village Of Depew	Village	16,629	5.04	$2,594,400
East Aurora	Yes	Village Of East Aurora	Village	6,673	2.49	$1,380,400
Eden	Yes	Town Of Eden	Town	8,076	39.87	$373,500
Elma	No	Sheriff	Town	11,304	34.56	
Evans	Yes	Town Of Evans	Town	17,594	40.20	$1,963,500
Farnham	No	Sheriff	Village	322	1.02	
Gowanda	Yes	Village Of Gowanda	Village	2,842	0.56	
Grand Island	No	Sheriff	Town	18,621	28.41	
Hamburg Town	Yes	Town Of Hamburg	Town	56,259	37.85	$6,151,000
Hamburg Vill	Yes	Village Of Hamburg	Village	10,116	2.38	$1,077,600
HOLLAND (No Calls)	No	Sheriff	Town	3,603	35.74	
Kenmore	Yes	Village Of Kenmore	Village	16,426	1.43	$2,227,500
Lackawanna	Yes	City Of Lackawanna	City	19,064	6.61	$3,813,400
Lancaster Town	Yes	Town Of Lancaster	Town	39,019	33.43	$3,158,400
Lancaster Vill	Yes	Village Of Lancaster	Village	11,188	2.75	$1,438,300
Marilla	No	Sheriff	Town	5,709	27.42	
N Collins Town	No	Sheriff	Town	3,376	42.20	
N Collins Vill	No	Sheriff	Village	1,079	0.78	
Newstead	No	Sheriff	Town	8,404	49.07	
Orchard Park Town	Yes	Town Of Orchard Park	Town	27,637	37.21	$2,622,700
Orchard Park Vill	Yes	Town Of Orchard Park	Village	3,294	1.34	
Outside Erie County	Na	Other	Other			
Sardinia	No	Sheriff	Town	2,692	50.33	
Seneca Nation Indian	No	Sheriff	Town		34.43	
Sloan	Yes	Town Of Cheektowaga	Village	3,775	0.79	
Springville	No	Sheriff	Village	4,252	3.63	
Tonawanda City	Yes	City Of Tonawanda	City	16,136	3.72	$2,834,700
Tonawanda Town	Yes	Town Of Tonawanda	Town	78,155	17.46	$9,621,200
Wales	No	Sheriff	Town	2,960	35.72	
West Seneca	Yes	Town Of West Seneca	Town	45,920	21.47	$6,199,000
Williamsville	Yes	Town of Amherst	Village	5,573	1.20	

* Population of Towns include the population of any associated Village

111. Consolidate 911 Call Taking and Dispatch

Dept:	CPS, Sheriff, EMS	**Rev/Exp/Productivity**:	Exp
Division/Bureau:	N/A	**Fiscal Impact to FY09**:	$1,640,000
		Required Approval:	County

The County currently operates three separate 911 call taking and dispatch services. Emergency Medical Services operates medical 911 services while the Sheriff's Department provides dispatching for the Erie County Sheriff's Office as well as several part time police departments in the County. Central Police Services handles all wireless calls for the County as well as administrative and 911 calls for the City of Buffalo. All three departments are moving into a consolidated 911 center before the end of FY2005. However, other than a shared facility there is no current agreement to provide services jointly.

Based on information supplied by Central Police Services, potential productivity improvements as well as expenditure savings have been identified if the County were to consolidate its 911 call taking and dispatch into one program. Productivity improvements include:

- Standardized Training for Call Takers and Dispatchers
- Staffing Flexibility
- Standardized Response
- Improved Response Time

Capital costs will incur in order to standardize and consolidate the disparate programs. Presented in the table below, the County has calculated a need for over $9.7 million in capital needs to fully consolidate the service. Although all of these capital costs are necessary as the consolidated program goes forward, 90 percent of the funding ($8.7 million) has already been secured through a State EDF grant. Moreover, these capital costs are the total capital needs for consolidating all 911 call taking run by the County and the City of Buffalo into one facility and consolidating the operations. Included in the capital costs are systems for telephony and Computer Aided Dispatch (CAD). The telephony system currently in place for Automatic Call Distribution (ACD) will need to be replaced due to its age and limited ability to provide future support. A CAD program needs to consolidate all agencies. Currently, the three programs are using three separate CAD systems. Consolidating to one uniform CAD system will be necessary to successfully integrate the various systems. Not included in the list below is one consolidated radio system. As described in the Radio System initiative, the County has an opportunity to partner with the State on a radio system that would increase interoperability between County departments as well as between Erie County emergency communications and other participating entities. Partnering with the State on such a project would aid in the County's efforts to improve its response to large scale 911 events.

Associated Capital Costs

Item	EDF	County Funding	Total Costs
Consoles	$432,000	$48,000	$480,000
Recording Systems	$90,000	$10,000	$100,000
Network Attached Storage	$90,000	$10,000	$100,000
Connectivity Costs for Buffalo Fire	$234,000	$26,000	$260,000
Connectivity to Firehouses and Police Districts	$645,300	$71,700	$717,000
Connectivity to mainframe servers in Rath Building	$243,000	$27,000	$270,000
Connectivity to University at Buffalo	$270,000	$30,000	$300,000
Net Clock for Time Synchronization	$18,000	$2,000	$20,000
Reverse 911 System		$60,000	$60,000
Computer Aided Dispatch and Records Management System	$4,455,000	$495,000	$4,950,000
Trunking, switching and ACD	$28,800	$3,200	$32,000
Inter-municipal Comm. Center Back-up	$18,000	$2,000	$20,000
Telephony, cabling	$450,000	$50,000	$500,000
Consultant Services	$560,000	$64,720	$624,720
Basic Redundant PBX	$225,000	$25,000	$250,000
Console Electronics	$432,000	$48,000	$480,000
Supporting Equipment (telephony)	$486,000	$54,000	$540,000
Advance ANI/ALI Rebid	$67,500	$7,500	$75,000
PSAP Upgrade of 911 Transfer	$4,500	$500	$500
Total	**$8,749,100**	**$1,034,620**	**$9,779,220**

Once the consolidation occurs, the County has calculated that the new 911 program will be able to downsize from three PSAP telephone lines to one. Eliminating two lines will save the County $100,000 annually. The County has also identified through analyses of staffing that six 911 dispatch positions can be eliminated. According to Central Police Services, the average call taker has a base salary of $38,000 in FY2006. With fringe benefits calculated, these six positions represent $340,000 in personnel costs.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total PSAP Line Savings	$0	$100,000	$100,000	$100,000	$100,000
Total Personnel Savings	$0	$340,000	$352,000	$366,000	$385,000
Total Savings	**$0**	**$440,000**	**$452,000**	**$452,000**	**$485,000**

Savings will be discounted 10 percent annually starting in FY2006 to allow for implementation. Personnel savings in FY2006 will be discounted 50 percent for termination costs as well as implementation delays. However, personnel savings will not need to be discounted thereafter.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount % T1 Lines	100%	10%	10%	10%	10%
Fiscal Impact T1 Lines	$0	$90,000	$90,000	$90,000	$90,000
Discount % Personnel	100%	50%	25%	0%	0%
Fiscal Impact Personnel	$0	$170,000	$ 339,000	$366,000	$385,000
Total Fiscal Impact	**$0**	**$260,000**	**$429,000**	**$466,000**	**$485,000**

114. Call to Court

Dept: Sheriff
Division/Bureau: Sheriff

Rev/Sav/Productivity: Expenditure
Fiscal Impact To FY09: $222,000
Required Approval: Union

After an Erie County deputy sheriff has made an arrest and the appropriate jurisdiction has determined that it will prosecute the case, the case is sent to court for coordination and scheduling. Often, the arresting officer will be scheduled to testify in court during the hearings. However, if an officer reports to court for a scheduled appearance and the case has been continued or cancelled, the officer is still paid for three hours of overtime. In many cases, the court schedule will be changed and the officer will have to continue to appear at court on scheduled days until the case reaches resolution.

Since the majority of continuances and dismissals occur before the actual day of the trial, a court call in system would be able to divert a large percentage of unnecessary court appearances for officers. Under a typical Call to Court system, the subpoenaed officer is able to call into a system which tells him/her if the trial is still scheduled or is no longer proceeding on that day. If the case is no longer scheduled, the officer no longer reports to court and the County is saved the three hours of overtime for an unnecessary appearance. If the case is still scheduled, the appearance proceeds as planned.

Comparable systems have been found to achieve results across the country. Notable examples include Albuquerque, New Mexico and San Francisco, California. The Albuquerque Police Department recently implemented a call in system and realized savings of $500,000 in the first year of implementation which equaled over 11 percent of court overtime costs. San Francisco implemented a message tape system which allowed officers to call in to see if their court appearance had been changed in the early 1990s and experienced a 30 percent decline in court appearance hours within three years.

In most cases, the Call to Court system can be managed by existing personnel. Start-up costs are limited to the system which tracks cases and delivers the messages to the officers. IVR, an interactive voice response company, produces systems which have been piloted in Washington, D.C. among other places to act as a Call to Court system. When contacted, IVR estimated a system would have a one time cost of $40,000 which includes an IVR licensing fee of $15,000, an IVR programming cost of $10,000, and a database programming cost of $15,000.

Savings reported by other jurisdictions that have implemented call-in systems range from 10 percent to 30 percent. A conservative savings estimate of 15 percent, based upon FY2005 court overtime expenditures of $453,000, would result in $68,000 in savings in FY2006. This amount would grow in proportion to the salary growth negotiated as part of the collective bargaining agreement.

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
System Costs	$0	($40,000)	$0	$0	$0
Personnel Cost Upgrade Data Processor	$0	($4,000)	($4,000)	($4,000)	($4,000)
Total Costs	**$0**	**($44,000)**	**($4,000)**	**($4,000)**	**($4,000)**
Overtime Savings	$0	$68,000	$70,000	$73,000	$ 75,000
Total Savings	**$0**	**$24,000**	**$64,000**	**$69,000**	**$ 71,000**

Due to potential implementation delays as well as workforce negotiations, these savings are discounted by 100 percent in FY2005 and 25 percent in FY2006. Potential savings are included in the Workforce section.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	25%	0%	0%	0%
Fiscal Impact	$0	$18,000	$64,000	$69,000	$71,000

112. Assess Opportunities to Consolidate Specialized Services of Sheriff's Department and City Police

Dept: Sheriff
Division/Bureau: Sheriff

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: CQ
Required Approval: OLC

The County will work to identify an approach to combining services such as the SWAT Team, Underwater Recovery Team, and the Arson Squad as a way to reduce costs through economies of scale.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	$0	CQ	CQ	CQ	CQ
Fiscal Impact	$0	CQ	CQ	CQ	CQ

DEPARTMENT OF CENTRAL POLICE SERVICES

MISSION

To provide support services to all law enforcement and criminal justice agencies in order to enhance public safety in Erie County.

GOALS

- Continue involvement in the public safety technical working groups as they examine process improvements in the areas of Communications, Information Systems, Training, Laboratory/Evidence Collections, and Emergency Operations.
- Further development of the partnership between Central Police Services and Erie Community College in law enforcement training.
- Expand distance learning opportunities with New York State Department of Criminal Justice Services as well as with the University of Buffalo School of Management-Center for Management Development.

Source: Erie County Department of Central Police Services

MEASURES OF PERFORMANCE

Number of new police and peace officers trained at Training Academy	200
Number of law enforcement computer programs maintained	400
Number of cases submitted for analysis by forensic laboratory	7,000

DEPARTMENT INITIATIVES

68. Institute 911 Wireless Surcharge of $0.30

Dept:	Central Police Services	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	911	**Fiscal Impact To FY09**:	$4,884,000
		Required Approval:	State

One of the key public safety services offered by Central Police Services is the E911 program. The County has so far established 18 primary 911 centers and 8 secondary centers which work in conjunction with the program's 26 full-time employees and 8 part-time employees to handle the 800,000 911 calls the system processes annually.

Under state legislation, a countywide landline telephone surcharge was designed to offset the costs of maintaining the Enhanced 911 telephone emergency system. However, as wireless phones became more common, residents of Erie County started making emergency 911 calls on wireless telephones. Revenue from the $0.35/month landline surcharge has also declined from $2.1 million to $1.9 million annually by FY2004 as it has become more common for residents to use a wireless phone as their sole phone line. Now the number of 911 wireless calls outnumbers the number of 911 landline calls in Erie County. Moreover, this leaves a deficit between revenues generated by the landline surcharge and the E911 annual budget which remained at $2.1 million in FY2004.

One way of offsetting the growing demand for E911 services from wireless phone users is to institute a 911 wireless phone surcharge. Although the State of New York already has a statewide wireless 911 surcharge on each wireless phone in the state, Section 308 of the County Law allows certain counties to initiate an additional $0.30 monthly surcharge on wireless phone in the county in order to fund the enhancement of wireless 911 services.

The table below shows revenues generated from comparable counties which have instituted the additional $0.30 wireless surcharge. Westchester County and Nassau County, which have similar populations to Erie County, are both able to generate over $2.0 million in annual revenue from the additional wireless surcharge.

County	Population	2003 Revenue	2004 Revenue	2003 Per Capita Revenue	2004 Per Capita Revenue
Nassau	1,334,544	$2,349,975	$2,677,390	$1.76	$2.00
Westchester	923,459	$1,207,917	$2,052,496	$1.31	$2.22
Chautauqua	139,750	N/A	$132,988	N/A	$0.95
Livingston	64,328	N/A	$94,530	N/A	$1.47
Rensselaer	152,538	$211,019	$202,542	$1.38	$1.33

Based on data provided by Central Police Services, it is assumed that 45 percent of the adult population of the County will have a wireless phone line in FY2006. Wireless penetration in the County is expected to rise 5 percent a year. Using this data, it is projected that the County will be able to generate over $1.1 million in FY2006 with 5 percent annual increases in revenue through the rest of the decade.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Surcharge Revenue	$0	$1,106,000	$1,229,000	$1,351,000	$1,474,000
Total Savings	$0	$1,106,000	$1,229,000	$1,351,000	$1,474,000

In FY2006, savings have been discounted 25 percent to allow for New York State Legislature approval. Since fees are collected automatically by wireless phone providers and this system is already in place, no implementation delays are expected thereafter.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	25%	0%	0%	0%
Fiscal Impact	$0	$830,000	$1,229,000	$1,351,000	$1,474,000

69. Add the City of Buffalo to Erie County Emergency Communications

Dept: Central Police Services
Division/Bureau: Communications
Rev/Sav/Productivity: Productivity
Fiscal Impact To FY09: $3,215,000
Required Approval: OLC, Union

As detailed in the Sheriff's Department chapter, the separate 911 call taking and dispatching operations for Erie County should consolidate into one central emergency communications operation. 911 call taking and dispatch for the Buffalo Police Department as well as the Buffalo Fire Department are already scheduled to move into the Erie County Emergency Communications Center. To further cost savings as well as service efficiencies, the County should provide emergency communications services to the City of Buffalo under a contracted agreement.

Under this arrangement, all emergency communications personnel from both the City Police and Fire Departments (a total of 29 FTES) would be transferred to the County at an average base salary of $38,000 in FY2006. Additionally the County would take over payments for any maintenance contracts (MIS contracts) the City systems have outstanding. Although an official agreement would need to be negotiated, a rate of 85 percent of City personnel and MIS costs is assumed to be charged to the City for these services. This would result in payments to the County starting at $1,549,000 in FY2006 and growing to $1,733,000 as salaries and benefits increase. It would also allow the City to assume a savings of 15 percent of costs while the County will be able to achieve cost savings through economies of scale. These savings to the County would be generated from closing two PSAP lines, attrition, and reductions in overtime. Each PSAP line no longer needed would allow the County to generate $50,000 in annual savings. The additional staff will lead to additional flexibility in staffing arrangements. Central Police Services has estimated that this flexibility will lead to $250,000 yearly reduction in overtime costs. Additionally, Central Police Services has conservatively estimated an attrition rate of 10 percent (13 employees). By adding Buffalo personnel to the emergency communications program, the additional annual assumption of 29 FTEs from the City of Buffalo will allow the County to not have to replace attriting employees. This savings from attrition will range from $737,000 to $836,000 annually. Total costs and savings to the County are detailed in the table below.

Summary of Savings
(Before Discounting)

	FY2006	FY2007	FY2008	FY2009
Expenditures:				
Personnel	($1,644,000)	($1,701,000)	($1,769,000)	($1,861,000)
MIS Contracts	($178,000)	($178,000)	($178,000)	($178,000)
Total Expenditures	**($1,822,000)**	**($1,879,000)**	**($1,947,000)**	**($2,039,000)**
Savings/Revenues				
PSAP lines closing	$100,000	$100,000	$100,000	$100,000
Attrition	$737,000	$763,000	$795,000	$836,000
Overtime	$250,000	$250,000	$250,000	$250,000
Subtotal Savings	**$1,087,000**	**$1,113,000**	**$1,145,000**	**$1,186,000**
New Revenue (85% Charge to City)	$1,549,000	$1,597,000	$1,655,000	$1,733,000
Total Savings	**$814,000**	**$831,000**	**$853,000**	**$880,000**

To allow for implementation delays and time for Union negotiations, savings have been discounted 20 percent in FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	0%	0%	0%
Fiscal Impact	$0	$651,000	$831,000	$853,000	$880,000

<u>70. Criminal History Record Information: Home Health Care</u>

Dept: Central Police Services
Division/Bureau: N/A
Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $86,000
Required Approval: County

Starting in 2001, the County Legislature mandated that a Criminal History Record Information check be performed before any potential employee could be hired by a home health care company. Since the mandate, the County has charged $7 per check with steady demand. Recently due to inelasticity of demand as well as the cost to Central Police Services for providing the Criminal History Record Information requests, CPS has proposed raising the fee from $7 to $10.

In 2004, $47,000 in fee revenue was generated by CPS for this $7 charge. This breaks down to over 6,700 Criminal History Record Information requests per year. With this fee increase, additional revenue is projected at $20,000 in FY2006 annually raising the total revenue for the service to $67,000. Starting in FY2007, revenue is expected to increase 2.5% annually with inflation. Since this service is already being provided by the department, no extra costs are involved.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Additional Revenue From Fee Increase	$0	$20,000	$21,000	$22,000	$23,000
Total Savings	**$0**	**$20,000**	**$21,000**	**$22,000**	**$23,000**

The increase in revenues has been discounted 100 percent in FY2005 to allow for legislative approval. Since the fee is already being collected by the County, no implementation delays are expected starting in FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$20,000	$21,000	$22,000	$23,000

71. Criminal Record History Information: Landlords

Dept:	Central Police Services	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	N/A	**Fiscal Impact To FY09**:	$25,000
		Required Approval:	County

In the City of Buffalo, it is estimated by the United States Postal Service that roughly 4,500 addresses will change in a given year. National data from the United States Postal Service indicates that 2/3 of all movers are renters. If this holds true in Buffalo, over 3,000 renters will change addresses in the City every year.

Under the current system, landlords are not legally required to perform criminal history record checks before taking on a tenant. However, there are possible legal ramifications for landlords if an incident were to occur. This leads to a demand for the criminal history record checks for potential tenants.

Much like the current system for record checks with possible home health care workers, the County has the option of instituting a fee to help recoup the cost of service. Since Central Police Services plans on using their current staff to perform this service, costs would be minimal. Also, CPS has proposed raising its Criminal Record History Information checks for potential home health care agencies employees to $10. If the same fee were to be charged for this check for landlords, $30,000 in revenue could be generated solely by offering this service inside the City of Buffalo. With a conservative estimate that landlords will acquire this record check for 20% of all new tenants in the City of Buffalo, $6,000 can be generated in FY2006 through this fee. Revenue is expected to rise by 2.5% annually due to inflation.

Summary of Revenue

	FY2005	FY2006	FY2007	FY2008	FY2009
Fee Revenue	$0	$6,000	$6,000	$6,000	$7,000
Total Revenue	$0	$6,000	$6,000	$6,000	$7,000

In FY2005, revenue has been discounted 100 percent to allow for legislative approval. Starting in FY2006, no implementation delays are foreseen.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Fee Revenue	$0	$6,000	$6,000	$6,000	$7,000
Total Revenue	**$0**	**$6,000**	**$6,000**	**$6,000**	**$7,000**

72. Police Training in ECC

Dept: Central Police Services
Division/Bureau: Training Academy

Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $1,572,000
Required Approval: County

The County currently provides law enforcement training to all agencies in Erie County from Basic Police Training to specialized training programs. This requires a total of four Full Time employees to run the program with a budget of $560,810. The training academy is directly used in high volumes by the criminal justice departments across the County as seen by the workload activities shown below.

	New Police and Peace Officers Trained	Supervisory Personnel Trained	Specialized Courses Conducted	Total Course Hours
FY 2004 Estimates	200	40	135	3,800

However, if Erie Community College provided the Training Academy instead of the County, cost savings would accrue to both the County as well as to the separate law enforcement agencies within the County.

Under the current structure, the County staffs the program with personnel costs totaling $210,709. These personnel will be transferred to the Erie County Community College This personnel cost would grow with wage and benefit increases if not contracted to the ECC. The County also would save on operating and maintenance costs including an additional over $200,000 in savings stemming from information services (ID DISS Services). Moreover, according to the current arrangement between the County and the ECC, subsidies from the County to the ECC will end in FY2008. This will allow County savings starting in FY2009 to escalate. These savings are detailed as follows.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Payment to ECC	$0	($300,000)	($250,000)	($200,000)	$0
Homeland Security Portion of Payment	$0	($50,000)	($50,000)	($50,000)	$0
County Portion of Payment	$0	($250,000)	($200,000)	($150,000)	$0
Total Cost	**$0**	**($250,000)**	**($200,000)**	**($150,000)**	**$0**
Personnel Savings	$0	$317,615	$325,984	$338,028	$350,726
Supplies Savings	$0	$13,949	$13,949	$13,949	$13,949
County Grants	$0	$51,093	$51,093	$51,093	$51,093
ID DISS Services	$0	$200,425	$200,425	$200,425	$200,425
Total Savings	$0	$333,000	$392,000	$453,000	$616,000

In addition, savings will be realized by the participating municipalities. Each police agency within the County pays the trainee while in training. For one spot to be filled by a recruit, the agency would have to pay to staff the position while the person is in training, pay the applicant's salary while in training, and fund the actual training program. In return, the respective police agency will not have to provide training for the applicant or pay the applicant's salary while in training. This also serves to take away the risk that applicants, after being funded through the training session, would not pass. For each trainee that a municipality would put through training, the new system of pre-credentialing would save $28,000 in direct benefit from not having to pay the trainee's salary, as well as an additional $5,000 in cost avoidance from not having to backfill a position. Total savings to the municipalities will total $33,000 per trainee.

Due to potential implementation delays, these savings are discounted by 100 percent in FY2005. Savings have been discounted 67 percent in FY2006 to allow for delays in transferring the program to the ECCC and are not discounted thereafter.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	67%	0%	0%	0%
Fiscal Impact	$0	$111,000	$392,000	$453,000	$616,000

73. Homeland Security Pilot Radio System Project

Dept: Central Police Services
Division/Bureau: Communications
Rev/Sav/Productivity: Producftivity
Fiscal Impact to FY09: CQ
Required Approval: County, Federal, State

Compatible radio systems public safety can often be the difference between a coordinated regional response to a catastrophic event and response without regional backup. Since September 2001, the federal government has encouraged local governments to become part of regional radio systems. Currently, the County has an opportunity to upgrade its radio system as well as maintain the same frequency as New York State.

The County has been attempting to upgrade its radio system since 1999. The County went through the RFP process and chose a vendor, but the contract could not be consummated. Since then, the State of New York has started upgrading their communications system and has indicated interest in gaining local government partners in the regional communications system.

There is currently the potential for Erie County to join this partnership. The County would provide the facility, personnel, and the frequency for the State to use. In return, the County would be able to upgrade its radio system and would have access through the regional system to other participants. In a case where a catastrophic event were to hit Erie County, the County emergency services and law enforcement agencies would be able to communicate with each other and with neighboring jurisdictions if they were also members. This could allow the region to coordinate an organized collective response to the situation.

The County has estimated costs for the project totaling $41.0 million. The County has calculated that the State will provide $22.0 million in value from the State build-out in the County. Additionally, the County has confirmed $14.9 million in Homeland Security funding and has $2.3 million in Homeland Security funding pending. The additional $1.8 million can be funded by the County from the FY2006 Capital Plan. Since the funds are already designated for the Capital Plan in FY2006 and the project will not be funded through the County General Fund, the County will be able to upgrade its radio system with no impact on the General Fund.

Summary of Funding

MACOM/ Ericsson System	($41,000,000)
Total Costs	**($41,000,000)**
Proposed State Value	$22,000,000
Confirmed Homeland Security Funding	$14,900,000
Pending Homeland Security Funding	$2,300,000
Total Non County Funding	**($39,200,000)**
County Capital Plan Funding	**($1,800,000)**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

MISSION

The Department of Emergency Services is responsible for providing comprehensive centralized planning, communications, support and coordination of all emergency management functions in Erie County. The Department is organized into three divisions: Disaster Preparedness, Emergency Medical Services, and Fire Safety. In addition to core services, the Department of Emergency Services hosts and/or supports many other key affiliates in the emergency services community.

GOALS

- Replace very limited amount of panels in the "Live Burn" building in order to continue to conduct advanced training.
- Utilize County fire instructors from the Fire Safety Division to in-service other County departments and advance the concept to outside agencies and conduct new training programs on a limited basis with the New York State grant.
- Inform the public about Hazardous Materials and their potential dangers.

Source: Erie County Department of Emergency Services

MEASURES OF PERFORMANCE

Number of Live Burn Panels Replaced	5
Number of Specialized Training Programs	2
Development of New Courses for municipal and private agencies	1

DEPARTMENT INITIATIVES

49. Consolidation & Managed Competition for Radio Maintenance

Dept:	Emergency Services	**Rev/Exp/Productivity**:	Exp
Division/Bureau:		**Fiscal Impact To FY09**:	$69,000
		Required Approval:	Union

Emergency Services currently has in-house staff performing radio maintenance for the County Fire Radio Communications System as well as for other County departments including Public Works, Senior Services, and Parks. Many of these departments also engage private vendors for radio related maintenance. While maintenance of many County radios, especially those involved in fire services and the Sheriff's Office, are necessary for public safety, recent layoffs have reduced personnel to two FTEs who engage in radio maintenance. Levels of service have subsequently declined to performing repairs and maintenance on an emergency basis only. Radio maintenance costs for public safety are detailed below.

Department		FY2006	FY2007	FY2008	FY2009
Emergency Services	Personnel				
	1 Sr. Radio Tech	($81,245)	($84,472)	($88,876)	($93,368)
	1 Radio Tech	($67,681)	($70,369)	($74,039)	($77,781)
	Repairs and Maintenance	($26,394)	($27,054)	($27,730)	($28,423)
Sheriff	Radio Console Contract	($18,500)	($18,500)	($18,500)	($18,500)
	Sheriff, Holding Center Portables- Contract	($9,994)	($9,994)	($9,994)	($9,994)
	Correctional Facility-Portables	($4,561)	($4,561)	($4,561)	($4,561)
	Police Radios-Contract	($9,191)	($9,191)	($9,191)	($9,191)
Total		($217,566)	($224,141)	($232,891)	($241,818)

To mitigate the decline in service levels from budget cuts, the County will consolidate all radio maintenance under one operation starting in FY2006. The County will then consider initiating a managed competition process where in-house staff would compete for the County's radio maintenance work with outside providers, with the winning proposal engaging all of the work. Savings of at least 10 percent can be reasonably expected.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Managed Competition Savings	$0	$0	$22,000	$23,000	$24,000
Total Costs	**$0**	**$0**	**$22,000**	**$23,000**	**$24,000**

Since the entity which is awarded the contract through managed competition is not anticipated to begin the contract until FY2007, no additional delays are anticipated and savings starting in FY2007 have not been discounted.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$0	$22,000	$23,000	$24,000

48. Merge Emergency Services into Central Police Services

Dept:	Emergency Services	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact TO FY09**:	$525,000
		Required Approval:	County

This initiative would provide for joint, integrated communication with Central Police Services, while maintaining the County's commitment to providing critical Homeland Security and other Emergency Services functions. This would eliminate one Commissioner position.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$115,000	$136,000	$146,000	$128,000

DEPARTMENT OF PARKS, RECREATION, AND FORESTRY

MISSION

- To provide a high quality of recreational park services to residents of Erie County.
- To cooperate and coordinate with all Erie County Departments and various municipal entities across Erie County to enhance recreational facilities and opportunities.
- To develop recreational programs which address the needs and requirements of youth and senior activities.
- To maintain and repair existing park structures or construct new facilities as required.
- To expand our marketing efforts to find areas within the Parks System that can generate new revenue sources from the private sector and also explore all grant opportunities.
- To implement a renewed Forestry for Erie County with multi-use recreational and educational opportunities, as well as maximum utilization of the great resources from a sustainable forest.

GOALS

- Continue to Implement and activate updated Master Plan for entire Parks System.
- Continue to replace, restore or upgrade older playground equipment.
- Implementation of potable water to Emery Park in conjunction with Southtown's waterlines project.
- Finish restoration of restrooms and shelters at various park locations.
- To provide organized and supervised recreational programs for 330,000 children and youths, including arts and crafts, sports leagues and tournaments, swimming, and sports classes or clinics.
- To provide organized, supervised recreational activities for approximately 100,000 young adults including organized sports leagues and tournaments, track, swimming, skiing, sports instruction and clinics.
- To provide organized, supervised recreational activities for 10,000 adults, including organized sports leagues and tournaments, cross-country and downhill skiing, sports instruction and clinics.

- To provide organized, supervised recreational activities for 37,000 senior citizens including arts and crafts, tours, picnics, dances, shows, nursing home programs, and cross-country skiing.
- To plan, draft and implement a ten-year forest management plan in order to create a sustainable forestry for the future of Erie County.
- To perform scheduled general maintenance in the county forest plantations with forest engineering and construction projects.
- To clean and thin the forest preserve for conservation and fire protection and to maintain fire breaks.
- Enhance recreation for education by joint partnership of Erie County with SUNY at Buffalo's Environmental Science and Studies Program and Earth Spirit Inc.

Source: Erie County Department of Parks, Recreation, and Forestry

MEASURES OF PERFORMANCE

PARKS

Rounds of Golf	92,000
Shelter Rentals	2,800

RECREATION

Increase number of participants in all recreational programs.	400,000
Increase revenues from outside sources	35,000

FORESTRY

Increase lumber output-board feet	30,000

Source: Erie County Department of Parks, Recreation, and Forestry

7. Support Creation of Regional Parks Conservancy to, in Time, Assume Responsibility for Managing the County's Park System

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Parks	**Fiscal Impact To FY09**:	$1,375,000
		Required Approval:	County

Currently, the Buffalo Olmsted Parks Conservancy serves as an exemplary resource for managing a select group of parks. Through its strong leadership, dedicated funding base, and community participants, the Olmstead Conservancy has been able to implement a number of best practices, including the development of a 20 year management and restoration plan, the establishment of turf maintenance policies, the initiation of a marketing and branding program, merchandising, and community involvement through active fundraising and a strong volunteer program.

Beginning in FY2006, the County will undertake a process to support the development of a Regional Parks Conservancy, to take on increasing levels of responsibility for managing the County's overall park system by 2008. The current management partnership between the County and the Buffalo Olmsted Conservancy stemmed from a coordinated financial investment by the County to build up the capacity of the Buffalo Olmsted Conservancy so that it could be in position to manage the parks. A similar approach will be pursued for the expansion of this management partnership approach to encompass all County parks.

Public-private partnerships can be a tremendous resource for parks systems in terms of financial assistance as well as planning and programmatic support. Not-for-profits are excellent collaborators for parks systems due to the relative flexibility of their finances and their extensive community networks. Moreover, not-for-profits lend themselves more naturally to aligning community resources through partnerships with volunteer groups and "friends of" organizations and can utilize these partnerships to support a number of recreation programs and beautification activities such as tree-plantings, mentoring, youth-group park improvement projects, and adopt-a-park programs.

As a not-for-profit, organizations such as the Buffalo Olmsted Conservancy are also better able to obtain external grants, such as historical grant funding, as well as fundraise, receive donations, coordinate volunteer support and assist with match requirements (cash and in-kind labor) for grants, and develop marketing and advertising programs[74]. Should it desire, the County is also free to include such contractual arrangements as the administration and continued implementation of the current parks master plan by its private partner.

Another benefit of public private partnerships is relative operational flexibility. For instance, many parks maintenance services are readily available in the private market and park systems that contract for their maintenance services often achieve significant cost savings relative to previous municipal costs and staffing levels. Private partners such as the Buffalo Olmsted

[74] Paying for Parks: An Overview of Fiscal Resources for Local Park and Recreation Agencies. page 29.

Conservancy are generally able to take advantage of such cost savings and as such are often able to provide services more cost-efficiently. Indeed, under the current contract, the Buffalo Olmsted retains the right to enter into any contracts or subcontracts that it deems appropriate to the performance of its responsibilities under the agreement.[75] As an example of potential benefits, the City and County of Philadelphia (PA) subcontracted park grounds maintenance in the early 1990s during a period of fiscal distress, and achieved more than 50 percent reductions in its turf maintenance expenditures. Similarly, under the current agreement between the County and the City parks, the County is able to recover nearly two million in federal and state COPS and TANF funding for the training of welfare to work clients, as the result of the concessions achieved through union negotiations.

To capture such potential benefits, public private partnerships for parks have generally aligned themselves with one of several functions: restoration and preservation, fundraising, the development of capital projects, programmatic support for environmental and recreational programs, maintenance and operational support, and design and strategic planning.

- The Louisville Olmsted Park Conservancy serves as a planning and funding partnership between the city and private sector. The city provided $1 million in seed money to establish the Conservancy and fund the master plan for three city parks and parkways. Since its inception, the Conservancy has raised $3.5 million in philanthropic and public funds to match a $2.5 million grant, and is nearly finished raising another $1 million to match a $600,000 grant.

- The San Francisco Parks Trust spearheads the fundraising efforts of the San Francisco parks system and is a significant partner with the parks department in planning the use of privately raised funds. Since its inception in the early 1990s, parks income increased more than 17-fold and dozens of new projects were undertaken or completed. Moreover, the effort helped many community leaders realize the vast amount of untapped money potentially available for park restoration and creation in San Francisco. One of the "quiet" services offered by SFPT is the Parks Partner Program. For the many "friends of" organizations that have an idea and want to raise funds to support the idea, the San Francisco Parks Trust will act as their fiscal agent for a small fee to cover its accounting expenses and allow them to use their non-profit status for fundraising and also acts as a "funding mentor" to guide the groups in grant writing, applying for permits and sending acknowledgment letters.

- Perhaps the best known conservancy model is that of New York's Central Park, under contract with the City to manage the 843 acre landmark. Under this eight-year contract, the Conservancy provides for the Park's day-to-day care, including landscape maintenance, replacement of dead trees and plants, mowing and reseeding, cleaning, maintenance and repairs, educational programs, and marketing. In terms of payment, CPC agrees to raise and annually expend a minimum of $5 million for maintenance, repairs, programming, landscaping, renovation, etc. At the end of each fiscal year, the City gives CPC $1 million if the $5 million mark has been met plus $0.50 for every $1 raised and expended over the $5 million by CPC. The Erie County-Buffalo Olmsted Conservancy agreement in similar in

[75] Agreement between the County of Erie and The Buffalo Olmsted Parks Conservancy. 1 July 2004.

terms of the Conservancy's operational responsibilities, although differs in terms of investment required by the private partner.

- The New York City Parks Foundation has also partnered successfully with the City. In 2003, the City Parks Foundation launched a four-year initiative combining community outreach with capital improvements, new programming, and additional staff in sixteen neighborhood parks in four areas of New York. The 16 parks were selected in part for their potential for improvement and received $5 million in private funds raised by the City Parks Foundation, some of these funds are also being used for programs that support and organize volunteer groups. The $5 million investment is currently administered by Partnership for Parks, a joint program of CPF and Parks and Recreation.

As shown through the examples above, successful public private partnerships yield tremendous benefits for the public entity, partnering organization, and the citizens who use the parks system.

Overall, however, projecting the specific fiscal impact of developing a fully Regional Parks Conservancy is inherently somewhat uncertain. According to national park planners, best in class systems typically generate outside earned income amounting to 45-60 percent of operating expenditures in suburban communities, and 30-40 percent in urban settings, depending on service mix. Such systems embrace an active approach to revenue generation including entrepreneurial culture, strong incentives, and highly professional development staff in a dedicated revenue division or grant development office. Targeting such standards, it is projected that the County will potentially be able to achieve at least 50 percent cost recovery via development of a strong regional, private-public partnership with an organization such as the Buffalo Olmsted Conservancy, while simultaneously enhancing park and recreation services. In contrast, preliminary FY2006 County Budget data forecasts outside income at less than 30 percent of overall operating expenditures. If an expanded Conservancy model were to achieve overall improvements reaching the 50 percent cost recovery target, approximately $1.1 million of benefit would be generated for the combined City and County parks.

Given the significant logistical challenges associated with developing such a Regional Parks Conservancy, any potential impact is discounted 100 percent through FY2007. In FY2008, the potential impact is discounted 50 percent, with a further 25 percent discount for FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	100%	50%	25%
Fiscal Impact	$0	$0	$0	$550,000	$825,000

8. Restore Park Staffing to Sustainable Levels Until Transferred to Regional Park Conservancy

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	($1,152,000)
		Required Approval:	County

On November 1, 2005, park staff levels are slated to change from the current workforce of 69 full-time employees and 31 seasonal and part time staff to 40 full-time positions and an increased number of part time and seasonal employees. In keeping with the recommendations of the Buffalo Niagara Partnership report, greater investment in part time and seasonal employees has been planned for FY2006. In FY2006, almost $600,000 has been budgeted for seasonal staff, compared to less than $300,000 in FY2005. Similar increased investments are seen in budgeted part time salaries. Consistent with the recommendations of the Buffalo-Niagara Partnership recommendation that the parks develop staffing plans better aligned with seasonal demands, County management anticipates that these staffing levels will be sufficient to handle the minimal maintenance requirements of the winter months, while providing greater resources for the more active summer months.

Incorporating this modest reinvestment relative to "status quo" baseline projections, salaries and fringe benefit savings are estimated to have a net cost $269,000 in FY2006, growing modestly in future years. At these levels, staffing remains well below pre-layoff totals.

FY2005 to FY2006 – Base Salaries and Fringe Benefits by Park Division

	FY2004 (actual)	FY2005 (estimated)	FY2006 (budgeted)	Change from FY2005 to FY2006
Parks	$5,739,479	$3,797,891	$3,920,674	122,784
Recreation	$464,797	$106,552	$87,643	(18,909)
Forestry	$281,531	$117,401	$82,504	(34,897)
City Parks	$1,875,984	$3,349,178	$3,807,147	457,968
Total	$8,361,790	$7,371,022	$7,897,968	526,947

Summary of Savings

	FY2005	FY2006	FY2007	FY2008	FY2009
FY2005 total salary	($7,371,022)	($7,629,007)	($7,931,879)	($8,345,130)	($8,766,559)
FY2006 total salary		($7,897,968)	($8,211,518)	($8,639,338)	($9,075,624)
Savings	NA	($268,961)	($279,639)	($294,208)	($309,065)

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	($269,000)	($280,000)	($294,000)	($309,000)

1. Increase Green Fees for County Golf Courses

Dept: Parks, Recreation, and Forestry
Division/Bureau: Parks

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $1,358,000
Required Approval: County

The County Parks division manages two County golf courses: Elma Meadows and Grover Cleveland golf courses. In FY2004, $1.1 million in revenue were generated from these two courses. As described in the August 2005 Buffalo Niagara Partnership Report, *A Plan for Moving On,* Erie's greens fees are substantially beneath the market rate of comparable golf courses in the region. Shown below is a modified version of the chart presented in the Buffalo Niagara report showing just publicly owned regional courses[76] and Erie County; seasonal pass rates have also been added for all selected courses when available. County greens fees are significantly below the fees of comparable regional golf courses. As shown in the table below, the greens fees for Elma Meadows and Grover Cleveland are both below the average median greens fees when compared to the eight other publicly owned golf courses in Erie County. Similarly, for those courses offering regular season permits,[77] both Grover Cleveland and Elma Meadows fall well below the median value.

Peak and Non-Peak Greens Fee and Season Permits for Publicly Owned Courses in Erie County

18 Hole Golf Courses		Peak Fee	Non-Peak Fee	Regular Season Permits
Sheridan Park	Town of Tonawanda	$25.00	$21.00	$370.00
Beaver Island State Park	New York State	$22.00	$18.00	-
Amherst Audobon	Town of Amherst	$21.00	$21.00	$320.00
Brighton Park	Town of Tonawanda	$21.00	$14.00	$370.00
Hamburg Town Golf Course	Town of Hamburg	$21.00	$14.00	$325.00
Elma Meadows	**Erie County**	**$16.00**	**$12.00**	**$300.00**
Delaware Golf Course	Olmsted Conservancy	$15.00	$9.00	$160.00
Grover Cleveland	**Erie County**	**$12.00**	**$10.00**	**$190.00**
Average		$19.13	$14.88	$290.71
Median		$21.00	$14.00	$320.00

If Erie County were to increase its greens fees by $4 and its seasonal passes by $50, an estimated $329,000 in additional revenues would be generated annually. In practice, the County might likely generate even more revenues since anecdotally it has been related that FY2004 was an unusually poor year for golf revenues due to a large number of inclement weather days. The table below shows projected revenue gains from FY2006 to FY2009, a 100 percent discount has been assumed for FY2005 in recognition of the fact that the Legislature would need time to approve this fee increase and that only a few weeks of the FY2005 golf season remains. Since revenue projects were based off of FY2004, which had unusually poor golf weather, no additional discounts were taken for FY2006 to FY2009 revenue projections. Also given the continued competitiveness of the proposed new greens fees relative to comparable courses in the region, no decline in rounds played is assumed due to price-sensitivity.

[76] The greens fees for the Town of Hamburg's eighteen-hole course have been added to the fees presented in the Buffalo Niagara report. The courses run by the Olmsted Conservancy have also been added as regional comparables, although these courses are heavily subsidized by the County.

[77] For counties with both resident and non-resident season permits. Resident seasonal permits were considered to be equivalent to Erie's regular permits.

Revenue Projections: Greens Fee Increase for Elma Meadows and Grover Cleveland

ELMA MEADOWS GOLF COURSE	FY2004 Fee	FY2004 Revenue	FY2006 Proposed Rate	FY2006 Revenue
Regular season permits	$300	$4,500	$350	$5,250
Senior & youth permits	$240	$9,600	$290	$11,600
Regular season permits*	$325	$63,050	$375	$72,750
Senior & youth permits*	$265	$55,385	$315	$65,835
Senior & youth permits	$6	$4,056	$10	$6,760
Senior & youth tee time pass	$31	$6,758	$35	$7,630
Senior Citizens	$8	$37,152	$12	$55,728
Youths	$8	$600	$12	$900
Access pass	$8	$3,632	$12	$5,448
Weekdays	$12	$159,564	$16	$212,752
Weekends & holidays	$15	$91,590	$19	$116,014
GROVER CLEVELAND	**FY2004 Fee**	**FY2004 Revenue**	**FY2006 Proposed Rate**	**FY2006 Revenue**
Regular season permits	$190	$11,210	$240	$14,160
Senior & youth permits	$160	$19,200	$210	$25,200
Regular season permits*	$215	$25,585	$265	$31,535
Senior & youth permits*	$185	$31,265	$235	$39,715
Senior & youth permits	$8	$15,288	$12	$22,932
Senior & youth tee time pass	$8	$104	$12	$156
Senior Citizens	$8	$4,968	$12	$7,452
Youths	$10	$136,310	$14	$190,834
Access pass	$12	$92,616	$16	$123,488
Weekdays	$10	$136,310	$14	$190,834
Weekends & holidays	$12	$92,616	$16	$123,488
TOTAL REVENUE - GROVER CLEVELAND AND ELMA MEADOWS		**$1,001,359**		**$1,330,461**

* denotes fees with tee time reservation privileges

These revenue projections have been made with Erie Parks Department proposed revenue increases of $4 to greens fee and $50 to season permits. For each additional $1 increase in daily greens fees, up to the point at which rounds played are significantly eroded as a result of non-competitive pricing, an extra $70,000 could potentially be achieved. For the revenue summary shown below, however, the suggested increase of $4 to daily greens fees and $50 to seasonal permits has been assumed. Again, as with the table above, attendance figures are assumed to be equal to FY2004 levels.

Net Revenue Projection – Greens Fee Increase

	FY2005	FY2006	FY2007	FY2008	FY2009
FY2004 Revenues	$0	$1,001,000	$1,021,000	$1,042,000	$1,065,000
Estimated Revenues from Fee Increase	$0	$1,330,000	$1,357,000	$1,385,000	$1,415,000
Change in Revenues	**$0**	**$329,000**	**$336,000**	**$343,000**	**$350,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$329,000	$336,000	$343,000	$350,000

3. Pursue Competitive Practices for Golf Course Operation

Dept: Parks, Recreation, and Forestry
Division/Bureau:
Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $802,000
Required Approval: Union

As noted above, Erie County currently owns two golf courses, Elma Meadows and the Grover Cleveland. Golf course budget data indicates that the courses are underperforming and suggests that the County is likely to increase its return by pursuing practices used by privately managed course – including market assessments, purchasing agreements, equipment maintenance, and effective customer service practices and informational systems. In the long-run, contracted operation (as recommended by the Buffalo Niagara Partnership) merits active exploration. In the near-term, the adoption of competitive practices will serve to increase golf revenues and sustain and grow the current customer base.

As noted in the Buffalo Niagara Partnership Report, for example, competitive practices transformed Monroe County's $100,000 annual operating deficit into a revenue stream of $220,000 per year with no changes in greens fees. Privatized management can often drastically reduce operational expenditures through increasing the number of rounds played, cutting overhead costs, purchasing materials and supplies in volume, improving golf course management techniques, actively marketing programs and developing cooperative arrangements with golf associations, reinvesting revenues in capital improvements, and increasing productivity through implementing best practices[78].

The chart below shows revenues and expenditures for the County golf courses for FY2003 and FY2004. In addition to total operating expenditures, the county is paying debt service for various capital improvements such as an $819,500 irrigation system and $228,600 in water line replacement for Grover Cleveland, and a $47,000 in capital investment in Elma Meadows for a new fuel management system and backflow prevention pit. A similar irrigation system is anticipated to be needed for Elma Meadows in the future. As shown, Erie currently recovers

[78] Snell Lisa. Getting Greens in the Black: Golf Course Privatization Trends and Practices. Reason Public Policy Institute. Policy Study No. 260. August 1999.

approximately 91.5 percent of its operating costs and does not recover capital expenditures. While park management is now seeking to increase its fee levels to appropriate regional levels, municipal golf courses managed by a third party have often achieved full cost recovery plus a modest return-on-investment. Under a contracted approach, payments can vary widely depending on such terms as guaranteed minimum revenues, capital investments expected by the contractor, contract length, proximity of other courses managed by the same vendor, and the type and quality of included concessions such as a pro shops and food services. If a conservative 10 percent of gross revenues is assumed for the contractor payment over and above full cost recovery (a significantly higher payment might be expected, depending on the terms of any agreement), revenues would exceed $100,000 annually and the net benefit would be more than $200,000 per year.

Net Savings through Golf Course Competition

	FY2005	FY2006	FY2007	FY2008	FY2009
Estimated Expenditures (2005 Budget)	($1,173,782)	($1,203,000)	($1,227,000)	($1,253,000)	($1,281,000)
Estimated Revenues (2004) Actuals	$1,073,983	$1,095,000	$1,117,000	$1,097,000	$1,121,000
Operating Deficit	**($99,799)**	**($108,000)**	**($110,000)**	**($156,000)**	**($160,000)**
Anticipated Contractor Payment	$107,398	$120,300	$122,700	$125,300	$128,100
Net Gain from Privatization	**$207,000**	**$228,000**	**$233,000**	**$281,000**	**$288,000**

Whether via privatization or internal reforms, the County should target to recover the full operational costs of its courses, some capital improvements, plus an additional return on prior public investment in these assets. Given collective bargaining considerations, and to avoid double-counting relative to cost recovery through greens fee increases, this plan conservatively excludes the savings potential of this initiative from gap closure totals at this time.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	0%	0%	0%
Fiscal Impact	$0	$0	$233,000	$281,000	$288,000

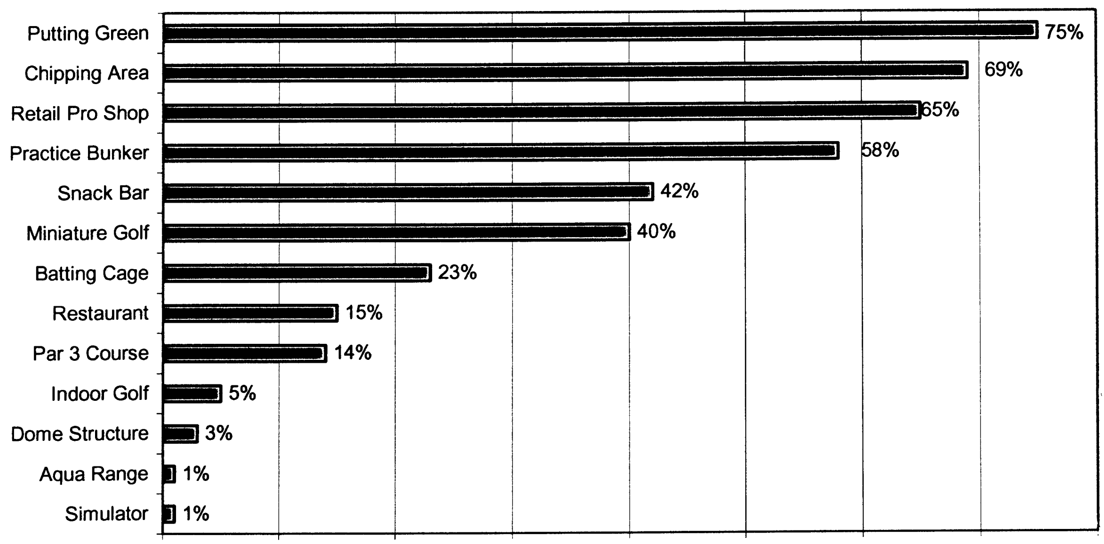
149. Explore Potential Expansion of Driving Range Opportunities and Other Recreational Concessions

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:		**Fiscal Impact To FY09**:	TBD
		Required Approval:	County

Another revenue-generating golf-related opportunity lies in the development and operation of municipal driving ranges through contracts with private concessionaires. In other communities, such concessions have been developed under long-term agreements that provide for upfront capital investments by the vendor (and time to recoup such investments), payments to the host government might include the greater of payments established in a concession fee schedule or fifteen percent of gross revenues.

In conjunction with driving range development, other family entertainment activities such as batting cages, miniature golf, putting greens, or chipping areas can also be successful. These family friendly amenities serve to expand and diversify the facility's customer base. Putting greens and chipping areas enable driving range patrons to practice a number of related skills and similarly provide additional revenues for driving range owners. The chart below shows the percent of driving ranges having such amenities.

Percent of Ranges with Selected Family Amenities



Source: 2003 US Driving Range Survey

The most important factor affecting driving range success is location. According to the 2001 Alternative Facilities Report, Golf 20/20, an estimated 80 percent of customers will come from within 15 minutes drive from the range. Should Erie County pursue the development of a driving range, it should partner with a private driving range operator for the planning, construction, and management of the driving range facility. The contracted driving range developer could determine which of these locations would be most suitable for the development of a driving range given the distribution of the local population and existing driving ranges as well as determine which amenities will make the driving range locally competitive. Consultation with the Erie County Parks Commissioner suggests that Como Lake, Emery Creek, Ellicott Creek, and/or Akron parks have the open space necessary for the construction of a driving range and should be considered for the RFP.

In mid-Atlantic urban parks, such concessions have generated $150,000 to $160,000 per year. Given the shorter seasons and general demographics in western New York, it would be conservative to project somewhat lower revenue potential for Erie County. Given that four sites have been identified as potentially suitable for a driving range, two driving ranges could conservatively be projected to be developed through a concessions bidding process, yielding contractor payments of $50,000 per year per driving range concession, for a net revenue gain of $100,000 per year. A 100 percent discount should be used for the first two years to factor in the 21 month time period typically needed to conceive, plan, develop, and open for operations a driving range[79].

Summary of Revenue

	FY2005	FY2006	FY2007	FY2008	FY2009
Driving Range Concessions	0	0	2	2	2
Anticipated contractor payment per range	$0	$0	$50,000	$50,000	$50,000
Net Revenue	$0	$0	$100,000	$100,000	$100,000

For this initiative, Erie County will issue an RFP to explore the market for the development and management of County driving ranges and related concessions. No revenue projections will be made for gap projections for this initiative however given the existing number of golf related activities located in the greater County region and the uncertainties resulting from these regional competitors.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	-	-	-	-	-
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

2. Secure Wendt Mansion Concessionaire

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:		**Fiscal Impact To FY09**:	$120,000
		Required Approval:	County

The Wendt Mansion, as described in the County's 2003 *A Masterplan for the Erie County Parks System,* was built in the 1800s and is "reminiscent of an earlier era of influence, when the wealthy families of Buffalo recreated along the lakeshore during the summer months." As a result of a sizeable donation by the Wendt family, the County has partially renovated the Wendt mansion although these renovations have been temporarily halted due to budgetary constraints. The Wendt mansion is on Wendt Beach, which is a 178-acre, multi-purpose park with both beach related, passive activities and active recreational offerings. Located in the Town of Evans approximately 20 miles south of Downtown Buffalo, Wendt beach is less than one mile north of Bennett Beach and is accessible via Old Lakeshore Road.

As noted in the 2003 *Masterplan*, the Wendt facility has several potential reuses, including use as a catering facility, bed and breakfast, wedding or conference facility, restaurant and/or tea room. The County has recently issued an RFP for this facility, and has received a positive

[79] Estimated time duration provided by the 2003 US Golf Driving Range Survey. http://www.golf-research-group.com/reports/report/4/content.html

response. Although no specific concessions agreement has yet been reached, on the basis of these proposals, it is projected that this facility has the potential to generate moderate revenue for the County in future years. FY2005 and FY2006 have been discounted by 100 percent to account for the time needed for the concessionaire to renovate the facility.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	100%	0%	0%	0%
Fiscal Impact	$0	$0	$20,000	$40,000	$60,000

6. Institute Boat Launch Fee

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Parks	**Fiscal Impact To FY09**:	$104,000
		Required Approval:	County

Erie County now operates the only free boat launches in the country at Isle View Park and the foot of Ontario Street[80]. As noted in the Buffalo Niagara report, the County pays $97,000 in debt service per year for the Isle View Park Boat Launch due to $1.4 million in expenses it bonded during FY1992. Although these debts are scheduled to be retired in FY2006, effective fiscal management policies nonetheless dictate that Erie County should attempt to recover some of these expenses through user fees. As shown in the table below, fee structures and fee levels for boat launch facilities vary widely among the other public launches within Erie County and the comparable counties surveyed here. However, given the fact that Erie's boat launches are adjacent to the Town of Tonawanda's launches, a similar fee structure, i.e. $6 weekend pass and $9 weekend pass with additional seasonal options, is suggested so as to keep Erie's fees locally competitive.

[80] Buffalo Niagara Partnership report. *A Plan for Moving On.* August 2005. p133.

FY2004 Boat Launch Revenues for Regional Park System and Comparable Counties

	Boat Launch Fee	FY2004 Revenue
Beaver Island State Park	$6.00	NA
Town of Tonawanda	Resident Season Pass - $75 Non-resident Season Pass - $100 Daily weekday pass - $6 Daily weekend pass - $9	$20,331 (as of mid-August)
Town of Hamburg	$40/year (only residents) $10/year for multiple passes(each) $15/year for seniors	$14,125
Suffolk County	$25/year- annual: resident $15/year- annual: senior, handicapped, EMT $50/year- annual: non-resident $200/year- annual: commercial $5- daily: resident $10- daily: non-resident	NA
Onondaga County	$6.50	$28,000
Monroe County	$6.00 per boat $100 per year	$4,966
Nassau County	$20 per day $50 per season	$58,630
Erie County	$0.00	$0

As the Buffalo Niagara Partnership Report states, it is difficult to determine precisely what revenues could be achieved from such a user fee would be since counts do not currently exist as to the number of boats using Erie's launch facilities. Given Tonawanda's close proximity to Erie County boat launches and comparable facilities, similar revenues are projected for Erie County and are shown in the chart below. In FY2004 the Tonawanda boat launch was closed due to budget constraints, given January through mid-August collections of $20,331; however, it is assumed that Tonawanda's revenues will meet or exceed $25,000. No additional staffing has been assumed for the boat launch since it has been confirmed with park leadership that the park rangers should be able to monitor the boat launch as part of their regular duties.

Net Revenue Projection – Boat Launch Fee

	FY2005	FY2006	FY2007	FY2008	FY2009
Estimated Boat Launch Revenues	$0	$25,000	$25,500	$26,036	$26,608
Net Revenues	$0	$25,000	$26,000	$26,000	$27,000

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$25,000	$26,000	$26,000	$27,000

5. Increase Camping Fees

Dept: Parks, Recreation, and Forestry

Division/Bureau:

Rev/Sav/Productivity: Revenue

Fiscal Impact To FY09: $53,000

Required Approval: County

Erie County camping fees are lower than regional norms. Erie's electric sites are $15 compared to the state's fee of $19 to $20[81]; non-electric County sites are only $12 compared to the state's fee of $13. A quick survey of the four largest towns in Erie, Amherst, Cheektowaga, Tonawanda, and Hamburg, show none with town-run campsites, leaving Evangola State Park as Erie's primary local competitor[82]. Given this, Erie will pursue an increase to its campsite fees to match those of the state. This fee increase will introduce a moderate amount of additional revenues for the County without exceeding regional norms. Using FY2004 data, the County non-electric campsites were used 2,738 times and electric campsites were used 2,039 times for gross revenue of $63,441. Assuming the same user levels, a fee increase of $5 for electric sites and $1 for non-electric sites should yield a net revenue increase of approximately $13,000 per year. A 100 percent discount has been used for FY2005 to account for the time needed by the Legislature to approve such a fee increase. No additional discounts have been taken since collections mechanisms already exist for all County campsites.

Net Revenue Projection – Fee Increase for Electric and Non-Electric Campsites

	FY2005	FY2006	FY2007	FY2008	FY2009
FY2004 Campsite revenues	$0	$63,441	$64,710	$66,069	$67,522
Anticipated Revenues with Fee Increase	$0	$76,374	$77,901	$79,537	$81,287
Net Gain from Fee Increase	**$0**	**$13,000**	**$13,000**	**$13,000**	**$14,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$13,000	$13,000	$13,000	$14,000

81 $20 fee is for 50 amp electric campsites.
82 Beaver Island State Park does not have campsites.

10. Review City of Buffalo Parks Fees for Potential Adjustments

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Parks	**Fiscal Impact To FY09**:	$29,000
		Required Approval:	County

The primary revenue generating activities within the City parks division are encompassed within the Olmsted Conservancy agreement and discussed in a separate initiative. Beyond these Olmsted Parks, the City of Buffalo parks also operate pools, ice rinks, and athletic fields. Year to date revenue collections for the non-Olmsted parks are nominal, amounting to $73,848.

YTD and FY2005 Budgeted Revenue Projections for City Parks[83]

Fee Type	9/29/05 Collections	FY2005 Budgeted Collections
Picnic/Shelter	$11,880	$50,000
Field Permits / Other	$16,575	$20,000
Pools	$33,393	$53,000
Ice Rink	$12,000	$12,000
Misc Receipts	$3,925	$10,900
Total	$77,773	$145,900

Current fee levels for the City parks indicate the potential for readjustment. When reviewing City Parks' shelter, room rental, and athletic field rates against Onondaga County and Monroe County, City park rates are lower for nearly all rate types reviewed.

Non-Olmsted City Parks Activity Usage Fees

Fee Type	Current City Parks Fee	Onondaga County	Monroe County
Shelter Rental	$25	$35-$76 (Mon-Fri, rates change by shelter, capacity, and season) $125-$155 (Sat-Sun, rates change by shelter, capacity, and season)	$50-$80 (rates change by shelter, capacity, and electric or non-electric)
Room Rental	$25 / day	Not for profit: $30 - $50 (2 hours, rates change by room) + $25 each additional hour Corporate: $60-$128 (2 hours, rates change by room) + $25 each additional hour	$90-$180 (rates change by capacity and location, rates are for entire lodge)

[83] FY2005 Budgeted shelter revenues include revenues collected on behalf of the Buffalo Olmsted Parks Conservancy and therefore do not wholly reflect revenues received by the County.

Fee Type	Current City Parks Fee	Onondaga County	Monroe County
Pool Usage	$30/$40 (city resident, 1/2 pool usage/full pool usage) $40/$60 (non-city resident, 1/2 pool usage/full pool usage)	-	-
Athletic Field (Season)	$25 (daily) $100 (season) $100 (1 day tournament) $150 (2 day tournament)	$65 (daily) $50 per game if 5 or more games	$25 (daily) $125 (season, adult league) $75 (season, youth league)

City fees should be regularly monitored and adjusted to determine whether they are keeping with regional norms. To this end, the parks department should conduct further research regarding the amenities and quality of service provided at City parks relative to comparable counties and local towns and villages to determine competitive price levels. For room rentals and picnic shelters in particular, price levels should be determined relative to the capacity of the shelter, the location and nearby amenities, and also the attractiveness of the shelter itself. Given the numerous variables associated with pricing services, it has been conservatively estimated that on average, the potential exists for City park prices to be adjusted from 10 to 20 percent greater than current price levels, yielding annual net revenue increase of $8,000 to $16,000[84]. For gap closing projections, assumptions of only 10 percent revenue increases will be used as an added measure of conservatism.

Under the current City of Buffalo agreement, all revenues, leases, permits, licenses, concessions, and fees received from the City of Buffalo parks[85] flow to the County. Therefore, the County should seek to maximize City parks revenues through fee adjustments when appropriate, as well as other revenue generating activities with net positive revenue such as those discussed throughout this plan. A 50 percent discount has been applied to FY2006 to account for the time needed to research and determine competitive price levels. No further discounts have been applied.

[84] Year to date revenue collections are being used for revenue projections since budgeted revenues include Olmsted revenues for shelters, and therefore do not wholly reflect revenues received by the County.
[85] Does not included those revenues delegated to the Buffalo Olmsted Parks Conservancy.

Summary of Revenues[86]

Revenue Projections	FY2005	FY2006	FY2007	FY2008	FY2009
Current Fee Levels	$77,773	$79,717	$81,710	$83,753	$85,847
Adjusted Fees	-	$87,689	$89,881	$92,128	$94,432
Net Revenue Increase	NA	$7,972	$8,171	$8,375	$8,585

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	0%	0%	0%
Fiscal Impact	$0	$4,000	$8,000	$8,000	$9,000

Develop Marketing, Sponsorship, and Naming Rights Program (See Initiative 90)

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:		**Fiscal Impact To FY09**:	Discussed elsewhere in the report
		Required Approval:	County

The Buffalo Niagara Partnership report proposes that the County sell naming rights for its parks facilities and speculates that the high visibility of several of the parks will make them attractive candidates for corporate sponsorship and branding. This plan endorses that such a program should be pursued and moreover should be expanded to include other opportunities for marketing alignments that are tasteful to community standards. A broader countywide naming rights program is discussed in the Budget and Management Department section of this chapter.

9. Establish Parks and Recreation Management Information System

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:		**Fiscal Impact To FY09**:	$168,000
		Required Approval:	County

A best practice for parks management is the use of management information systems for maintenance and recreational programming needs. Computerized maintenance and management systems provide a number of benefits including, but not limited to, the following:

- **Management of customer service**: Recreational management systems are also invaluable for streamlining reservations and admission and implementing an effective customer tracking system. Currently, the Erie County parks department processes a number of facility permit applications for use of sports fields, swimming pools, shelters, campgrounds, picnic sites, and other outdoor areas. Customer management systems can streamline internal approvals and permit applications and enable the entire park staff to view facility reservation

[86] Year to date revenue collections are being used for projections since budgeted revenues include Olmsted shelter revenue, and therefore do not wholly reflect revenues received by the County. Projections for net revenue gains from year to date collections are assumed to be of comparable magnitude to projections made from a full year's collections.

status and the approval stage of any permit at any time using such a system, which yields benefits in terms of improved customer service. Management systems are also valuable for their ability to track customer usage and demographic information, which allows for better informed long-term planning and asset development.

- **Tracking of work orders and parts and maintenance requests**: Management information systems provide a single point of contact for all facilities management requirements including maintenance requests and preventative and scheduled maintenance. As such, effective management information systems streamline operations and improve the quality and speed of service delivery and yields benefits from improved internal and external customer service.

- **Inventory and tracking of physical assets**: The automated tracking of park inventory and centralized purchasing that can be executed from such information systems will also allow the department to take advantage of economies of scale that can be achieved through joint purchasing. Similarly, such systems can also provide greater internal security through its capacity to identify inventory irregularities. The Buffalo Niagara Partnership Report estimates that Erie County could potentially save 10 to 15 percent, or $60,000 to $90,000 of its $606,963 budget for supplies and equipment through such a system, as other government purchasers have achieved similar savings levels. In evaluating this Partnership recommendation, Parks management concurs that strengthened management information and inventory controls would be beneficial, and that savings could be achieved with such tools.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	100%	20%	0%	0%
Fiscal Impact	$0	$0	$48,000	$60,000	$60,000

167. Pursue Partnerships With Local Muncipalities To Manage Appropriate County Parks

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Parks	**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Another cost savings opportunity that the County may pursue in conjunction with Conservancy management is the divestiture or management of its parks, where appropriate, by local towns and municipalities. Parks administrators relate that some towns, such as Akron, have approached the County offering to manage the local County park. In these cases, the County should pursue and cost out possible savings that may be achieved through such arrangements and enter into those agreements yielding mutual benefits for the County and local municipality. Due to the uncertain standing of such discussions with other municipalities, no cost savings have been projected for this initiative.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

4. Institute Active Forest Management Program

Dept:	Parks, Recreation, and Forestry	**Rev/Sav/Productivity:**	Revenue
Division/Bureau:	Forestry	**Fiscal Impact To FY09:**	$853,000
		Required Approval:	County

A vital function of the Forestry department is to maintain approximately 3,500 acres[87] of county owned forest land for the purposes of conservation, preservation, and recreation. The County's forest consists of 13 lots ranging from 71 to 852 acres in size. Roughly 45.5 percent of the County's forest consists of hardwood and 49.4 percent of the forest consists of conifers[88], underscoring the strong revenue generating potential of County forest lands. Currently, Erie County does not operate an active forest management program and limits its management of the forest to the removal of downed trees from the forest and the recycling of them for use in other park related projects. The County Department of Forestry division manages a sawmill that provides the county with lumber and firewood; currently none of the timber removed from the forest is sold commercially. One fulltime forester presently staffs the County's Department of Forestry and carries out the County's maintenance, conservation, and recreational programs.

In February 2004, the Erie County legislature approved the ongoing selective harvesting of county timber to produce a moderate level of sustainable income for the County. Active forest management is widely practiced by New York State and well designed programs are considered to be environmentally beneficial for the both the forest and its wildlife. According to the Massachusetts Forestry Association, effective forest management programs serve to remove low quality and poorly formed trees thereby opening up the space needed for healthier and higher quality trees. Likewise, well designed programs increase biodiversity by developing a mixture of habitats for species whose habitat needs are otherwise not adequately met and protecting cavity trees and other important resources for wildlife[89]. In January 1999, New York State was recognized as the first state in the county to receive National Wildlife Federation certification for its "multiple-use" public forest lands that are managed for timber, wildlife, water quality, and recreation. This NWF / Smartwood "Green" certification applies to the more than 700,000 acres of State forest outside the Forest Preserve that have been certified as "well managed" and in keeping with the long-term health of the forest[90].

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[87] 2004 Erie County Budget. p475.

[88] Erie County Forest Management Plan. Erie County Department of Parks, Recreation and Forestry Draft Plan, November 2003

[89] Massachusetts Forestry Association: http://www.massforests.org/management-logging/benefits-of-management.htm

[90] Litwhiler, Stephen. *State Land Timber Sales Top $430,000 in Three Counties in 1999.* New York State Department of Environmental Conservation press release. 15 February 2000.

FY2004 Net Forestry Revenues for New York State – Regions 4, 6, 7, 8, and 9

Region	Region 4	Region 6	Region 7	Region 8	Region 9	State Total	Average of Regions with Active Timber Management	Median of Regions with Active Timber Management
SAWTIMBER								
Acres	1,308	1,551	1,799	809	1,085	6,552	1,310	1,308
Revenue	$887,120	$1,229,415	$1,042,828	$765,750	$863,263	4,788,376	$957,675	$887,120
Dollars per Acre	$678	$793	$580	$947	$796	3,793	$759	$793
PULP WOOD								
Acres	283	420	281	177	28	1,189	238	281
Revenue	$247,330	$66,800	$61,535	$49,340	$0	425,005	$85,001	$61,535
Dollars per Acre	$874	$159	$219	$279	$0	1,531	$306	$219
FIREWOOD								
Acres	134	424	105	114	25	802	160	114
Revenue	$7,257	$45,590	$5,141	$10,246	$990	69,224	$13,845	$7,257
Dollars per Acre	$54	$108	$49	$90	$40	340	$68	$54
MISCELLANEOUS								
Revenue	$300	$76	$1,318	$8,420	$200	10,314	$2,063	$300
TOTAL								
Total Acres	1,725	2,395	2,185	1,100	1,138	8,543	1,709	1,725
Total Revenue	$1,142,007	$1,341,881	$1,110,822	$833,756	$864,453	5,292,919	$1,058,584	$1,110,822
Average Revenue per Acre	$662	$560	$508	$758	$760	$620	$650	$662

The table above details state revenues received from forestry management in FY2004. Five of the nine State forestry regions were surveyed to determine potential forestry revenues. Of the remaining four regions, three do not have active forestry management programs;[91] region 3 has also been eliminated from this analysis due to a large amount of uncategorized revenues.[92] As shown in the table below, average per acre net revenues for the state ranges from $508 per harvested acre in Region 7 to $760 in Region 9. The amount of revenue that can be obtained per acre varies tremendously based on factors such as timber quality (species, maturity, and size), the accessibility and logging terrain for the wood harvested, the total volume for sale, the per acre harvest volume, and the landowner requirements and knowledge. Assuming that Erie County's forest lands are similar with respect to these variables to the State's Region 9 lands, which encompasses Alleghany, Cattaraugus, Chautauqua, Erie, Niagara, and Wyoming counties, it is likely that Erie's forests will yield revenues on the higher end of this range.

Another variable that factors heavily into estimating potential revenues are the number of acres selected for harvesting. The New York State Department of Environmental Conservation's policy is not to harvest timber from more than 17,000 acres, or 2.5 percent, of its 700,000 acres currently under forest management in any given year. However, according to representatives from the Society of American Foresters, the commercial availability of forest lands for timber management can vary significantly depending on the land's accessibility, due to natural variations such as streams, wetlands, and steep slopes, and whether critical habitats are present.

[91] Regions 1 (Nassau, Suffolk), Region 2 (New York City), and Region 5 (Clinton, Essex, Franklin, Fulton, Hamilton, Saratoga, Warren and Washington.

[92] Total timber management related revenues for Region 3 amounted to $36,699 or only 0.7 percent of total state revenues.

Given this variability, the County's head forester in consultation with regional specialists estimates that ten percent of 3,500 acres can be harvested on a rotating, ten-year cycle in a sustainable, environmentally conscientious manner.

The State of New York mandates logging in state forests under the Environmental Conservation Law (ECL). Timber harvesting contracts on State land are normally awarded to harvesters who have submitted the highest bids for the timber offered. Logging is conducted under timber harvesting contracts with DEC and all aspects of the logging operation are carefully controlled by the DEC regional foresters, thus ensuring that the work is environmentally sound and the forest ecosystem is protected[93]. Conversations with regional foresters indicate that for new forest management programs, it is generally recommended that forestry consultants be used for tree selection, contract development, site inspections, general management planning, accounting services, and restoration activities. As such, the cost of a forestry consultant at the typical contract rate of 10 percent of gross revenues[94] has been added to program costs. With the exception of the forestry consultant, it is assumed that Erie County will pursue a similar approach to the State and will therefore achieve similar net revenues per acre as shown in the table above.

Using these assumptions, the table below shows anticipated net revenue collections for Erie County. The $760 state average per acre revenue earnings for Region 9, which includes Erie County, has been used to benchmark the likely profit that could be generated through this forest management initiative. A 100 percent discount for FY2005 and 50 percent discount for FY2006 to account for the anticipated time that would be lost to select trees and competitively bid them out.

Net Revenue Projection – Forestry Management Initiative

	FY2005	FY2006	FY2007	FY2008	FY2009
Acres selected for harvest (10.0 percent of forest land)	-	350	350	350	350
Estimated revenues ($760 per acre assumed + annual inflation)	$0	$133,000	$266,000	$271,586	$277,560
Forest Consultant Costs (10 percent of gross revenue)	$0	($13,300)	($26,600)	($27,159)	($27,756)
Net Revenue	**$0**	**$120,000**	**$239,400**	**$244,000**	**$250,000**

Independent of the above analysis, the Erie County head forester has provided a revenue projection for this initiative detailing anticipated sales volume by type of wood product and a combination of in-house and contracted laborer. New York State forest management programs use a more fully contracted approach which may provide similar revenues with less risk. Given the newness of this program, state revenue earnings for region nine are being used as a conservative regional benchmark, although the County forester's projections indicate further upside potential.

93 Ibid.

94 This 10 percent of gross revenues rate was provided by the Director of Land Management, at Forecon, Inc. in Falconer, NY, and has been stated to be the typical contract agreement for a consulting forester.

Further, County forester has also noted that – due to the lack of active forest management over the years – County forests are currently overcrowded and as a result, initial harvests would be expected to exceed what would otherwise be available. Regional foresters concur that initial forestry revenues can be expected to be substantially higher, twice or even more, due to the length of time that the forest has not actively managed. Therefore, for the first few years following the initiation of an active forest management, the County may be able to anticipate revenue collections several times higher than regional norms. This potential is not factored into the projections above, and provides a further measure of conservatism such that no additional discounts have been applied.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$120,000	$239,000	$244,000	$250,000

COUNTY CLERK

MISSION

The County Clerk's Office is divided into the Registrar's Office and the Auto Bureau which each have their own missions. The Registrar's Office aims to record and file documents required or entitled to be filed under New York State law, to issue certificates, exemplifications, certified copies, executions against real and personal property and notary public commissions, to serve as an agent of the state government for the collection of mortgage, real property transfer and capital gains taxes, and the collection of court fees, to administer and file oaths of public officials and notaries public, and to serve as an agent of the federal government by administering declarations of intent to individuals seeking U.S. citizenship.

The Auto Bureau's mission is to provide professional, courteous and quality service to the taxpayers and residents of Erie County.

GOALS

- Institute Auto Bureau Enhancement Plan which expands Satellite operations to five local government facilities and the NFADA offices. If adopted, services would be available five days a week in Amherst, Tonawanda, City of Tonawanda, Evans and West Seneca. This will be a key component in the overall effort to stop the loss of revenues to other Counties which has occurred due to the long lines at the two remaining Auto Bureaus in Erie County.

- Recapture motor vehicle fees that are now being spent in neighboring counties by opening an additional once-a-week Mobile Auto Bureau site in the Town of Hamburg, while increasing marketing of the existing services in Grand Island, Concord, Clarence and the newly opened North Buffalo location.

- Activate a County-wide marketing plan to recapture motor vehicle fees that are sent directly to the New York State Department of Motor Vehicles in the form of internet or mail-in renewals for license and registrations. Drop boxes will be established at governmental locations such as the Rath Building, County and City Hall to encourage employees to utilize the drop box and keep revenue in Erie County. The marketing plan will also reach throughout Erie County to corporations that own fleets of vehicles or that employ large volumes of employees.

- Restore a better level of service to customers adversely impacted by the closing of two of the four Auto Bureaus through budget cuts in 2005.

- Provide staff with training provided by Homeland Security, New York State DMV and the State Tax Department to ensure Auto Bureau staff has current knowledge of procedures that impact their work.

Source: Erie County Clerk

MEASURES OF PERFORMANCE

Mortgage Tax transactions processed	42,000
Discharges of mortgage	40,000
Transfer Tax transactions	25,000
Documents recorded	120,000
Corporation transactions processed	5,500
Documents reviewed by filing clerks	350,000
Notary transactions processed	2,000
Registrar Revenue	$6.4 million
Court judgments processed	40,000
Pistol Permit transactions	30,500

46. Reopen Auto Bureaus Previously Closed: Revenue Enhancement

Dept:	Clerk	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Auto Bureau	**Fiscal Impact To FY09**:	$6,683,000
		Required Approval:	County

Due to layoffs in March 2005, the Auto Bureau is currently operating only two bureaus. One is located in the City of Buffalo while the other is in Cheektowaga. This leaves many areas of Erie County without a local bureau. Since Erie County only retains a percentage of renewal fees if the transaction takes place in an Erie County bureau, the County risks losing revenue to its state counterpart. For residents in the northern section of the County, it is in many cases a shorter distance for them to travel to a Niagara County auto bureau to conduct their transactions. According to the Niagara County Clerk, the North Tonawanda bureau in Niagara County, for example, conducts 70 percent of its business with Erie County residents. This represents a loss of revenue to Erie County.

In order to recapture revenues, the Erie County Auto Bureau should be restored. Under this, six Full Time Employees will be restored as motor vehicle registration clerks (M.V.R.s) with a base FY2006 salary totaling $189,000 for the six positions. Additionally, supervisory personnel will be upgraded and 32 part-time positions will be staffed. Expenditures from these positions are detailed below. Non-personnel costs to restore the Auto Bureau will include mileage costs of $10,000 in FY2006 as well as lab and tech fees for the satellite bureaus ($65,000 in FY2006). These are anticipated to rise 2.5 percent a year with inflation.

With this restored staffing level, the County projects to increase Auto Bureau revenue by $2.3 million in FY2006 and meet its goal of improving customer service to those affected by the previous layoffs. The main source of this additional revenue is an anticipated $1.9 million from auto fees collected from satellite bureaus and drop boxes. The County will set up drop boxes as a pilot project to allow residents to drop off their renewals instead of sending them to Albany. The County will also open six satellite bureaus. Five of theses bureaus will be located in local government office buildings while the sixth will be in the Niagara Frontier Auto Dealers Association. At these satellites, the host will provide the facility and the T1 line at no cost to the County. Through this agreement, the County is able to operate these satellites while only accruing costs from personnel, lab costs, and mileage costs. Based on historical averages, revenue from these satellites is anticipated to grow 5.4 percent annually. The County Clerk also raised the rate for summary pages in FY2005 which generates $600,000 a year.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Upgrade Personnel	$0	($45,000)	($47,000)	($51,000)	($53,000)
6 MVRs	$0	($326,000)	($338,000)	($351,000)	($369,000)
32 Part-Time Employees	$0	($408,000)	($422,000)	($439,000)	($462,000)
Lab and Tech Costs	$0	($65,000)	($66,000)	($68,000)	($69,000)
Mileage	$0	($10,000)	($10,000)	($11,000)	($11,000)
Total Costs	**$0**	**($854,000)**	**($883,000)**	**($920,000)**	**($964,000)**
Summary Page Revenue	$0	$600,000	$600,000	$600,000	$600,000
Satellite Revenue	$0	$1,900,000	$2,002,000	$2,109,000	$2,222,000
Total Savings	$0	$1,646,000	$1,719,000	$1,789,000	$1,858,000

To allow for potential implementation delays in opening bureaus, savings have been discounted 20 percent in FY2006. Starting in FY2007, no implementation delays are expected.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	20%	0%	0%	0%
Fiscal Impact	$0	$1,317,000	$1,719,000	$1,789,000	$1,858,000

45. Increase Motor Vehicle Fees

Dept: Clerk
Division/Bureau: Auto Bureau
Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $3,290,000
Required Approval: County

The New York State Department of Motor Vehicles has increased rates for many motor vehicle fees as illustrated in the following table.

Fee	Current Rate	New Rate	Effective Date
Photo Document	$5	$5	1-Oct-05
Title Fee Original	$10	$50	1-Oct-05
Title Fee Duplicate	$10	$20	1-Oct-05
Title Fee Mobile/Manufactured Home	$25	$125	1-Oct-05
Data Sales-Electronic Search	$5	$7	1-Oct-05
Data Sales- Manual Search	$6	$10	1-Oct-05
FS Buy Back 8-30 days	N/A	$8/day	1-Oct-05
FS Buy Back 31-60 days	N/A	$10/day	1-Oct-05
FS Buy Back 61-90 days	N/A	$12/day	1-Oct-05
Dealer Transporter Fee: Application	$25	$37.50	1-Oct-05
Dealer Transporter Fee: Annual Renewal	$150	$225	1-Oct-05
Dealer Transporter Fee: Biennial Renewal	$300	$450	1-Oct-05
Dealer Issued Plates	$2	$5	1-Oct-05
Salvage Vehicle Inspection	$100	$150	1-Oct-05
ATV Trial Fee	$0	$15	1-Jul-05

By increasing Erie County's rates for these services, the State has calculated that Erie County will receive an additional $800,000 in FY2006 due to these increases with 1 percent annual growth in these revenues.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Increased Fee Revenue	$264,000	$800,000	$820,000	$830,000	$840,000
Total Savings	**$264,000**	**$800,000**	**$820,000**	**$830,000**	**$840,000**

In FY2005, savings have been discounted 100 percent to allow for implementation delays. Starting in FY2006, no implementation delays are expected.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$800,000	$820,000	$830,000	$840,000

43. Increase Pistol Permit Fee to Comparable Rates

Dept: Clerk
Division/Bureau: Administration

Rev/Sav/Productivity: Revenue
Fiscal Impact To FY09: $152,000
Required Approval: County

One of the functions of the County Clerk is to issue Pistol Permits. In Erie County the 2004 Budget projected 20,000 pistol permit transactions and revenue of $50,000. Currently, the main fee for a pistol permit is $5, although there are other types of fees included in the revenue source. However, according to NY CLS Penal § 400.00 (paragraph 14) the fee allowed is $10.

A relevant excerpt from that law is as follows: "14. Fees. In the city of New York and the county of Nassau, the annual license fee shall be twenty-five dollars for gunsmiths and fifty dollars for dealers in firearms. In such city, the city council and in the county of Nassau the Board of Supervisors shall fix the fee to be charged for a license to carry or possess a pistol or revolver and provide for the disposition of such fees. Elsewhere in the state, the licensing officer shall collect and pay into the county treasury the following fees: for each license to carry or possess a pistol or revolver, not less than three dollars *nor more than ten dollars* as may be determined by the legislative body of the county;" [emphasis added].

As detailed on their web sites, each of the following New York counties charges $10.00 for this permit: Albany, Ontario, Clinton, Essex, and Rockland. Revenue in 2004 (the last year for which budget data is available) was estimated to be $50,000. Doubling the fee would result in a doubling of revenue. (Inflation is not included since the fee will now be at the statutory maximum).

Summary of Savings (Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Savings	**$0**	**$50,000**	**$50,000**	**$50,000**	**$50,000**

Due to potential implementation delays and a possible reduction in demand due to the fee increase, these savings are discounted by 25 percent from FY2006 to FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	25%	25%	25%	25%
Fiscal Impact	$0	$38,000	$38,000	$38,000	$38,000

44. Restore Registrar's Office

Dept: Clerk
Division/Bureau: Registrar's Office

Rev/Sav/Productivity: Productivity
Fiscal Impact To FY09: ($608,000)
Required Approval: County

In March, the County Clerk's Registrar's Office was subject to layoffs. Since then, the Registrar's Office has experienced a growing backlog of record maintenance and unprocessed mail. The Clerk, who by New York State law is mandated to maintain the County's records, has indicated that the current record storage areas are filled to capacity. Records maintenance has been downsized to the point that the office is not able to purge any records with current staffing levels. Overtime costs for the Department have consequently risen as the remaining staff works to meet the new level of workloads.

Strategically restoring certain positions which handle record storage and check processing will enable the Registrar's Office to meet its legal requirements and function at a level which aids in

County efficiency. By restoring one records center manager as a Full Time Employee, who will be restored at a lower salary ($45,856) than the position paid before the layoffs, and two part time employees, the Clerk has calculated that the records management function of the County Clerk's Office will be able to meet its legal obligations to the County. The part time employees will not receive benefits. This will allow old records to be purged as needed while new records coming into the office will be filed in a timely manner.

The second half of the affected program, the mail cashier function, is currently processing mail that arrived over three months ago. This has the potential to limit the County's ability to take in revenue in two ways. First, payments which have not been processed by the County can not be collected by the County. According to the Clerk, the County currently is over three months behind on revenue collections due to the mail backlog. Secondly, checks often expire if not deposited within a set amount of time after being drawn. In the Clerk's experience, this expiration can take place as soon as six months after a check has been written. With the County already with a backlog over three months, the County could be facing a loss of revenue due to check expiration if mail cashiers are not restored In addition, since payments in the mail are not being invested, the County is loosing potential interest revenue. By adding eight part time employees who will be dedicated to processing checks, the County will better be able to meet its need to collect revenues issued to the County Clerk. Each part time positions being filled will cost $10,800 a year. Personnel costs, including benefits, for all the above positions are detailed below.

Additionally, along with an increase in productivity, the restoration will also lead to a reduction in overtime expenses. In FY2006, the Registrar's Office is estimated to spend $35,494 in overtime expenses. This amount is expected to grow by 3.5 percent per year over the next four years. A certain amount of overtime is driven by meeting citizen demand, primarily from handling residents who arrive at the Registrar's Office before closing time but are not able to have their transactions completed before closing. This overtime is necessary in order for the Clerk to maintain service levels. However, staffing the Office to the level indicated in this initiative is estimated to eliminate all other overtime and reduce citizen-driven overtime because more staffing will be available to assist residents. Overall, a reduction totally 95 percent of all overtime costs starting in FY2006 is anticipated. This will result in a cost avoidance starting at $34,000 in FY2006 and growing to $37,000 in FY2009.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Records Center Manager	$0	($68,000)	($71,000)	($74,000)	($77,000)
Part Time Employees	$0	($108,000)	($112,000)	($116,000)	($124,000)
Subtotal Costs	**$0**	**($176,000)**	**($183,000)**	**($190,000)**	**($201,000)**
Overtime Savings	$0	$34,000	$35,000	$36,000	$37,000
Total Savings	**$0**	**($142,000)**	**($148,000)**	**($154,000)**	**($164,000)**

Costs have been discounted 100 percent in FY2005 to allow for time to restore the positions. Starting in FY2006, costs have not been discounted.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	($142,000)	($148,000)	($154,000)	($164,000)

42. Adjust State Statute to Allow for Recovery of County Clerk and Other Administrative Costs

Dept:	Clerk	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Registrar	**Fiscal Impact To FY09**:	$1,897,000
		Required Approval:	State

Under State law, counties are limited in the rates they are able to charge for service fees. In most cases, this rate is capped at or below the cost to provide the service. However, this methodology only takes into account the direct costs of providing the service. Administrative costs associated with providing these services are not taken into consideration.

In certain instances, the State has levied special permission through laws which allow certain governments to charge administrative surcharges. Notably, Nassau County is allowed to charge administrative surcharges on parking tickets and pistol permits. According to the Nassau County Revenue Manual, Nassau County charges a $10 or $50 administrative surcharge, depending on the violation, on citations in order to compensate the Traffic and Parking Violations Authority for the administrative costs of processing the incident. In addition, the Penal Law of the State of New York Section 400.00 grants Nassau County the ability to set its own pistol permit fee. The current Nassau County rate of $200 covers the costs for the County to perform appropriate background checks, examine the firearm, and process paperwork. Other than the noted exception in the law, counties have pistol permit fees capped at $10.

Since the State of New York has made special exceptions for counties to charge administrative surcharges previously, Erie County should petition the State of New York to allow it special dispensation to charge administrative surcharges for certain fees. Areas for potential administrative surcharges exist with the County Clerk, the Sheriff, Probation and Youth Detention, and Personnel. The Finance Deputy in the Clerk's Office identified pistol permits and several court related fees as potential areas for administrative surcharges.

The County currently collects court fees for the State and remits the total amount collected to the State. The Clerk's Office has estimated that these fees are collected over 71,000 times in a given year for the State. By the State allowing for a $5 administrative surcharge for each court fee and pistol permit collected, the County would be able to recoup the cost it incurs to provide the service to the citizens and the State. It would in turn generate an estimated $456,000 in annual revenue.

The fees targeted for these surcharges as well as their demand for service and anticipated revenue are detailed as follows:

CLERK FEES FOR WHICH A SURCHARGE IS PROPOSED

Fee	User Fee	FY2004 County Retained Revenue	Authority	Proposed Surcharge	New Rate	Estimated Annual Demand for Service	Estimated Additional County Revenue
Demand for Jury	$65	$0	NYS	$5	$65	1,200	$6,000
File Motion or Cross-Motion	$45	$0	NYS	$5	$50	18,000	$90,000
File Stipulation of Discontinuance	$35	$0	NYS	$5	$40		
Note of Issue (Non-Jury)	$30	$0	NYS	$5	$35	1,200	$6,000
Note of Issue (Jury)	$95	$0	NYS	$5	$100	20,400	$102,000
Notice of Appeal	$65	$0	NYS	$5	$70	900	$4,500
Request for Judicial Intervention (RJI)	$95	$0	NYS	$5	$100	9,600	$48,000
RJI & Note of Issue together (Non-Jury)	$125	$0	NYS		$70		
RJI & Note of Issue together (Jury)	$190	$0	NYS		$195		
Pistol Permits: Permit	$5[95]	Incl. in $17,262[96]	NYS	$5	$15	20,000	$200,000
Total						**71,300**	**$456,500**

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Savings	**$0**	**$457,000**	**$468,000**	**$480,000**	**$492,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$457,000	$468,000	$480,000	$492,000

[95] Pistol permit fees are being proposed to be raised from $5 to $10
[96] Revenues from pistol permit fees are recorded along with several other fees by the County Clerk. Revenue solely from the pistol permit is not able to be broken out at this time.

47. Establish Work Rules for Satellite Office Staff in Auto Bureaus to Schedule Shifts on Saturdays and Other Times when Service Demand is Highest

Dept:	Clerk	**Rev/Sav/Productivity**:	Productivity
Division/Bureau:	Auto Bureau	**Fiscal Impact To FY09**:	$212,000
		Required Approval:	Union

When instating the satellite bureaus, the County should negotiate a Memorandum of Understanding with the represented employees to allow for flex hours at satellite bureaus.

Currently, personnel in the Auto Bureau assist all customers in line at closing before leaving for the evening. This can extend shifts beyond the normal length and lead to overtime. According to the Clerk's Office, this is the main source of the estimated $53,000 in overtime expenses anticipated for FY2006.

In order to find a solution which both supplies the same level of customer service while also mitigating overtime expenses, the County has moved the Cheektowaga bureau to flex hours. The office is closed on Mondays and operates from 11am to 7pm on Tuesdays, Wednesdays, and Thursdays, from 9am to 5pm on Fridays, and from 7am to 3pm on Saturdays. Although no data is kept which delineates overtime by location, the Clerk's Office does credit the flex hour schedule with reducing overtime in the Cheektowaga office since implementation.

Although it would require the consent of the governments housing the satellite offices as well as the union representing the motor vehicle registration clerks, flex hours would control overtime costs while providing a comprehensive level of service. While some overtime will be necessary to retain service levels, the flex hours which will allow bureaus to be open some days as early as 7am and as late as 7pm on others plus weekend hours will eliminate 95 percent of overtime. While overtime is expected to grow 3.5 percent annually, this will save the County $50,000 starting in FY2006 and will rise to $56,000 in savings in FY2009 as detailed below.

	FY2006	FY2007	FY2008	FY2009
Estimated Overtime	$52,657	$54,500	$56,408	$58,382
Overtime Reduction	95%	95%	95%	95%
Overtime Savings	**$50,000**	**$52,000**	**$54,000**	**$56,000**

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Overtime Savings	$0	$50,000	$52,000	$54,000	$56,000
Total Savings	$0	$50,000	$52,000	$54,000	$56,000

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$50,000	$52,000	$54,000	$56,000

BUFFALO AND ERIE COUNTY PUBLIC LIBRARY

MISSION

For nearly 170 years, the Buffalo and Erie County Public Library (B&ECPL) and its direct forebears have served the people of Western New York with library materials, facilities and services. In 2005, a network of 52 outlets provided library services to all Erie County residents.

The B&ECPL Board of Trustees is responsible for operating the Library System, which provides a host of behind-the-scenes services to all libraries, as well as operating the Central Library and eight remaining branch libraries within the City of Buffalo. Twenty-two local library boards are responsible for service delivery within cities, towns and villages served by libraries. Municipalities or associations provide local library buildings and capital improvements to those facilities. Books, equipment and staff are provided by the B&ECPL, using County funding, through contracts with local library boards.

The Library's collections contain well over 5 million volumes, including books, maps, audio and video recordings, and periodicals. Erie County residents borrowed almost 9.2 million items from the Library in 2004–*almost 10 items per capita.*

The Central Library is the headquarters of all System administrative operations, including technical, network and support services for all libraries. Additionally Central provides daily public service access during the school year and houses approximately 45% of the entire system's collection of library materials. The reference and research collections of the Central Library are valuable resources shared by all. Libraries throughout the System offer many educational, cultural and entertainment programs for the information and enrichment of County residents.

All Erie County outlets reach the B&ECPL's online catalog, electronic resources and the Internet utilizing a high bandwidth network based at the Central Library and connecting all facilities. B&ECPL's continuously updated World Wide Web site has made the library a well-known presence on the Internet. That site generated over 1.8 million "visits" in 2004, is projected to generate over 1.9 million visits in 2005 and estimated to increase to 1.94 million in 2006.

MISSION STATEMENT

Connecting our diverse community with library resources that enrich, enlighten and entertain.

Principles
The Buffalo and Erie County Public Library will:

- Provide open, equal and free access to information in accordance with the American Library Association's "Library Bill of Rights."

- Deliver timely, confidential and customer-oriented service to meet the informational, recreational and educational needs of the community.

- Promote lifelong learning by encouraging all children and adults in their enjoyment of reading and discovery.

- Contribute to the region's economic vitality by assisting individuals, businesses and government as they pursue better jobs and economic growth.

- Create and maintain an environment that attracts, develops and encourages a diverse and skilled staff.

- Listen to the entire community in pursuit of the Library's Mission.

- Manage resources effectively and be accountable to its funding sources.

- Pursue the private and public funding necessary to fulfill the Library's Mission.

GOALS
PUBLIC SERVICES

- To provide convenient, safe and ready access to print and electronic library information sources to Erie County residents.

- To provide access to electronic information through databases, online networks, and the Internet.

- To cost-effectively provide greater depth and variety of reference material through coordinated purchase of reference material with System public libraries.

- To conduct special programs and services for children, job training, career development and adult literacy.

- To train the public to access electronic information from a variety of sources, including the Internet.

- To regularly review and evaluate service needs, priorities and programs.

- To seek, implement and monitor grant programs to supplement the Library's overall plan of service.

- To circulate books and other items through the Central Library, city branch libraries and suburban/rural contracting libraries.

- To retrieve microform and produce photocopies there from to meet patron requests.
- To fill in-house, telephone and e-mail patron reference requests at the Central Library.
- To ensure prompt re-shelving of library materials.
- To direct library services for facilities in the Erie County Holding Center and Correctional Facility and conduct programs at the Erie County Home.
- To open the Central Library and a limited number of geographically dispersed suburban libraries four hours on Sunday afternoons during the school year.

SUPPORT SERVICES

- To acquire books, periodicals, audio and videotapes, compact disks, digital videodisks and electronic data to meet the informational, educational, recreational and cultural needs of the community.
- To promptly process newly acquired materials for circulation and integration into the collection.
- To preserve the materials in the library collection for continued use and posterity.
- To mend and repair books and other library materials.
- To acquire newspapers on microfilm or other formats for permanent preservation of existing titles.
- To process in-system and out-of-system interlibrary loan requests to be supplied from the collection of the Central Library.

SYSTEM ADMINISTRATION

- To administer the operations of the B&ECPL cost-effectively in response to citizen needs, changing methods of delivery in library services, and state-of-the-art technology.
- To develop and implement a comprehensive and coordinated plan of service to guide the short-term operation and long-range development of the Library System.
- To ensure effective administration and monitoring of library service through annual agreements with suburban/rural contract libraries.
- To ensure proper administration of all financial records and business routines of the Library System.

Source: Buffalo and Erie County Public Library

MEASURES OF PERFORMANCE

Library materials circulated	6,800,000
Patron Library visits	3,750,000
Reference transactions	554,000
Program Attendance	110,000
Mobile units circulation	0
Patron Requests for Library Materials (principally via online request system)	763,200
Volumes ordered	127,300
New titles accessioned	20,100
New materials processed	152,000
Items repaired	3,000
Periodical & book volumes bound	1,000
Central Library interlibrary loan requests processed	19,486
Shipping boxes of library materials delivered to library outlets	40,000
Programs conducted at Erie County Home	136
Number of registered computer use sessions	331,500
Increase access to library resources via the internet: Measured by Website Visits	1,947,500
Provide hands-on and classroom training for public use of the Internet and other online resources (Central Library Training Lab & LEAD Lab):	
Number Trained	500
Course effectiveness rating on a scale of 1-4, 4 = Best (Rated by Trainees)	3.7

108. Expand Centralized Human Resources (All Libraries Join CHR)

Dept:	Library	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Administration	**Fiscal Impact To FY09**	$1,000,000
		Required Approval:	County

Currently, participation in the Centralized Human Resources (CHR) Program is contingent on access to the County's SAP System. The Library must request HR transactions be conducted by County staff. Certain community libraries have not been able to join the CHR program because the County can not process the transactions quickly enough. Giving Library staff limited access to the SAP system would allow the Library staff to take on all HR functions. This would allow the elimination of up to 5 clerical positions. As with other Library initiatives, this one will not affect the General Fund. The potential impact on the Library Fund is shown.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$250,000	$250,000	$250,000	$250,000

107. Sell Mobile Library Tractor

Dept:	Library	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Library	**Fiscal Impact To FY09**:	$100,000
		Required Approval:	County

The Library has determined it is not cost effective to operate a mobile library program. They purchased a Tractor and Mobile Library Trailer Unit in 2001 for approximately $200,000. As with other Library initiatives, this one will not affect the General Fund. The potential impact on the Library Fund is shown.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$100,000	$0	$0	$0

SENIOR SERVICES

MISSION

The mission of the Department of Senior Services of Erie County is to promote the optimum well-being of older adults by enhancing their lives, promoting positive aging, supporting a lifetime of dignity, and preserving their independence through the development of a comprehensive and coordinated system of services to meet both present and future needs.

GOALS

- To complete the implementation of the Blueprint for Change recommendations, especially the amalgamation of Adult Protective Services and CASA into the Office of Senior and Adult Services.
- To reach out to, educate, and assist seniors to enroll in the Medicare Prescription Drug Program, EPIC, and other health insurance benefits.
- To develop a Long Term Care Insurance Resource Center.
- To assist in the design of a single point of entry into the long term care system in Erie County.
- To increase the number of senior citizens participating in exercise, fitness, and wellness programs.
- To expand public/private partnerships whereby business can complement and enhance Going Places transportation and other Department-funded services.
- To assist service providers and decision makers to prepare for the increase in the County's elderly population through implementing Project 2015 and other planning mechanisms.
- To create a specialized intake team for processing, triaging, and analyzing referrals to Protective Services for Adults.

Source: Erie County Department of Senior Services

MEASURES OF PERFORMANCE

Number of participants attending congregate dining	5,300
Length of time from initial submission to execution of contract	40 days
Number of older adults receiving HEAP benefits	24,000

67. Transfer Additional Responsibilities to Contract Service Provider

Dept:	Senior Services	**Rev/Exp/Productivity**:	Expense
Division/Bureau:		**Fiscal Impact To FY09**:	$41,000
		Required Approval:	County

In 2005, Senior Services underwent nearly $0.5 million in staff reductions, including the elimination of 13 drivers from its transportation services. Going forward, Senior Services will use a Cluster Review Committee process to identify effective contract providers to take on an increasing share of Senior Services program resources and service delivery responsibilities, expanding the amount of Senior Services resources transferred to outside entities from 65 percent to 75 percent of total resources.

As an initial step, an in-house senior case manager position is being eliminated in FY2006. At least one additional position would be unfunded each of the following three years of the Four-Year Plan. While positions will be eliminated, General Fund savings are modest due to the high percentage of case manager costs that are grant funded

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$4,000	$8,000	$12,000	$17,000

OFFICE OF PUBLIC ADVOCACY

MISSION

The Erie County Office of the Public Advocacy (ECOPA) is, in part, charged with developing and administering Equal Employment and Affirmative Action Programs pursuant to Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, and in accordance with the laws of New York State and the County of Erie. Services and programs provided are for the benefit of all County residents without regard to race, sex, religion, age, disability, national origin, marital status, color or status as a Vietnam-era veteran. The Erie County Office of Public Advocacy combines Erie County advocacy services into one office for a more centralized and effective use of skills and resources.

In accordance with New York State Executive Law, Section 357, ECOPA serves as the advocate for our war veterans. The Veterans Service Officer counsels and assists veterans and their dependents to ensure that they receive all the benefits available to them under federal, state and local laws.

The ECOPA also ensures that the County of Erie's citizens with disabilities have a direct voice in County government by making available an advocate who works within the county structure to develop and enhance services; and to oversee county facilities and programs. The ECOPA implements these services through referral, representation and Americans with Disabilities Act (ADA)/Access oversight.

In addition, the ECOPA oversees the Commission on the Status of Women. The Commission promotes gender equity and informs the community of issues that affect women through a program of education, analysis of legislation, policy recommendations and community collaborations. The Commission facilitates measures to coordinate or expand the resources and services available to women in the County of Erie. In all its activities, the Commission seeks to emphasize the rights, accomplishments, and special concerns of women. The ECOPA is responsible for the implementation of the program.

The ECOPA is also responsible for investigation of harassment complaints, training in equal employment and affirmative action policy and procedures for all units of the County government. The mandate reporting of the Equal Employment Opportunity Commission and other regulatory authorities, are compiled and filed by this office.

The Office audits County contracts for goods, services, and construction to maintain participation goals for Minority Business Enterprises (MBE's) and Women Business Enterprises (WBE's). Services are provided to facilitate MBE and WBE access to County contracts. Beginning in 2006, the Division will begin monitoring County Departments, Agencies and Administrative Units compliance with the utilization plan for MBES and WBES on County contracts for professional, technical and other consultant services.

Finally, ECOPA monitors the County's personnel and hiring procedures to assure compliance with the County's affirmative action plan. A Job Bank is also available to assist County departments and local businesses in recruiting County residents for employment. The office receives harassment complaints and conducts investigations to provide prompt remedial actions addressing complaints. This office has the responsibility of training all of the County of Erie employees regarding new harassment policies and procedures.

MISSION STATEMENT

It is the mission of the Erie County Office of Public Advocacy to: provide professional and quality advocacy services to assure fair and equal treatment of all County residents without regard to race, sex, religion, age, disability, national origin, marital status, color or status as a veteran.:

- To guarantee that the veterans of Erie County armed forces personnel, their dependents and survivors received the necessary and deserved counseling, programs, claims and outreach services.
- To make certain that the women of Erie County have full participation in the issues that impact their lives.
- To assure that Erie County residents with disabilities have a voice in government.
- To assure a work environment free of unlawful harassment and discrimination.
- To certify bona-fide women and minority entrepreneurs for contract and procurement opportunities.
- To increase the utilization of businesses owned by minority group members and women, and especially locally owned and operated businesses, on County construction contracts and thereby significantly enhance the opportunities and entrepreneurial skills of minority group members and women in Erie County by enforcing Local Laws # 1 and #5.
- To implement new Local Law #9 to increase the utilization of minority and women-owned professional, technical and other consultant services, such as in the areas of law, finance, information technology, accounting and engineering.

GOALS

- To implement and monitor the Erie County Affirmative Action Plan.
- To assure that County of Erie residents receive equal treatment when seeking employment or attempting to do business with the County.
- To promote public awareness issues related to individuals with disabilities.

- To assist Minority and Women owned business enterprises in acquiring County construction, purchase and services contracts and expand their business participation in County contracts.

- To monitor the County of Erie hiring and promotional activities for the purpose of maintaining a workforce in all job group categories which generally reflect the demographic characteristics of the County's population.

- To investigate harassment, discrimination and retaliation complaints and resolve personnel problems that relate to equal employment and affirmative action matters.

- To collect, compile and record data, provide information, and file required reports to federal, state and local authorities pertaining to the statistical profile of Erie County's workforce.

- To maintain records of all deceased veterans of Erie County from data received from town and city clerks and cemeteries.

- To monitor the utilization of bona-fide minority and women owned businesses on County contracts for professional, technical, or other consultant services.

- To cause a proportionate number of women to be appointed to public, private and non-profit boards.

- To cause a public awareness and an effective system of response for victims of domestic violence.

- To instigate economic self-sufficiency of women equal to men.

- To cause women to have access to pertinent health information and services.

- To educate Community leaders on issues affecting minorities and women.

- To counsel and assist veterans and/or dependents to receive maximum benefits from the Veterans' Administration in the areas of service-connected compensation, non-service-connected pension, dependency and indemnity compensation and widows' pension, and to provide linkage for them to other support services.

- To provide information regarding education, retraining, medical and rehabilitation services and facilities, employment and re-employment services, and efficient, confidential and sympathetic claims processing and outreach services.

- To process burial claims for indigent veterans and next-of-kin.

- To act as Erie County's public relations representative to various veterans' agencies and organizations by providing updated information about benefit entitlements, and representing Erie County on ceremonial occasions.

- To assist in counseling and referrals as required to resolve problems with Agent Orange, Gulf War Syndrome, P.T.S.D., property tax exemption, hospitalization and domiciliary care, replacement of lost discharge and separation papers, home loans, applications for medals, and housing for the homeless.

- To effectively administer New York State Civil Service Law, Section 55-A, as it applies to access and employment for people who are physically challenged.

Source: Erie County Office of Public Advocacy

MEASURES OF PERFORMANCE

No. of departments heads and employees receiving EEO information and training	750
Number of meetings to assure good faith in complying with county Affirmative Action Plan and EEO related matters	28
Number of candidates recruited for Civil Services Examinations	8000
Number of new MBE's jointly certified with City of Buffalo	50
Number of new WBE's jointly certified with City of Buffalo	20
Number of meetings held with other agencies to assist MBE's, WBE's and applicants	45
Number of MBE's and WBE's assisted	135
Number/percent of county contracts received by MBE's	45/10%
Number/percent of county contracts received by WBE's	25/3%
Number of discrimination complaints filed/resolved	60/58
Estimated savings through successful complaint resolution	165,929
Number of groups addressed by speakers on EEO related topics	12
Number of new Section 55-A registrations by disabled persons seeking employment	75
Number of new Job Bank registrants	175
Number of Job Bank registrants for employment externally referred/placed	90/7
Number of disabled individuals served	16,600
Increase revenue of 55-A participants	3,000

Number of Erie County employees trained regarding new harassment policy	650
Percent of increase, compared to prior year, in number of claims filed with V.A.	15%
Percent of increase, compared to prior years, in number of patient's services at V.A. Hospitals and Outreach Clinics	10%
Percent of increase, compared to prior years, in number of veterans reached through community meetings with veteran organizations	20%

110. Consolidate Veterans, Commission of Status of Women, and EEO into New Office of Public Advocacy

Dept:	Veterans, EEO, and others	**Rev/Sav/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact To FY09**:	$399,000
		Required Approval:	County

An important function of County government is to provide advocates for people that are part of certain classes. Currently there are three such offices that could gain efficiencies by consolidating. Those include:

- Commission on the Status of Women
- Office of Veterans Services
- Division of Equal Opportunity

Consolidating these departments would allow the county to maintain significant services to the impacted communities while achieving cost savings. The new Office of Public Advocacy will be led by one Commissioner-level Director, rather than the current four Commissioner-level positions. Savings will be achieved by a reduction in grade of the current Commissioner-level positions and associated reduction in clerical staff.

Implementation is predominantly under the control of the County. Therefore, minimal discounting is necessary. Inflation is assumed in the savings.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Savings	**$0**	**$98,000**	**$100,000**	**$104,000**	**$107,000**

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	10%	0%	0%	0%
Fiscal Impact	$0	$88,000	$100,000	$104,000	$107,000

BOARD OF ELECTIONS

MISSION

The Board of Elections organizes, conducts and certifies the results of all national, state, county, city and town elections held in Erie County, in addition to the City of Buffalo School Board elections. It maintains the official election records of more than 609,000 voters and directs all aspects of voter registration, nominating petitions, and redistricting. It administers elections in accordance with the laws of New York State and the Erie County Charter and Administrative Code.

The Board of Elections derives revenues from the sale of district maps, voter registration lists and related election information. It also recovers the direct and indirect costs associated with elections from the city and town jurisdictions where the elections are held. These jurisdictions are billed annually for the actual election expenses in the last completed year (e.g., 2004 expenses are recovered in 2006). School district, fire district, and special municipal elections requiring services from the Board of Elections are billed immediately following completion of rendered services.

GOALS

- To ensure that all elections held in Erie County are conducted honestly, efficiently and in compliance with New York State Election Law.
- To conduct national, state, county, city, town, and school board elections in 985 election districts for primary, general and special elections as required.
- To survey polling locations for 985 election districts to comply with federal and state regulations for accessibility for the handicapped and elderly.
- To register or re-register eligible voters and maintain current voter registration for approximately 609,000 registered voters.
- To process approximately 40,000 motor voter registration records.
- To cancel 15,000 to 25,000 voter records because of death or movement out of county.
- To image approximately 15,000 canceled records.
- To process approximately 35,000 requests for absentee ballots in primary and general elections annually.
- To provide assistance to local nursing homes for absentee voting as set forth in the State Election Law.
- To maintain a file of approximately 1,500 campaign finance disclosure accounts.
- To receive and audit all candidate and political committee financial statements as mandated by New York State Election Law.

- To process approximately 5,000 candidate petitions, authorizations, acceptances, objections, specifications, declinations and substitutions annually.
- To provide technical support for approximately 120 village, fire district, union, and school district elections annually.
- To conduct inspector training classes for approximately 7,000 regular and alternate inspectors.
- To comply with the mandates of federal law, commonly known as NVRA - National Voter Registration Act.
- To properly maintain 1,200 voting machines.
- To provide training to town voting machine custodians.
- To provide outreach voting educational classes to all public and parochial schools in Erie County.
- To comply with the mandates of laws and regulations relating to federal and state elective offices.

Source: Erie County Board of Elections

MEASURES OF PERFORMANCE

Number of voters registered:	
Mail registration	45,000
Central registration	10,000
DMV Other Agencies	40.000
Inactive status voters	50,000
Applications for absentee ballots mailed	10,000
Applications for absentee ballots processed	12,000
Absentee ballots mailed	15,500
Absentee ballots processed	16,000
Financial reports filed	1,700
Total savings in fees realized through election night activities and data storage with in-house computer system	150,000
Total revenues realized through sales of labels, lists, etc., with in-house system	350,000

Total percentage of election districts reporting by 11 p.m. on election night	85%
Average processing time of voter registration forms and absentee ballot application forms	½ day
Reduction in overtime budget deficits	0

DEPARTMENT OF ENVIRONMENT AND PLANNING

MISSION

Pursuant to the County Charter and Code, the County Law, the Environmental Conservation Law, and the General Municipal Law, the Department of Environment and Planning provides direct services and staff assistance for physical, community and economic development planning and implementation to County government, local governments, residents, and businesses. Services are provided through the Divisions of Planning, Environmental Compliance, Sewerage Management, and the Office of Economic Development.

The Planning Division provides services related to economic and community development of farmland preservation and waterfront development activities in Erie County. The Division provides planning assistance to municipalities, the Development Coordination Board, the Greater Buffalo and Niagara Regional Transportation Council, and the Cultural Resources Advisory Board. The Planning Division administers the Community Development Block Grant and coordinates development of the County's Capital Budget.

The Division of Planning also includes an Office of Planning and Community Development, an Office of Arts, Culture and Tourism (ACT) and an Office of Geographic Information Services (GIS). The Office of ACT is responsible for providing assistance and direction to the cultural sector of Erie County and for promoting the economic and cultural benefits of the arts, culture and tourism for the region. The Office of GIS provides state-of-the-art GIS services for Erie County Government as well as all other governmental and non-governmental entities throughout the County.

The Division of Environmental Compliance is charged with protecting the environment and our natural resources through the implementation of a variety of environmental and energy related initiatives focused on addressing the needs of Erie County municipalities, businesses, and citizens. These programs involve achieving and maintaining environmental standards; improving the efficiency and minimizing the impacts of waste management and energy use practices; advising on proposed environmental statutes, rules, and regulations; protecting and enhancing our Great Lakes resource; and monitoring remediation and promoting redevelopment of environmentally contaminated sites (brownfields). The Division is organizing the regional coordination of municipal solid waste management through the oversight and sponsorship of efforts associated with New York State planning requirements. Environmental Compliance is also working collaboratively with other public and private partners in Western New York to establish effective and economical regional energy policy and programs. The Division provides pollution prevention services to business and government, household hazardous waste collection and indoor air quality programs for County residents, and carries out a public education program in cooperation with the Erie County Environmental Education Institute. The Division provides leadership and regional coordination for 43 municipalities in Erie and Niagara Counties through the Western New York Stormwater Coalition to develop comprehensive stormwater management programs to comply with the New York State Phase II permit requirements. The Division has led the successful development of public access and green space along the Buffalo Waterfront and other Erie County waterways through the establishment of natural areas such as the Times Beach Nature Preserve and the Seneca Bluffs Pocket Park. The Division is responsible for the oversight and enforcement of the Counties mandated 48-hour Neighborhood Notification Program for pesticide applications.

The Office of Economic Development is responsible for providing information and assistance to the business community, promoting the economic health of Erie County as a whole, and providing oversight and linkage with the principal economic development agencies in Erie County. It is also responsible for expenditure and management of $1.1 million annually in block grant economic development funds and job creation requirements for $8.9 million revolving loan pools funded by the Federal Department of Housing and Urban Development. This office represents the County's perspective and coordinates activities with those economic development agencies where the County maintains a contractual or working relationship. In addition to the formulation of innovative programs and policies, the office acts as a research resource for the County Executive, the County Legislature, and other County departments upon request. This office is also the primary lead for the County in redevelopment efforts of brownfield sites, coordinating local, State and Federal agencies.

GOALS

PLANNING

- To effectively administer the Urban County's Community Development Block Grant and Home Investment Partnership Program for the 34 municipalities in the consortium.
- To manage the Erie County Farmland Preservation Programs, including agricultural district re-certifications.
- To provide housing assistance to low and moderate-income households.
- To complete State mandated reviews of local plans, programs, and projects which have significant impact on Erie County policies, plans, and facilities.
- To prepare a Framework for Regional Growth over a fifteen-year time horizon.
- To respond to requests for information, advice, and recommendations from other County departments and municipalities regarding planning, development policy, and environmental issues.
- To assist in the preparation of the County's capital program and annual capital budget.
- To implement the County Cultural Resources Funding Strategy and provide assistance to the Cultural Resources Advisory Board in the review and evaluation of applications and the

- Development of recommendations for County cultural agency funding.
- To work with appropriate agencies and organizations to promote and enhance cultural tourism in Buffalo, Erie County, and the region.
- To implement waterfront access projects along the Lake Erie and Niagara River shoreline.
- To coordinate GIS activities within County government to achieve efficiencies in developing and maintaining GIS data and to eliminate redundant efforts.
- To coordinate the Erie County GIS program with GIS activities at the State and local level through sharing of data and information and to provide basic GIS services to local governments through the World Wide Web.

ENVIRONMENTAL COMPLIANCE

- To implement Countywide energy policies, programs and initiatives and to provide assistance to local and regional government and non-government partners to reduce energy consumption and the related environmental and economic impacts.
- To encourage the development, sourcing, and use of renewable energy whenever practical, i.e., wind development, photovoltaics, etc.
- To maximize Erie County stakeholder interests during negotiations associated with the Federal relicensing of the Niagara Power Project.
- To coordinate with other Federal, State, local government, and private entities to preserve and expand power allocations to Western New York from the Niagara Power Project Federal relicensing process.
- To promote the use of cleaner alternative fuels in government vehicles and the utilization of the County's new compressed natural gas (CNG) refueling station and to encourage the acquisition of alternative fuel vehicles for County use.
- To provide environmental regulatory compliance and pollution prevention assistance to businesses, municipalities, and public agencies.
- To protect the environment and promote household and sanitation worker safety by providing residents with information and recycling/disposal opportunities for household chemicals, hazardous waste, and unwanted electronics.
- To provide a regional hazardous waste disposal program for school districts, municipalities, and small businesses at significantly reduced costs, taking advantage of economics of scale by coordinating disposal needs.

- To encourage recycling and composting by providing educational and technical outreach to municipalities, schools, and businesses.

- To coordinate a regional Stormwater Coalition to assist 41 local municipalities and the Erie County and Niagara County Highway Departments in complying with the New York State Stormwater Phase II permit requirements.

- To implement the New York State mandated Pesticides Neighborhood Notification Program in Erie County.

- To provide technical assistance to the County Brownfield Program for environmental site assessments, data evaluations, and remedial consultation.

- To locate, investigate, and remediate environmentally contaminated sites for commercial/industrial land recycling.

- To provide information and educational assistance to County residents on radon testing and mitigation procedures to reduce radon levels.

- To improve and construct sites along the Lake Erie Waterfront and the Buffalo River Watershed for passive recreation, habitat restoration, and enhancement of public access.

- To assist communities in monitoring remediation progress at hazardous and radioactive waste sites.

- To assist businesses, institutions, municipalities, and the general public with identification and implementation of waste reduction strategies to reduce the volume of material discarded.

- To provide regulatory compliance and pollution prevention assistance to County facilities with a particular emphasis on reducing the release of persistent, bioaccumulative, toxic (PBT) chemicals through changes in purchases or processes.

ECONOMIC DEVELOPMENT

- To provide the County with oversight and linkage with the principal economic development agencies in Erie County and to represent the County's perspective and coordinate the County's activities with those economic development agencies with which the County maintains a contractual or working relationship.

- To provide information and assistance to the business community and to promote the economic health of these businesses, their employees, and Erie County as a whole.

- To effectively serve as an economic development resource for the County Executive and to initiate programs which will implement the County's economic development plan.

- To work with local municipalities and provide CDBG financing for industrial parks and facilities.
- To continue implementation of a comprehensive brownfield remediation and development program.

Source: Erie County Department of Environment and Planning

MEASURES OF PERFORMANCE

Number of Community Development projects completed	24
Number of Agricultural Districts Re-certified	3
Number of cultural funding applications reviewed	57
Number of Digital Maps Updated	5
County Waterfront projects constructed	3
Number of environmental compliance technical assistance cases handled	40
Number of attendees at environmental compliance and energy workshops and seminars	300
Number of pollution prevention/waste reduction reviews conducted at industrial sites	40
Number of homes tested for radon	500
Number of indoor air quality (radon, carbon monoxide) workshops held for the public, Real estate agents and emergency service providers	20
Number of Household Hazardous Waste collection events held	4
Number of Household Hazardous Waste information requests	1,000
Number of municipalities utilizing the County's Solid Waste Program	44
Number of households served by Household Hazardous Waste collection events	3,750
Number of small businesses and government agencies served through the Exempt Small Quantity Generator collection events	30

Number of projects funded with CDBG economic development funds; contracts executed	3
Number of companies visited and interviewed through the Business Retention and Expansion Program	30
Number of business attraction trade shows exhibited in by the Office of Economic Development	1
Number of Business Assistance Directories distributed to the business community	250
Number of Brownfield sites remediated or investigated	2
Units completed through County housing programs	125
Reduction in the number of gallons of hazardous waste in the community through County sponsored Hazardous Waste collections (Household, Mercury and Generator)	40,000
Number of alternative fuel vehicles purchased for County use	5
Number of industrial parks or sites developed	1
Number of companies assisted by the Business Development Fund	1
Number of sewage pumping stations eliminated	4
Construction design completed	12
Construction contracts completed	13

109. Charge Local Developers for 239 Reviews

Dept:	Environment and Planning	**Rev/Sav/Productivity**:	Revenue
Division/Bureau:	Community Planning	**Fiscal Impact To FY09**:	$166,000
		Required Approval:	County

According to Section 239-m of New York State Consolidated Laws (Article 12-B of the General Municipal) "County Planning Boards and Regional Planning Councils" mandates that Counties perform an analysis on specified land use and development actions proposed within 500 feet of the County property (or in some instances, state property). This analysis must recommend approval, modification, disapproval, or statement of no regional effect.

Currently the County does not charge for this review. However, according to the department this analysis takes several hours to complete. In 2004 the Department completed 1,088 of these reviews and through July 31st the county completed 527 of these reviews. Niagara County charges $75 per review. The Department has proposed initiating a $100 fee for each review.

County Staff has indicated that additional staff would facilitate more of these reviews. Earlier this year there were 16 staff reductions for the Department. While they completed many of the 2005 reviews with staff that has since left the County, the County still has the capacity to perform many of these reviews without augmentation. The current estimate is that they will perform 800 of these reviews in 2006.

This initiative includes only the revenues from the new fee, discounted heavily to account for any implementation problems since it is a new fee. If after a reasonable period of time (e.g. six months) the revenue is being collected at estimated rates and an analysis can be performed to determine if additional staff will be cost effective (or at least cost neutral). A summary of savings, including inflation, is listed below.

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Savings	**$0**	**$80,000**	**$82,000**	**$84,000**	**$86,000**

Due to potential implementation delays, administrative challenges that may occur since this is a new fee in the initial years and the revenue may be offset by additional staff in the out years this revenue estimate is discounted by 50 percent throughout.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	50%	50%	50%	50%
Fiscal Impact	$0	$40,000	$41,000	$42,000	$43,000

VI. FINANCING PROGRAM AND DEBT RESTRUCTURING AND MANAGEMENT

FINANCING PROGRAM, DEBT RESTRUCTURING & MANAGEMENT

This chapter analyzes the County's historical financing trends, existing debt profile and issuance practices. In addition, it provides recommendations for formulating a sound and fiscally-prudent debt policy and debt affordability standards and a multi-year financing program that incorporates future capital borrowings as well as debt restructuring ideas. Implementing these guidelines will allow the County's infrastructure improvements and economic development projects to continue at a level that is affordable and equitable over the long run. In addition these guidelines can be institutionalized as the County manages its long-term capital program in future years.

Currently, the County Executive's Office is responsible for managing the capital planning process, prioritizing capital projects to be financed and determining the level of annual financings for the County's capital program. The Erie County Comptroller's Office (Comptroller) is custodian of all funds belonging to the County and is responsible for managing the County's cash flow, executing long-term bond financings and seasonal borrowings and investing bond proceeds and other funds on hand.

Capital Planning Process

The County Charter and Administrative code provide for a six-year capital program. A capital projects committee chaired by the County Executive and consisting of members of the executive and legislative branches is charged with assisting in the consideration of capital projects and programs. The Erie County Development Coordination Board also assists in this process by developing recommendations to and through the Capital Projects Committee. The Committee assigns priorities to the projects and during the course of the process, meets with various departments and investigates projects in order to develop recommendation.

The County Executive is required to submit annually to the County Legislature by November 10, a capital budget for the ensuing fiscal year and a capital program for the next six years. The County is required by its Charter and Administrative Code to adopt a capital budget annually, which may include capital items to be financed out of current funds. Whenever any capital project is to be financed by borrowings, the County Legislature is required to adopt a bond resolution pursuant to New York State Local Finance law (LFL). The LFL requires the County to estimate the maximum amount to be spent for each capital project and to identify its useful life as defined in the LFL. After a project is authorized by the County, it may at any time eliminate or terminate any such project, subject to any contract liabilities therefore incurred.

To address the County's current fiscal and cash flow stress, the County overhauled the existing capital program and modified the capital budgeting process. All spending on projects that have received prior authorization were halted pending further evaluation. The proposed financing schedule is designed to match the expected spending for the projects over the next 12 to 16 months.

As of summer FY2005, the County has about $182 million of capital projects still to be financed. This includes $140 million of capital projects that were previously authorized but not yet fully funded and about $42 million of capital projects that require new authorization and funding sources after the County decided to divert the existing "tobacco" proceeds originally designated for these projects to close the FY2005 budget gap. For all previously authorized capital projects, the County will either include them in the upcoming FY2005 new money financing or consider them as "lapsed".

The proposed FY2005 new money bond sale will total $87 million, including $10 million for new projects not yet authorized. This leaves approximately $110 million of previously authorized projects unfunded. About $32 million of the proposed FY2005 financing still requires authorization from the Legislature. The County has not released the capital plan for FY2006 and beyond but proposed to issue $30 million of new money bonds in each of the four years during the financial plan period of FY2006-09.

Long-Term Financing Trend

The County relies on long term borrowings to fund large capital programs. A small portion of the capital projects, with shorter useful lives, were generally funded from the operational budget, using "pay-as-you-go" financing. The County has historically issued only General Obligation (GO) bonds to fund various capital projects. Proceeds of the bonds were spent on general improvements of roads, buildings, parks, library, sewer facilities, the Erie County Community College and Erie County Medical Center. Prior to FY2000, the County followed a very conservative capital budgeting and debt issuance approach, maintaining the size of its capital program at about $20 million a year and issuing no more new debt than the amount being retired. Total county debt outstanding actually decreased by 2 percent to 5 percent a year between FY1995 and FY1999. The annual GO issuance for new money purposes, excluding issues for sewer purposes, had ranged from $20 million to $26 million prior to FY2000 (with a notable exception in FY1995). In recent years, the County began to fund library books and salaries attributable to staff working on capital projects with long-term borrowing. Annual GO financing increased dramatically from $26 million in FY1999 to $36 million, $59 million, $79 million and $96 million in FY2001-04, respectively.

Erie County Annual GO Issuance
New Money Only

FY	General	ECMC/Home	Total GO (Excl. Sewer)	Percentage of Changes
1995	39,614,000	4,846,000	44,460,000	
1996	15,085,670	4,914,330	20,000,000	-55%
1997	15,754,650	4,245,350	20,000,000	0%
1998	10,391,197	16,223,951	26,615,148	33%
1999	23,558,200	2,441,800	26,000,000	-2%
2000	30,399,324	5,350,676	35,750,000	38%
2001	32,705,000	2,500,000	35,205,000	-2%
2002	59,390,000	-	59,390,000	69%
2003	78,463,348	671,652	79,135,000	33%
2004	96,280,000	-	96,280,000	22%
Total	**401,641,389**	**41,193,759**	**442,835,148**	

Beginning in FY2000, the County's debt issuance outpaced the annual amortization of its GO debt outstanding. In FY2001, the County's long-term debt doubled with the issuance of tobacco bonds through a not-for-profit entity, the Erie County Tobacco Asset Securitization Corporation (ECTASC). The County sold its share of tobacco settlement revenues (TSRs), payable pursuant to a nationwide settlement agreement between 46 States and major tobacco manufacturers, to ECTASC which in turn issued $246 million of bonds in FY2001 secured by TSRs. The County spent approximately $137 million of the tobacco proceeds on capital projects and $63 million for debt service, leaving approximately $52 million unspent as of Summer FY2005 (including interest on the proceeds of the issue and other revenue). In FY2005, ECTSC sold another $319 million of bonds to refund all outstanding Series 2000 bonds and to generate $56 million of new money proceeds. Together with the $52 million of unspent proceeds from the FY2000 transaction, the County realized $108 million of proceeds from the 2005 tobacco securitizations. The County intends to use $18 million of the $108 million for capital purposes, and $90 million to close the budget gap in FY2005.

The County has historically financed the capital needs of the Erie County Medical Center (ECMC) with its GO bonds. In FY2004, the County sold the medical center to a public benefit corporation, Erie County Medical Center Corporation (ECMCC), which in turn issued $101 million of bonds to fund the purchase and to refund a portion of the County's debt originally issued for ECMC. In conjunction with the sale and pursuant to a Sale, Purchase and Operating Agreement with ECMCC (the "Sale Agreement"), the County agreed to guarantee ECMCC's Series 2004 bonds and to provide subsidy for the annual debt service on the bonds. For more detailed discussion on County relations with ECMCC, see the Erie County Medical Center Corporation chapter.

Even without ECTASC or ECMCC, the County's GO liabilities continued to grow from $254 million in FY2000 to $430 million in 2004, a 70 percent increase. Including debt issued by ECTASC and ECMCC, the County's long-term liabilities increased from $270 million to $825 million in 10 years, an increase of about 205 percent.

The County has periodically borrowed through the New York State Environmental Facility Corporation (EFC) for sewer and water related projects. EFC provides subsidized loans to localities for construction of wastewater facilities that reduce or prevent water pollution. The EFC debt, totaling $34.6 million as of December 31, 2004, is included in the sewer debt. The Erie County Debt Outstanding table and the Erie County Related Debt Outstanding table show the County's GO and related debt outstanding at year end from 1995 to 2005.

Erie County GO Debt Outstanding
(As of Year Ending December 31)

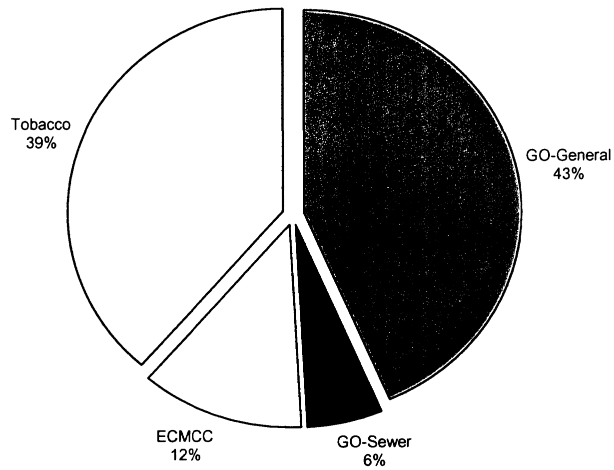
	General	ECMC/ Home	Sewer/ EFC	Total GO Outstanding	% Growth
1995	185,348,482	52,938,762	32,272,756	270,660,000	
1996	178,399,789	50,309,200	47,663,003	276,371,993	2%
1997	172,724,060	46,620,479	43,445,792	262,790,330	-5%
1998	160,657,809	54,583,186	41,663,297	256,904,291	-2%
1999	162,523,403	48,465,349	39,844,022	250,832,774	-2%
2000	172,781,649	42,109,133	38,784,478	253,675,260	1%
2001	187,621,420	33,587,719	43,062,717	264,271,856	4%
2002	299,566,146	26,729,431	43,542,940	299,838,517	14%
2003	304,402,188	21,987,850	46,389,059	372,779,097	24%
2004	383,888,820	-	47,001,493	430,890,313	16%
2005	360,168,154	-	44,535,828	404,703,982	6%

Erie County Related Debt Outstanding
(As of Year Ending December 31)

FY	ECTASC (Tobacco)	ECMCC	Total GO + Related Debt	% Growth
1995			270,660,000	
1996			276,371,993	2%
1997			262,790,330	-5%
1998			256,904,291	-2%
1999			250,832,774	-2%
2000			253,675,260	1%
2001	246,325,000		510,596,856	101%
2002	243,830,000		543,556,517	6%
2003	240,930,000		613,709,097	13%
2004	240,850,000	101,375,000	773,115,313	26%
2005	318,834,680	101,375,000	824,913,662	7%

As shown in the Erie County Related Debt Outstanding table, the County has $825 million of long-term liabilities outstanding as of December 31, 2005. The County's GOs total $360 million (excluding sewer debt), representing approximately 43 percent of total liabilities. Sewer debt, including $34.6 million of bonds issued through EFC, represents 6 percent of total liabilities. The tobacco bonds, at $319 million, account for 39 percent and ECMCC's debt, at $101 million, represents 12 percent of total liabilities. The breakdown of the debt category is shown in the Erie County Debt Outstanding as of Summer 2005 pie chart below.

Erie County Debt Outstanding As of Summer 2005



Erie County has a rapid debt repayment structure. Existing General Obligation debt service for FY2006 is $48.8 million, and it is scheduled to decline to $39 million by 2009. Approximately 33 percent of the County's GO bonds for general improvement purposes will be retired from 2005 to 2009. This picture changes when the debt service associated with the ECMCC is considered. The debt repaid by tax revenues (i.e., excluding sewer and tobacco debt) will also decrease from $462 million in FY2005 to $344 million in 2009. ECMCC debt has a more back-loaded principal payment schedule with no principal payment until 2009 and a final maturity date in FY2033.

GO bonds for sewer purposes, which are funded with sewer levies, amortize more slowly than other GO bonds at about $2 million to $3 million a year, with 20 percent retired by FY2009. Without adding any new debt, the County's long-term liabilities including sewer and tobacco bonds issued by ECTASC will decrease gradually from $825 million in 2005 to $678 million in FY2009. The tobacco bonds issued by ECTSC have an increasing principal payment schedule, corresponding to expected increases in future tobacco settlement revenues. (All future tobacco revenues are pledged to pay debt service.)

Erie County Existing Debt Outstanding
(FY2005 – FY2009)

	FY2005	FY2006	FY2007	FY2008	FY2009
GO	360,168,154	327,781,279	296,866,404	268,057,398	242,134,031
ECMCC	101,375,000	101,375,000	101,375,000	101,375,000	101,375,000
TOTAL	**461,543,154**	**429,156,279**	**398,241,404**	**369,432,398**	**343,509,031**
Sewer	44,535,828	41,955,493	39,893,383	37,823,460	35,144,680
ECTASC	318,834,680	314,954,680	310,479,680	305,104,680	299,144,680
Total	824,913,662	786,066,452	748,614,467	712,360,538	678,484,260

Debt service on existing GO bonds will increase from $44 million in FY2005 to $49 million in FY2006 and decrease by $2 million to $4 million a year during the next three years. ECMCC bonds only begin to pay down principal in FY2009, with the annual debt service increasing from $5.6 million in the early years to $7.6 million from FY2009-33. Debt service on ECTASC bonds is also expected to rise in the next two decades, corresponding to the expected increase in tobacco settlement revenues which are fully pledged pay for debt service.

Erie County Debt Service on Existing Debt (FY2005 – FY2009)

	FY2005	FY2006	FY2007	FY2008	FY2009
GO	44,266,293	48,843,056	46,559,366	43,114,981	39,006,079
ECMCC	5,561,532	5,561,532	5,561,532	5,561,532	7,631,532
TOTAL	49,827,825	54,404,587	52,120,898	48,676,512	46,637,610
Sewer	4,483,684	4,496,582	3,897,245	3,834,231	3,681,469
ECTASC	16,151,226	20,630,750	20,846,650	21,058,750	21,264,650
Total	70,462,735	79,531,919	76,864,792	73,569,493	71,583,730

The County's debt burden, as compared to other comparable New York counties, is relatively low. Rating agencies have also noted that the County's low debt level was due mainly to the County's conservative approach to debt issuance during most of the 1990s, resulting in deferring of road maintenance, building modernization, fleet replacement and technology improvement. The table entitled Debt Burden Comparison of Selected New York Counties shows that in FY2003 Erie County's debt service as a percentage of total annual expenditures ranked almost last among the nine selected neighboring or comparable counties in New York. Only Niagara County had a negligibly lower debt service burden, at 2.2 percent. In terms of debt per capita, again Erie ranks number six at $489, toward the lower half of the group.

Debt Burden Comparison of Selected New York Counties

County	FY2003 % Debt Service/ Total Expenditures	Rank	FY2003 Total Outstanding Debt Per Capita	Rank	Combined Rank
Albany	2.90%	7	546	3	Moderate
Dutchess	3.50%	5	195	9	Very Low
Erie	**2.5%**	**8**	**489**	**6**	**Low**
Genesee	3.30%	6	294	7	Very Low
Monroe	5.10%	4	866	2	Moderate
Nassau	14.30%	1	2,173	1	High
Niagara	2.20%	9	259	8	Very Low
Onondaga	7.30%	2	501	5	Moderate
Suffolk	7.00%	3	539	4	Moderate

Source: Office of the New York State Comptroller, 2005 Annual Report on Local Governments

Even with the last few years of significant increases in capital expenditures and borrowings, the County's debt burden remains low. Debt service as percentage of total expenditures as of December 31, 2004, is 2.77 percent. The County's current low credit rating is not due to its debt burden, which is still significantly lower than the six percent ratio experienced by the County in FY1993 when it was rated in the single A category.

Historical Debt Service and Total Expenditure Ratio
(FY1993 – FY2004)

FY	Total GO Debt Service	Total Expenditures	Debt Service Per Expenditures
1993	46,906,000	786,397,000	5.96%
1994	45,309,000	851,831,000	5.32%
1995	45,521,000	851,376,000	5.11%
1996	43,217,000	859,218,000	5.03%
1997	43,044,000	879,570,000	4.89%
1998	41,854,000	890,062,000	4.70%
1999	39,041,000	925,907,000	4.22%
2000	35,599,000	984,539,000	3.62%
2001	32,382,000	1,043,888,000	3.10%
2002	31,905,000	1,114,000,000	2.86%
2003	34,019,000	1,185,000,000	2.87%
2004*	34,535,000	1,246,000,000	2.77%

Source: County Comptroller's Office Erie County FY2003 Comprehensive Annual Financial Report

* County Comptroller's Office draft FY2004 Basic Financial Statement and Management Discussion and Analysis debt service estimate. The FY2004 total expenditures are assumed to be the same as FY2003.

Debt Limit

By law, local indebtedness for Erie County shall not exceed seven per cent of the five-year average full valuation of taxable real estate of the County. Total indebtedness includes GO borrowings, real property liabilities, contract liabilities, judgments, claims, and guaranteed debt (i.e., ECMCC debt), but exclude debt for construction or reconstruction of sewer facilities for sewage conveyance, treatment and disposal. As of December 31, 2004, the County had $485 million of outstanding indebtedness against its $2.3 billion debt limit, leaving $1.8 billion of additional debt incurring power.

Erie County Constitutional Debt Limit
As of December 31, 2004 ($ in 000s)

		Amount
I.	Five Year Average Full Valuation of Taxable Real Property (99-03)	$32,778,198
II.	Debt Limit @ 7%	2,294,474
III.	Outstanding Indebtedness	
	GO – General Purposes	(384,125)
	ECMCC – Guaranteed Debt	(101,375
	Net Indebtedness	(484,500)
IV.	Net Debt Contracting Margin	1,808,974
V.	Percentage of Debt Contracting Power Exhausted	21.16%

Sources: Erie County Comptroller's Office 2004 Basic Financial Statements and Management Discussion and Analysis (Draft)

The proposed financing program for the next four years includes $207 million in new money financing and $47 million of deficit financing as listed in the Erie County Financing Program:

Erie County Financing Program
FY2005 – FY2009

	FY2005	FY2006	FY2007	FY2008	FY2009	Total
New Money	87,000,000	30,000,000	30,000,000	30,000,000	30,000,000	207,000,000
Deficit Financing	-	47,000,000	-	-	-	47,000,000
Total	87,000,000	77,000,000	30,000,000	30,000,000	30,000,000	254,000,000

Assuming the County implements the proposed program listed above, the County's overall debt burden will be moderate and it will not come close to reaching current statutory debt limits. As shown in Erie County: Projections of Key Debt Ratios table, debt service as a percentage of the total budget will increase from 4.00 percent in FY2005 to 6.04 percent in FY2009. Total debt outstanding will grow from $548 million in FY2005 to $566 million in FY2009. Total debt outstanding as a percentage of the 5-year average full valuation of taxable real property will increase from 23.9 percent in FY2005 to 24.7 percent to FY2009. Per capita debt will increase from $582 in FY2005 to $602 in FY2009. These relatively low projected total tax supported debt levels should remain a credit positive for the County during the Four-Year Financial Plan period. The projected level of deficit or debt restructuring in the plan should not be viewed in a negative light by the credit rating agencies, as long as the deficit borrowings are undertaken as part of a well developed and aggressively implemented multi-year financial plan that will restore (or nearly restore) the County's structural budgetary balance by the end of the plan period.

Erie County: Projections Of Key Debt Ratios
FY2005 – FY2009

	FY2005	FY2006	FY2007	FY2008	FY2009
Projected Debt Outstanding*	548,0009,007	594,042,779	587,658,028	578,050,466	566,789,031
Projected Debt Service*	49,827,825	63,010,409	70,275,424	74,463,722	75,299,482
% Debt Service/Total Exp.**	4.00%	5.06%	5.64%	5.98%	6.04%
Debt Per Capita	582	631	624	612	597
% of Debt Contract Power Exhausted	23.9%	25.9%	25.6%	25.2%	24.7%

* Excludes GO debt for sewer purposes and debt issued by ECTASC. Includes RAN interest.
**Total expenditures in FY2004-09 are assumed to be equal to FY2004 level at $1,246,000,000.

The County's FY2005 capital budget forecasts a need to raise a total of $414 million for infrastructure development in the next six years. However, in developing the FY2006 budget, the County scaled back its proposed capital financing significantly in response to the current fiscal stress. The proposed new money financing, except for FY2005, basically allows for issuance of new debt in an amount equal to the amount of debt to be retired during the same fiscal year, keeping the overall debt outstanding at the current level. However, given the County's projected debt burden in the next few years, there is room for further infrastructure financing while maintaining debt service at levels that are moderate relative to other New York counties with similar demographic and economic conditions. The County could undertake up to approximately $110 million of added debt financing in the next four years and still limit its projected debt service burden to under seven percent of total expenditures.

Short Term Financing
FY1999 – FY2005 ($ in Millions)

	FY1999	FY2000	FY 2001	FY2002	FY2003	FY2004	FY2005
Amount	0	0	0	43	90	83	160

The County's short-term borrowings have steadily increased in the last four years after several years with no seasonal financings. In FY2002, the County borrowed $43 million through an issue of Revenue Anticipation Notes (RANs), followed by borrowings of $90 million and $83 million in 2003 and 2004, respectively. The FY2004 borrowing would have been higher had it not been for a one-shot revenue infusion of $85 million from the sale of the County's medical center. The County's reliance on short-term borrowings to meet monthly spending is a sign of significant financial stress and was one of the major factors leading to County credit downgrades by credit rating agencies. In July FY2005, with a BBB- rating and a potential lack of market access due to uncertainties in the County's finances, the County privately placed $80 million of RANs to meet its monthly cash flow needs. Together with the $80 million RAN financing in March FY2005 and including the $55 million proceeds from the August FY2005 tobacco transaction, the County needed a total of $215 million in FY2005 to meet its seasonal cash flow needs through early FY2006, reflecting an increasingly desperate cash position.

Were the Tobacco Restructuring proceeds not available in FY2005, then the County's short term borrowing needs for FY2005 would have exceeded $230 million. Based on the proposed Four Year Plan, the County's cash flow borrowing needs for FY2006 are estimated to be approximately $115 million to $160 million. This estimate does not include any provision to fund operating expenses for ECMCC, which are the subject of current litigation.

Costs of RANs Borrowing

The County's privately placed RANs sold in July FY2005 incurred higher costs than those sold in prior years by about 48 basis points on an all-in-cost basis. As a stressed BBB-/Baa3 credit and facing fiscal uncertainties, the County had to obtain a Letter of Credit (LOC) to secure the RAN. The costs of the LOC were 0.30 percent of the principal amount of RANs issued plus interest payment, totaling $248,283. Even with an LOC, the yield on the privately place note was about 0.176 percent higher than the MIG-1 index, a commonly used index for short-term paper. (Most high-grade short-term securities are sold at a rate equal to or lower than the MIG-1 index under normal market conditions). The additional costs, including LOC fees, paid by the County for its RANs issued in July FY2005 were about $384,000 (or $80,000,000 x 0.17 percent + $248,283).

If the County were to eliminate the 48 basis points differential in its future RANs borrowing, it could save about $778,000 a year, assuming $160 million of borrowing a year. Reducing the size of the RANs borrowing and improving the County's credit rating and fund balance could further reduce the financing costs of the RANs. The County will seek ways to minimize the future RANs borrowing.

County Credit Rating

In about a 12-month time span, the County experienced a series of rating downgrades, resulting in a significant change of credit rating from a high investment grade of A2/AA- in June 2004 to Baa3/BBB- in June FY2005, the lowest investment grade ratings. Moody's maintains a negative outlook on the County's credit. Fitch only removed the negative outlook after the Erie Fiscal Stability Authority was established. Any further downgrades would cause the County's credit rating to fall below investment grade adversely impacting the County's cost of borrowing and jeopardizing its ability to continue long term and seasonal financings.

The rating agencies cited a number of reasons for lowering the long term ratings:

- Complete depletion of reserve fund balance which totaled $200 million in 2004, resulting in a lack of financial flexibility and low liquidity position;
- Unsustainable and aggressive budget balancing actions;
- Overly-optimistic projections of sales tax revenues;
- Failure to implement recurring revenue enhancements or real expenditure savings measures to address structural imbalances;
- Reliance on one-shot revenues, such as using the reserve fund, tobacco proceeds and hospital sales proceeds to balance budgets;
- Record high cash flow borrowing in FY2004 and FY2005.

Erie County's credit strengths:

- The County remains western New York's economic, cultural and governmental center;
- Erie County's regional economy could benefit from long-term multi-level governmental cooperation and economic development projects;
- The County has moderate overall debt levels, and a low debt service burden on the budget.

To restore the County to fiscal stability and a high investment grade rating, the County would need to:

- Develop and implement an achievable short term plan to close the FY2005 fiscal gap;
- Develop a multi-year financial plan to achieve long term structural balance in the County budget;
- Demonstrate measurable success in implementing the multi-year financial plan to achieve long-term structural balance;

- Appropriate monies for a rainy day fund in annual budgets;
- Reduce annual cash flow borrowings and;
- Improve information systems with respect to financial management.

Debt and Financing Options

The objectives of the proposed debt and financing alternatives are to provide alternatives to fund the County's essential infrastructure/capital projects and short-term cash flow needs at the lowest possible costs or to restructure the County's existing debt profile, which could provide budgetary relief during the financial plan period. It is also recommended that the County formally adopt a debt policy and debt affordability standard and to integrate the capital budgeting process with debt affordability analysis to ensure that capital projects undertaken are essential, affordable and consistent with the County's taxing policies. The options include the following:

- Use a $90 million of the $108 million of FY2005 Tobacco Debt Restructuring proceeds generated from the 2005 tobacco securitization to meet the County's FY2005 cash flow needs and close a portion of the County's FY2005 budget gap, which is currently projected at $106 million. The remaining $17.8 million of tobacco proceeds will be applied to fund capital projects.
- Use the higher-rated Erie County Fiscal Stability Authority (expected AA/Aa level ratings) as an interim financing vehicle to borrow new money capital on behalf of the County
- Use the Authority for seasonal cash flow borrowing on behalf of the County
- Use the ECFSA to issue bonds to refinance the County's General Obligation Bonds (GO) for present value savings by the Authority
- Restructure County GO bonds by the Authority to provide current budgetary relief, via one-time restructure option, or an annual restructuring option (or annual deficit financing)
- Adopt more flexible bond resolutions, allowing bond proceeds to be applied based on the useful life of the projects as opposed to bonding for a specific capital project.

The following are formally incorporated into the Erie County FY2006-2009 Four Year Plan:

151. Use Tobacco Proceeds to Close the FY2005 Gap

Dept:	Comptroller's Office	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Administration & Finance	**Fiscal Impact To FY09**:	$90,000,000
		Required Approval:	County

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$90,000,000	$0	$0	$0	$0

As mentioned earlier, the County, through, ECTSC sold $319 million of bonds securitized with Tobacco Settlement Revenues in August FY2005 to refund all outstanding ECTSC Series 2000 bonds and to generate $56 million of new money proceeds. Together with the $52 million of unspent proceeds from the FY2000 transaction, the County realized $108 million of proceeds from the FY2005 tobacco securitization. The County will use $90.1 million of the $108 million proceeds be used to meet the County's cash flow needs and budget gap in FY2005 and the remaining $17.9 million of the proceeds be used for capital purposes. The County will now need to find alternative financing source for $34 million other capital projects that would have been financed with tobacco proceeds.

152. Debt Service Costs for an Additional $29.2 Million of New Money Financing for Capital Projects in 2005

Dept: Comptroller's Office
Division/Bureau: Administration & Finance
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: ($11,085,000)
Required Approval: County

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	$0	($1,210,000)	($3,290,000)	($3,290,000)	($3,295,000)
Fiscal Impact	$0	($1,210,000)	($3,290,000)	($3,290,000)	($3,295,000)

As mentioned earlier, debt service on $30 million of new money financing was not originally included in calculating the County's budget gap in future years. This adjustment adds back the debt service costs to reflect the most recent financing proposal by the County.

155 - 156. Savings from Authority's Issuance of FY2006, FY2007 and FY2008 Revenue/Tax Anticipation Notes

Dept: Comptroller's Office
Division/Bureau: Administration & Finance
Rev/Exp/Productivity: Productivity
4-Yr. Fiscal Impact: $4,212,000
Required Approval: County

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	$0	$0	$768,000	$768,000	$2,676,000
Fiscal Impact	$0	$0	$768,000	$768,000	$2,676,000

In July 2005, the County privately placed $80 million of short-term Revenue Anticipation Notes (RANs). Given the County's BBB-/Baa3 rating, in order to access the note market, the County had to obtain a Letter of Credit (LOC) from a bank to secure the RANs. The costs of the LOC were 0.30% of the principal amount of RANs issued plus interest payment, totaling $248,283. Even with the LOC, the County had to privately place the notes, rather than sell them in the standard public market. As a result of the private placement and the County's weak credit rating, the interest on the County's privately-sold notes was about 0.176% higher than the MIG-1 index, a commonly used index for short-term paper. (Most high-grade short-term securities are sold at a rate equal to or lower than the MIG-1 index under normal market conditions.) The additional costs, including LOC fees, paid by the County for its RANs issued in July 2005 were about $384,000 (or $80,000,000 x 0.17% + $248,283).

As a double A rated credit, the Authority will not need a Letter of Credit for its short-term financings, and interest costs on the Authority's notes should be at least 17.6 basis points lower than that of the County. Assuming that the County does not add to its fund balance over the plan period, and it continues to have to borrow at leas $160 million a year for short-term cash flow needs, and it's costs remain the same as the costs of the 2005 borrowing, if the Authority were to issue $160 million of RANs in 2006 and 2007 for the County, it could save the County about $768,000 in each of 2007 and 2008. As the County builds up its fund balance in the next few years and improves its rating, either the County or the Authority may be able to reduce the County's seasonable borrowing in 2008 from $160 million to $120 million at the same low rate as that of the Authority. As a result, the County could save about $2.67 million in RANs interest costs in 2009.

Possible Refunding by Erie County Fiscal Stability Authority

The County could also use the Authority to refund County GO bonds to generate present value and cash flow savings. The purpose of a refunding for savings is to generate present value and annual cash flow savings for the County by refunding higher interest debt with lower interest debt. The County has not issued GO refunding bonds in recent years and there are opportunities for refunding for savings, particularly if AA-rated Authority backed bonds are issued to refund BBB- County bonds. Estimates of savings are sensitive to actual market interest rates at the time that the refunding bonds are sold.

Based on conservative market conditions as of August 19, 2005, the County has about $101 million of refunding candidates that could produce two percent or higher present value savings. An Authority refunding of these bonds could generate debt service savings of $0.6 million and $1.7 million in FY2005 and FY2006, respectively, without incurring any debt service dis-saving in any future years. The total present value saving for the transaction is about $3.5 million, or 3.19 percent of the total bonds refunded. While the County could also issue its own refunding bonds, the bond size would have to be significantly larger and the gross benefit would be much lower. This is largely due to onerous structuring constraint imposed by LFL, which would force the County to include bonds that normally would not have been refunded for lack of present value savings and to produce detailed compliance reports for individual capital projects that were funded with the proceeds of the refunded bonds. The complexity of the transaction demands more time, effort and expertise in structuring the bonds and reviewing the compliance tests, resulting in inefficient refunding structures and higher transaction costs. While the Authority can expect to incur a higher transaction fee for its initial issue as it creates new transaction documents and introduces the credit to the capital markets for the first time, it would still provide substantial savings to the County with lower overall borrowing costs. Also, once the bonds are issued the Authority will need to stay in existence until all its bonds are fully paid off.

Refunding Savings

Date	Prior Debt Service	Refunding Debt Service	Savings	PV Savings
12/31/2005	577,553	-	577,553	572,699
12/31/2006	7,144,364	5,379,679	1,764,685	1,729,467
12/31/2007	5,393,113	5,388,597	4,516	18,043
12/31/2008	5,393,113	5,390,709	2,404	15,698
12/31/2009	6,102,855	6,100,955	1,901	32,383
12/31/2010	7,248,065	7,243,961	4,105	45,990
12/31/2011	6,936,283	6,931,396	4,887	42,128
12/31/2012	7,373,783	7,368,896	4,887	34,970
12/31/2013	8,697,535	8,693,512	4,024	33,031
12/31/2014	8,482,665	8,478,976	3,690	31,110
12/31/2015	14,966,215	14,962,176	4,040	155,455
12/31/2016	12,036,406	12,034,808	1,599	104,109
12/31/2017	18,834,756	18,832,098	2,659	195,200
12/31/2018	18,747,903	18,747,708	196	193,851
12/31/2019	12,340,806	12,337,085	3,711	103,264
12/31/2020	11,492,991	11,489,848	3,143	102,698
12/31/2021	2,822,588	2,821,000	1,588	14,467
12/31/2022	2,781,538	2,776,388	5,150	16,049
12/31/2023	2,736,225	2,733,708	2,518	14,594
12/31/2024	2,691,650	2,687,698	3,953	15,096
12/31/2025	2,647,538	2,643,314	4,224	15,071
12/31/2026	945,500	940,286	5,215	6,400
12/31/2027	902,875	899,034	3,842	5,386
12/31/2028	860,250	857,694	2,557	4,478
12/31/2029	817,625	816,348	1,277	3,639
Total	168,974,191	166,555,873	2,418,318	3,505,278

Possibility of Restructuring County Bonds

To provide interim budgetary relief, and allow time for cost savings initiatives to be implemented and the full savings value of the initiatives to be realized, the County could also consider requesting that the Authority to restructure County debt. Restructuring differs from refunding in that restructuring defeases bonds that are coming due in the next few years and there is no present value savings generated from the defeasance. Essentially, restructuring extends the maturities of existing debt, creating cash flow relief in years in which there is budgetary pressure. However, the savings in those years would be offset by higher costs in later years. This is what was done in the recent Erie County Tobacco Restructuring – it was structured to put all of the cash flow savings into FY2005. . This approach was also used by the Nassau Interim Finance Authority (NIFA) for Nassau County. NIFA used the availability of annual restructurings as part of a "carrot and stick" oversight approach. The County got the low cost NIFA restructurings as a reward for meeting plan goals and objectives. Assuming that the County implements a debt restructuring at the end of FY2005 with a final maturity in 2018, defeasing all of the principal and interest coming due in 2006, it could generate $48 million of budget relief in 2006 at an annual debt service cost of about $5.5 million for 11 years, totaling $62 million.

Two different approaches could be taken to affect a restructuring of debt scheduled to come due in the next several years:

(1) Restructurings could be done annually in an amount that the County would have to demonstrate that it needs, or;

(2) One single refunding/restructuring transaction could be sold that restructures several years worth of debt service payments.

ERIE COUNTY 2006 Debt Service By Month				
Month	**Principal**	**Interest**	**Total**	**Remaining Restructuring at Start of Month**
January	3,175,978	1,253,354	4,429,332	49,657,519
February	1,357,833	370,693	1,728,526	45,228,187
March	4,373,256	3,151,090	7,524,346	43,499,661
April	5,345,000	2,990,656	8,335,656	35,975,316
May	555,000	191,622	746,622	27,639,660
June	1,100,000	867,438	1,967,438	26,893,038
July	1,314,000	1,180,434	2,494,434	24,925,600
August	2,442,592	329,226	2,771,818	22,431,166
September	3,390,000	3,055,575	6,445,575	19,659,349
October	3,878,800	2,865,249	6,744,049	13,213,774
November	729,416	176,359	905,775	6,469,725
December	4,725,000	838,949	5,563,949	5,563,949
Total	**32,386,875**	**17,270,645**	**49,657,520**	

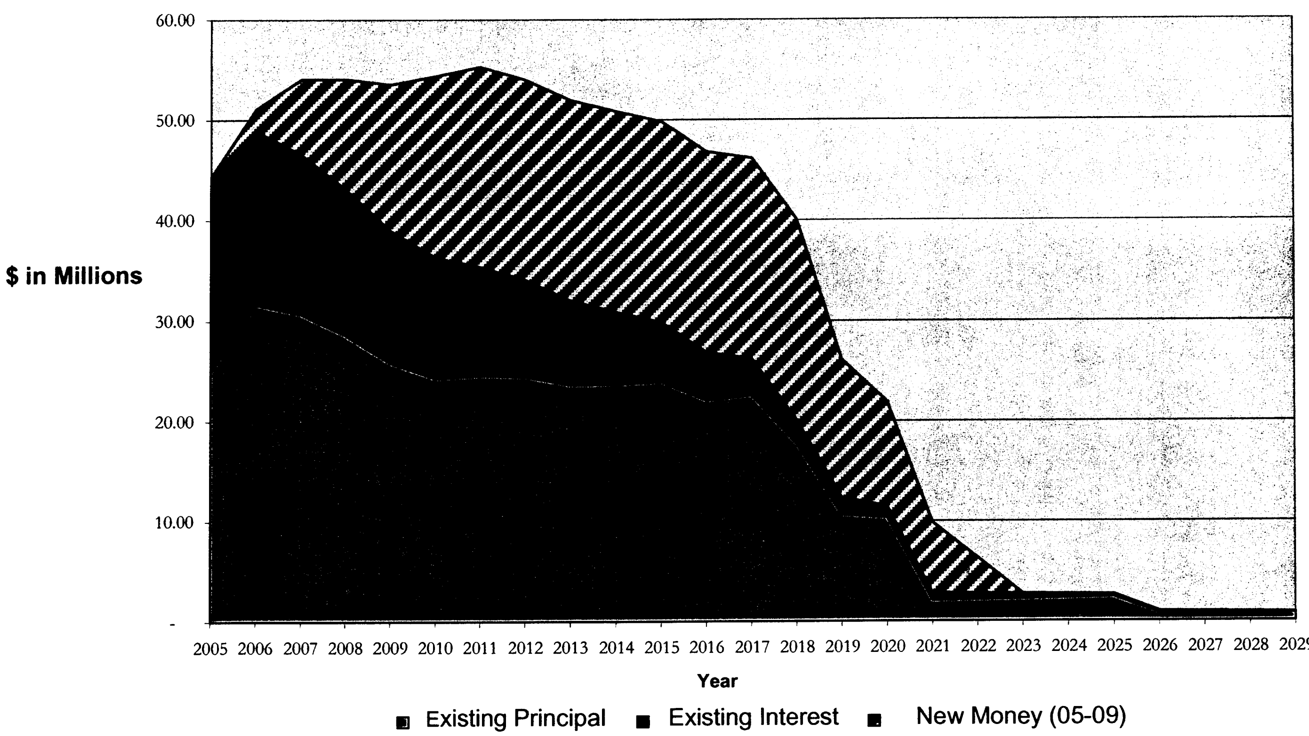
By definition, the amount of restructuring debt is limited by the amount of debt that is due in the fiscal year. In 2006, the County has $49 million of debt service payments, consisting of $32 million of principal and $17 million of interest. Most of the debt maturing in 2006 were issued for capital new money purposes and can be advance refunded. Each month the Authority delays in restructuring debt, and such debt is paid down, the size of the restructuring decreases as shown in the table to the left titled *"**2006 Debt Service by Month.**"*

The effect of the restructuring is to extend the average life of the debt issued by the County for its various capital projects. While this is generally not a recommended practice, in Erie County's case as in Nassau County's case, there is a reasonable argument to make limited use of debt restructuring. The County's current debt structure places a heavy burden on current taxpayers with 75 percent of County GO debt repaid in ten years while the capital projects that were financed by the bonds have a longer weighted average useful life. For example, for the $32 million of debt payable in

2006, the remaining average useful life of the assets funded with these maturities are estimated to be about 11 years. The proposed restructuring will extend the average life of the bonds by approximately 8 years, still within the remaining useful life of the assets. In short, debt restructuring can be viewed as a way to more closely match the asset useful life with the bond average life, providing more equitable debt burden over generations of taxpayers who will benefit from the capital projects.

The graph entitled Erie County Existing Debt Service & Projected New Money Debt Service shows existing debt service and projected debt service on future new money issues assuming issuance of $57 million in FY2005, and $30 million in each year FY2006-09. This reflects the aggregate debt service used in the Multi Year plan for the purposes of establishing a baseline of expenses.

Erie County Existing Debt Service & Projected New Money Debt Service



Possibility of Deficit Financing:

Alternatively, the County could also implement a simple deficit financing to close its budget gap at any time during the fiscal year. Proceeds of the deficit financing can be used for operating expenses or to pay debt service costs. Applying the same pricing and financing assumptions as those for a debt restructuring mentioned above, the deficit financing option could achieve virtually the same current year budgetary benefit and result in similar annual and total debt service costs over the life of the bonds. In many ways, a debt restructuring is another form of a deficit borrowing. The only difference would be a small cost of negative arbitrage in the escrow fund in the case of a debt restructuring. However, a deficit financing would be less favorably received given the public positions already stated by County's elected officials. However, as an alternative to higher property and sales taxes, a judicious use of a debt restructuring or a deficit financing as part of a balanced financial plan should be acceptable to the rating agencies.

One-Time Restructuring Option with Multi-Year Benefit

Alternatively, the County could implement a one-time restructuring of its existing debt. The Erie Restructuring Scenarios chart shows the potential impact on future debt service from three restructuring scenarios. Each case is structured to produce present value savings in the aggregate, and to minimize the amount of present value losses associated with the restructuring. All three cases target the same universe of refunding candidates. As illustrated in the chart below, the higher the near-term cash flow relief, the greater the debt service costs in the future. Case I maximizes the total cash flow benefit during the financial plan years (FY2006-09), totaling about $87 million. However, Case I also produces the highest debt service costs in years beyond FY2009, resulting in additional debt service costs of $50 million over the life of the bonds.

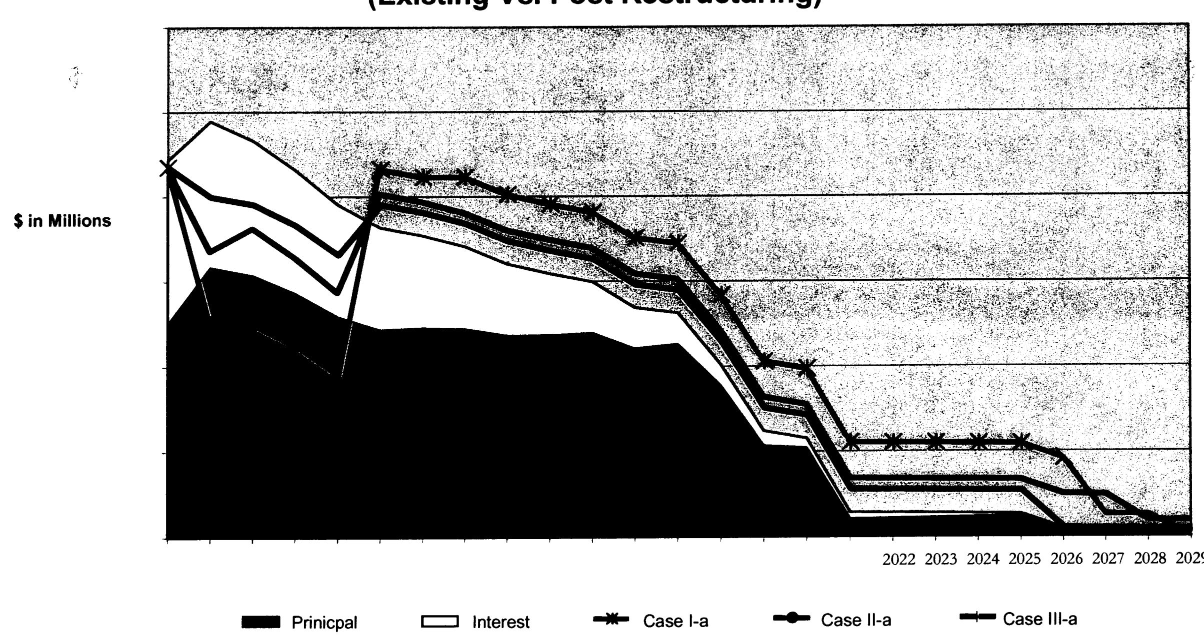
Erie Restructuring Scenarios
Combined Refunding / Restructuring

$ in Millions	Case I	Case II	Case III
Par	$310	$310	$310
Refunded Par	$101.9	$101.9	$101.9
Restructured Par	$191.0	$191.0	$191.0
% PV Saving	0.67%	0.98%	1.25%
$ PV Savings	$2.1	$3.0	3.9
TIC	4.32%	4.28%	4.25%
Negative Arb (%)	0.14%	0.05%	0.09%
Negative Arb.($)	$1.8	$0.6	$1.2
Savings (05-09)			
2005	0.8	0.8	0.8
2006	23.8	15.3	8.9
2007	22.4	10.3	7.5
2008	21.4	10.3	6.5
2009	20.8	10.3	5.7
Total	89.2	47.0	29.6
Dis-Savings			
2010	(6.9)	(4.0)	(2.7)
2011	(6.9)	(4.0)	(2.7)
2012	(8.2)	(4.0)	(2.7)

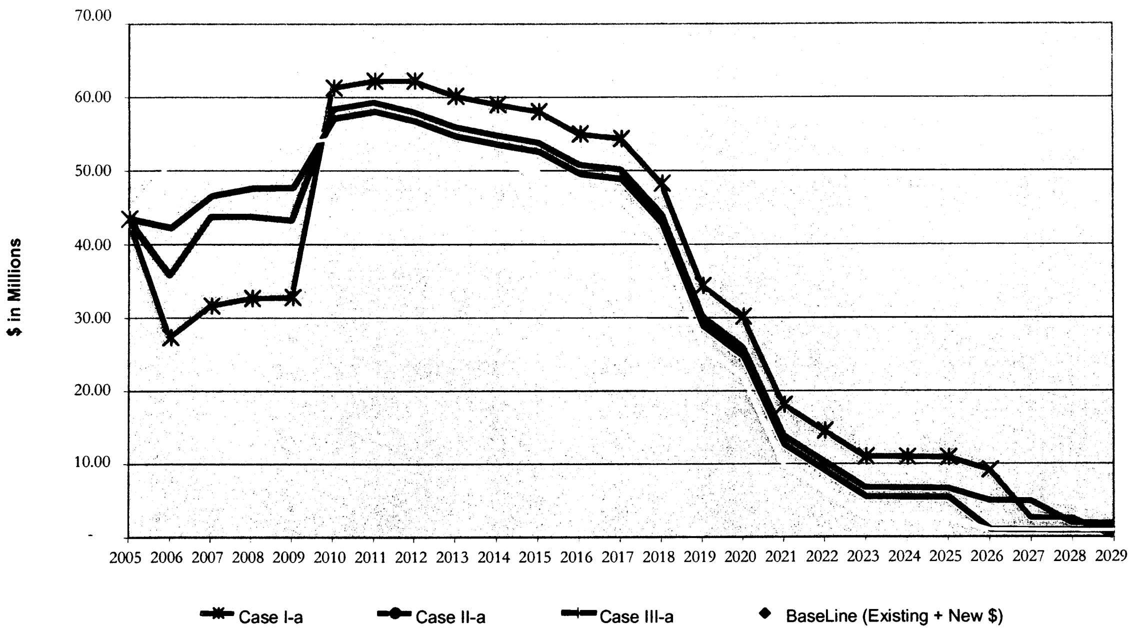
$ in Millions	Case I	Case II	Case III
2013	(8.2)	(4.0)	(2.7)
2014	(8.2)	(4.0)	(2.7)
2015	(8.4)	(4.2)	(2.9)
2016	(8.3)	(4.1)	(2.8)
2017	(8.4)	(4.2)	(2.9)
2018	(8.4)	(4.2)	(2.9)
2019	(8.3)	(4.1)	(2.8)
2020	(8.2)	(4.0)	(2.7)
2021	(8.2)	(4.0)	(4.0)
2022	(8.2)	(4.0)	(2.7)
2023	(8.2)	(4.0)	(2.7)
2024	(8.2)	(4.0)	(2.7)
2025	(8.2)	(4.0)	(2.7)
2026	(8.2)	(4.0)	
2027	(1.7)	(4.0)	
2028	(1.7)	(1.0)	
2029	0.8	(1.0)	
Total	(50.3)	(26.8)	(13.5)

The following Erie County Debt Service (Existing vs Post Restructuring) and (Existing + New Money versus Post Restructuring + New Money) tables graphically display the projected debt service of each combined refunding and restructuring scenario compared to the County's current GO debt service plus projected debt service on new money issues during the period between FY2005 and FY2009.

Erie County Debt Service
(Existing Vs. Post Restructuring)



Erie County Total Projected Debt Service
(Existing + New Money Vs. Post Restructuring + New Money)



Refunding/Restructuring Assumptions

The assumptions used in the refunding and restructuring scenarios were the same for each scenario as follows:

- *Cost of Issuance*: $7/Bond

- *Market Interest Rates*: MMD-AAA as of 8-19-2005 + 45 bps, consisting of (1) 25 bps increase in interest rates between today and bond issuance and (2) 20 bps pricing spread to MMD

- *Insurance Premium:* 25 bps on total debt service

- Level debt structure with different first principal amortization dates depending on the assumptions of each scenario

Refunding Candidates[1]

In order to maximize up-front debt service savings for FY2005-2009, approximately $292.8 million in outstanding General Obligation principal was refunded in the combined refunding/restructuring scenarios. Of the $292.8 million in principal refunded approximately $180 million is advance or current refundable. $160 million of the refundable bonds generates

[1] Outstanding principal net of ECMC debt, Sewer debt, and EFC debt

positive PV savings as of 8/17/2005 while the remainder of the refunded principal provide debt service relief in the years of FY2006-09.

Refunding Candidates

Description	Issue Amount	Dates	Issue Price	Call Provisions		Savings
Series	Par Amount	Maturity	Coupon	Date	Price	% of Par
1996 A Series	730,000	2/1/09	5.550%	2/1/06	101.0%	3.286%
1996 A Series	730,000	2/1/10	5.650%	2/1/06	101.0%	5.275%
1996 A Series	730,000	2/1/11	5.750%	2/1/06	101.0%	7.037%
1999 A Series	1,405,000	10/1/13	5.750%	10/1/09	101.0%	3.070%
1999 A Series	700,000	10/1/15	5.500%	10/1/09	101.0%	3.962%
1999 A Series	1,415,000	10/1/14	5.750%	10/1/09	101.0%	4.102%
1999 A Series	700,000	10/1/19	5.250%	10/1/09	101.0%	4.395%
1999 A Series	700,000	10/1/16	5.500%	10/1/09	101.0%	4.559%
1999 A Series	700,000	10/1/17	5.500%	10/1/09	101.0%	4.991%
1999 A Series	700,000	10/1/18	5.500%	10/1/09	101.0%	5.357%
Series 1993 C (CIB)	55,000	8/1/11	5.250%	2/1/06	102.0%	2.698%
Series 1993 C (CIB)	55,000	8/1/12	5.250%	2/1/06	102.0%	3.918%
Series 1993 C (CIB)	60,000	8/1/13	5.250%	2/1/06	102.0%	4.855%
Series 1993 C (CIB)	50,000	8/1/06	5.000%	2/1/06	102.0%	28.305%
Series 1994 B	555,000	5/15/06	5.500%	12/31/05	102.0%	27.776%
Series 1995 A	500,000	6/1/10	5.500%	12/31/05	102.0%	2.215%
Series 1995 A	195,000	6/1/11	5.500%	12/31/05	102.0%	3.829%
Series 1995 A	195,000	6/1/12	5.500%	12/31/05	102.0%	5.068%
Series 1995 A	195,000	6/1/13	5.600%	12/31/05	102.0%	6.544%
Series 1995 A	195,000	6/1/14	5.600%	12/31/05	102.0%	7.317%
Series 1995 A	180,000	6/1/15	5.600%	12/31/05	102.0%	7.932%
Series 1995 A	515,000	6/1/06	5.100%	12/31/05	102.0%	27.650%
Series 1995 B	720,000	6/15/10	5.600%	12/31/05	101.5%	3.509%
Series 1995 B	760,000	6/15/11	5.500%	12/31/05	101.5%	4.846%
Series 1995 B	800,000	6/15/12	5.500%	12/31/05	101.5%	6.133%
Series 1995 B	845,000	6/15/13	5.500%	12/31/05	101.5%	7.150%
Series 1995 B	890,000	6/15/14	5.500%	12/31/05	101.5%	7.910%
Series 1995 B	940,000	6/15/15	5.625%	12/31/05	101.5%	9.282%
Series 1995 B	990,000	6/15/16	5.625%	12/31/05	101.5%	9.825%
Series 1995 B	1,615,000	6/15/25	5.500%	12/31/05	101.5%	10.202%
Series 1995 B	1,050,000	6/15/17	5.625%	12/31/05	101.5%	10.208%
Series 1995 B	1,530,000	6/15/24	5.500%	12/31/05	101.5%	10.328%
Series 1995 B	1,305,000	6/15/21	5.500%	12/31/05	101.5%	10.328%
Series 1995 B	1,450,000	6/15/23	5.500%	12/31/05	101.5%	10.396%
Series 1995 B	1,375,000	6/15/22	5.500%	12/31/05	101.5%	10.398%
Series 1995 B	1,105,000	6/15/18	5.625%	12/31/05	101.5%	10.526%
Series 1995 B	1,170,000	6/15/19	5.625%	12/31/05	101.5%	10.890%
Series 1995 B	1,235,000	6/15/20	5.625%	12/31/05	101.5%	11.156%
Series 1995 B	585,000	6/15/06	5.250%	12/31/05	101.5%	28.849%

Description	Issue Amount	Dates	Issue Price	Call Provisions		Savings
2000 A Series	1,205,000	7/1/12	6.000%	7/1/10	101.0%	2.617%
2000 A Series	1,205,000	7/1/13	6.000%	7/1/10	101.0%	4.025%
2000 A Series	1,210,000	7/1/14	6.000%	7/1/10	101.0%	5.148%
2000 A Series	1,210,000	7/1/15	6.000%	7/1/10	101.0%	6.093%
2000 B Term Series	850,000	7/1/16	5.375%	7/1/10	101.0%	4.397%
2000 B Term Series	850,000	7/1/17	5.375%	7/1/10	101.0%	4.767%
2000 B Term Series	850,000	7/1/18	5.375%	7/1/10	101.0%	5.081%
2000 B Term Series	850,000	7/1/19	5.375%	7/1/10	101.0%	5.447%
2000 B Term Series	850,000	7/1/20	5.375%	7/1/10	101.0%	5.725%
2000 C Term Series	775,000	7/1/29	5.500%	7/1/10	101.0%	6.434%
2000 C Term Series	775,000	7/1/28	5.500%	7/1/10	101.0%	6.551%
2000 C Term Series	770,000	7/1/21	5.500%	7/1/10	101.0%	6.640%
2000 C Term Series	775,000	7/1/27	5.500%	7/1/10	101.0%	6.729%
2000 C Term Series	775,000	7/1/26	5.500%	7/1/10	101.0%	6.769%
2000 C Term Series	775,000	7/1/22	5.500%	7/1/10	101.0%	6.795%
2000 C Term Series	775,000	7/1/25	5.500%	7/1/10	101.0%	6.859%
2000 C Term Series	775,000	7/1/23	5.500%	7/1/10	101.0%	6.878%
2000 C Term Series	775,000	7/1/24	5.500%	7/1/10	101.0%	6.898%
2001 A Series	1,320,000	10/1/19	5.000%	10/1/11	100.0%	2.461%
2001 A Series	1,320,000	10/1/20	5.000%	10/1/11	100.0%	2.639%
2003 A Series	5,360,000	3/15/15	5.250%	3/15/13	100.0%	2.152%
2003 A Series	5,650,000	3/15/16	5.250%	3/15/13	100.0%	2.566%
2003 A Series	5,955,000	3/15/17	5.250%	3/15/13	100.0%	2.849%
2003 A Series	6,280,000	3/15/18	5.250%	3/15/13	100.0%	3.089%
2003 A Series	6,615,000	3/15/19	5.250%	3/15/13	100.0%	3.388%
2003 A Series	6,975,000	3/15/20	5.250%	3/15/13	100.0%	3.608%
2004 A Series	2,215,000	1/15/15	5.000%	1/15/14	100.0%	2.005%
2004 B Series	7,065,000	4/1/17	5.250%	4/1/14	100.0%	2.275%
2004 B Series	7,445,000	4/1/18	5.250%	4/1/14	100.0%	2.527%
Total	$101,875,000					

Restructuring Candidates

Description	Issue Amount	Dates	Issue Price	Call Provisions		Savings
Series	Par Amount	Maturity	Coupon	Date	Price	% of Par
1992 Series	1,630,978	1/15/06	1/15/06	-	-	-
1992 Series	1,425,978	1/15/07	1/15/07	-	-	-
1992 Series	735,000	1/15/08	1/15/08	-	-	-
1992 Series	735,000	1/15/09	1/15/09	-	-	-
1992 Series	735,000	1/15/10	1/15/10	-	-	-
1992 Series	735,000	1/15/11	1/15/11	-	-	-
1992 Series	735,000	1/15/12	1/15/12	-	-	-
Series 1993 C (CIB)	85,000	8/1/09	8/1/09	2/1/06	102.0%	(1.267%)
Series 1993 C (CIB)	255,000	8/1/08	8/1/08	2/1/06	102.0%	(5.142%)
Series 1993 C (CIB)	90,000	8/1/07	8/1/07	2/1/06	102.0%	(13.588%)
Series 1993 C (CIB)	75,000	8/1/10	8/1/10	2/1/06	102.0%	-

Description	Issue Amount	Dates	Issue Price	Call Provisions		Savings
Series 1994 B	555,000	5/15/08	5/15/08	12/31/05	102.0%	(2.560%)
Series 1994 B	555,000	5/15/07	5/15/07	12/31/05	102.0%	(9.513%)
Series 1994 B	555,000	5/15/09	5/15/09	12/31/05	102.0%	-
Series 1995 A	515,000	6/1/09	6/1/09	12/31/05	102.0%	(0.242%)
Series 1995 A	515,000	6/1/08	6/1/08	12/31/05	102.0%	(3.748%)
Series 1995 A	515,000	6/1/07	6/1/07	12/31/05	102.0%	(10.781%)
Series 1995 B	645,000	6/15/08	6/15/08	12/31/05	101.5%	(2.865%)
Series 1995 B	615,000	6/15/07	6/15/07	12/31/05	101.5%	(10.281%)
Series 1995 B	680,000	6/15/09	6/15/09	12/31/05	101.5%	-
1996 A Series	991,833	2/1/06	2/1/06	-	-	-
1996 A Series	730,000	2/1/07	2/1/07	2/1/06	101.0%	(3.042%)
1996 A Series	730,000	2/1/08	2/1/08	2/1/06	101.0%	-
1997 A Series	993,723	8/15/06	8/15/06	-	-	-
1997 A Series	993,723	8/15/07	8/15/07	-	-	-
1997 A Series	990,000	8/15/09	8/15/09	8/15/07	102.0%	(3.704%)
1997 A Series	990,000	8/15/08	8/15/08	8/15/07	102.0%	(7.437%)
1997 A Series	990,000	8/15/10	8/15/10	8/15/07	102.0%	(1.467%)
1997 A Series	990,000	8/15/11	8/15/11	8/15/07	102.0%	-
1997 A Series	990,000	8/15/12	8/15/12	8/15/07	102.0%	-
1998 Series	729,416	11/1/06	11/1/06	-	-	-
1998 Series	729,416	11/1/07	11/1/07	-	-	-
1998 Series	729,414	11/1/08	11/1/08	-	-	-
1998 Series	697,593	11/1/09	11/1/09	11/1/08	101.0%	(5.837%)
1998 Series	643,651	11/1/12	11/1/12	11/1/08	101.0%	(0.738%)
1998 Series	663,048	11/1/11	11/1/11	11/1/08	101.0%	(2.019%)
1998 Series	697,593	11/1/10	11/1/10	11/1/08	101.0%	(3.639%)
1998 Series	644,512	11/1/13	11/1/13	11/1/08	101.0%	-
1999 A Series	1,423,800	10/1/06	10/1/06	-	-	-
1999 A Series	1,423,800	10/1/07	10/1/07	-	-	-
1999 A Series	1,423,800	10/1/08	10/1/08	-	-	-
1999 A Series	1,423,800	10/1/09	10/1/09	-	-	-
1999 A Series	1,395,000	10/1/10	10/1/10	10/1/09	101.0%	(2.884%)
1999 A Series	1,405,000	10/1/11	10/1/11	10/1/09	101.0%	-
1999 A Series	1,405,000	10/1/12	10/1/12	10/1/09	101.0%	-
2000 A Series	1,314,000	7/1/06	7/1/06	-	-	-
2000 A Series	1,313,000	7/1/07	7/1/07	-	-	-
2000 A Series	1,313,000	7/1/08	7/1/08	-	-	-
2000 A Series	1,313,000	7/1/09	7/1/09	-	-	-
2000 A Series	1,318,000	7/1/10	7/1/10	-	-	-
2000 A Series	1,200,000	7/1/11	7/1/11	7/1/10	101.0%	-
2001 A Series	2,305,000	10/1/06	3.200%	-	-	-
2001 A Series	1,820,000	10/1/07	3.500%	-	-	-
2001 A Series	1,820,000	10/1/08	3.750%	-	-	-
2001 A Series	1,820,000	10/1/09	5.000%	-	-	-
2001 A Series	1,820,000	10/1/10	5.000%	-	-	-
2001 A Series	1,820,000	10/1/11	4.000%	-	-	-

Description	Issue Amount	Dates	Issue Price	Call Provisions		Savings
2001 A Series	1,820,000	10/1/14	4.500%	-	-	-
2001 A Series	1,820,000	10/1/13	4.375%	-	-	-
2001 A Series	1,820,000	10/1/12	4.250%	-	-	-
2001 A Series	1,820,000	10/1/15	4.625%	10/1/11	100.0%	-
2001 A Series	1,800,000	10/1/16	4.750%	10/1/11	100.0%	-
2001 A Series	1,320,000	10/1/17	4.800%	10/1/11	100.0%	-
2001 A Series	1,320,000	10/1/18	4.875%	10/1/11	100.0%	-
2002 A Series	3,390,000	9/1/06	5.000%	-	-	-
2002 A Series	3,560,000	9/1/07	5.000%	-	-	-
2002 A Series	3,740,000	9/1/08	5.000%	-	-	-
2002 A Series	3,925,000	9/1/09	3.250%	-	-	-
2002 A Series	4,050,000	9/1/10	5.000%	-	-	-
2002 A Series	4,645,000	9/1/13	5.000%	9/1/12	100.0%	-
2002 A Series	4,880,000	9/1/14	5.000%	9/1/12	-	-
2002 A Series	5,125,000	9/1/15	5.000%	9/1/12	-	-
2002 A Series	5,380,000	9/1/16	5.000%	9/1/12	100.0%	-
2002 A Series	5,650,000	9/1/17	5.000%	9/1/12	100.0%	-
2003 A Series	3,519,870	3/15/06	4.000%	-	-	-
2003 A Series	3,673,554	3/15/07	4.500%	-	-	-
2003 A Series	3,842,111	3/15/08	4.500%	-	-	-
2003 A Series	4,020,584	3/15/09	4.500%	-	-	-
2003 A Series	4,213,928	3/15/10	5.000%	-	-	-
2003 A Series	4,848,496	3/15/13	5.000%	-	-	-
2003 A Series	5,095,000	3/15/14	5.000%	3/15/13	100.0%	-
2004 A Series	2,125,000	1/15/14	3.500%	-	-	-
2004 B Series	4,030,000	4/1/06	5.000%	-	-	-
2004 B Series	4,235,000	4/1/07	5.000%	-	-	-
2004 B Series	4,455,000	4/1/08	5.000%	-	-	-
2004 B Series	4,680,000	4/1/09	5.000%	-	-	-
2004 B Series	4,925,000	4/1/10	5.000%	-	-	-
2004 B Series	5,740,000	4/1/13	5.000%	-	-	-
2004 B Series	6,040,000	4/1/14	5.000%	-	-	-
2004 B Series	6,360,000	4/1/15	5.250%	4/1/14	100.0%	-
2004 B Series	6,705,000	4/1/16	5.250%	4/1/14	100.0%	-
Total	$190,960,622					

106. Adopt Flexible Bond Resolutions

Dept:	Comptroller's Office	**Rev/Exp/Productivity**:	Savings
Division/Bureau:	Administration & Finance	**Fiscal Impact To FY09**:	CQ
		Required Approval:	County

Currently, the County uses general funds to advance capital expenditures, and it issues fixed-rate GO bonds to reimburse the general fund. The County also issues bonds based on a forward spending plan by specific capital project. However, if a project is delayed due to unforeseen circumstances, bond proceeds sit in an account and cannot be applied to other "like" projects.

Capital advances for projects not yet bonded or not reimbursable from existing proceeds add pressure to the County's cash flow position. As of July 31, 2005, the County has approximately $35 million of unspent proceeds dedicated to specific projects.

To relieve cash flow pressure on the general fund, the County may want to adopt a broader bond resolution, allowing for a more flexible application of bond proceeds. In addition, the County may also want to consider implementing a Bond Anticipation Note (BAN) or a commercial paper program (CP) as interim financing vehicles. Both BAN and CP are short-term securities with maturities less than one year and could reduce interest cost by at least 200 basis points (2 percent) relative to the County's long-term fixed-rate bonds.

Other Options

Erie County is currently rated just above investment grade at BBB- (outlook Stable) by Fitch and Baa3 (outlook Negative) by Moody's, whereas the Erie County Fiscal Stability Authority (the "Authority") can be expected to receive a double A rating, assuming the Authority secures its debt with its rights to intercept the County's sales tax revenues. The proposed credit structure as laid out in the Authority's enabling legislation has been tested in various other New York municipalities, including Nassau County, Buffalo City and New York City. All of the oversight boards for these municipalities have received credit ratings in the double A category. The difference in long-term borrowing costs between a BBB- and a double A credit can be summarized as follows:

- *Bond Insurance Premium:* To the extent that the County can still obtain bond insurance for its GO Bonds, the insurance premium is estimated to be as high as 2% of total debt service. This rate is about 8 times the 0.25% that Authority can be expected to pay.

- *Bond Pricing Differential:* Assuming the County can obtain bond insurance, its insured bonds will still be priced with a higher yield than the insured Authority bonds by about 5 to 10 basis points (or 0.05% of 0.1%).

- *Uninsured Bonds:* If the County cannot obtain bond insurance and has to sell uninsured bonds, the interest costs on these bonds will be about .45% higher than the uninsured Authority Bonds.

Assuming the County needs to borrow $87 million in 2005 and $30 million in each of 2006, 2007, 2008 and 2009, the Authority could potentially save the County over $8.7 million in debt service costs over the life of the bonds. The annual savings could range between $126,000 and $706,000 as shown below.

In order to estimate these savings, PFM assumed the following:

- Principal Amortization: The enabling legislation establishing the Authority provides that debt issued by the Authority does not have to be compliant with NYS PPU amortization requirements. Nonetheless PFM assumed the same amortization pattern for the County issue bonds and the Authority issued bonds: 13 year level debt amortization with principal beginning in the second year for County and Authority issued bonds.

- Insurance premiums of 200 bps (2%) for County issued bonds and 25 bps for Authority issued bonds
- $5 / bond Cost of Issuance for County and Authority issued bonds:
- General Market Interest Rate Assumptions: Use MMD-AAA curve as of August 19 as a base. For the County GO bonds, add 25 basis points for credit spread and 25 basis points for potential interest rate hike. For the Authority bonds, add 20 basis points for credit spread and add 25 basis points for potential interest rate fluctuation. We also assumed interest rates will rise 50 basis points per year through out the plan period.

ERIE COUNTY AGGREGATE DEBT SERVICE (FY2005 – FY2009 New Money Financing)

FY	New $ Proceeds	Authority Debt Service	County Debt Service	Savings from Authority Financing
2005	87,000,000	-	-	-
2006	30,000,000	3,405,822	3,532,679	(126,857)
2007	30,000,000	10,683,097	10,983,535	(300,439)
2008	30,000,000	14,155,780	14,552,397	(396,617)
2009	30,000,000	17,732,626	18,227,538	(494,912)
2010		21,240,745	21,925,635	(684,890)
2011		23,133,574	23,820,592	(687,018)
2012		23,125,928	23,819,464	(693,609)
2013		23,126,280	23,818,689	(692,762)
2014		23,119,530	23,821,559	(695,279)
2015		23,123,238	23,825,215	(705,685)
2016		23,123,238	23,821,480	(698,243)
2017		23,124,572	23,818,238	(693,667)
2018		23,126,240	23,817,907	(691,667)
2019		13,766,731	14,209,283	(442,552)
2020		10,444,984	10,796,645	(351,661)
2021		7,031,955	7,287,487	(255,533)
2022		3,516,188	3,665,870	(149,683)
Total		286,983,141	295,744,209	(8,761,068)

PROJECTS TO BE FUNDED BY CAPITAL BONDS IN LIEU OF TOBACCO PROCEEDS

All High Stadium		$	1,000,000
Erie Canal Harbor (Waterfront Development)		$	14,000,000
Ecc Purchase Of Equipment		$	1,858,540
Ecmcc Various		$	5,300,000
Lab & Technical Equipment		$	1,800,000
Dunn Tire Park		$	550,000
	Subtotal	**$**	**4,508,540**

PROJECTS TO BE AUTHORIZED AS PART OF THE 2005 BOND SALE

Sidewalk Restoration		$	160,000
Exterior Building Rehab		$	425,000
Rath Cooling Tower		$	365,000
Lake Shore Trail		$	247,000
Ralph Wilson Stadium		$	2,645,000
	Subtotal	**$**	**3,842,000**

TOTAL AMOUNT TO BE AUTHORIZED BY THE LEGISLATURE $ 28,350,540

PROJECTED 2005 BOND SALE INCLUDING 2004 & PRIOR YEAR AUTHORIZED/UNISSUED

YEAR	PROJECT DESCRIPTION	AMOUNT AUTHORIZED/UNISSUED	
00	Courthouse Reconstruction	$	16,491,437
01	Urban Brownfields	$	700,000
01	Como Park Blvd (Cr 523) Design 5755.08	$	21,300
01	Lapp Rd Bridge (Cr24) Design 5756.08	$	15,950
	Maple Rd (Ce 192) Design 5755.47	$	75,450
	N. French Rd (Cr 299) Design 5755.82	$	21,900
	E. Church St Br Construction 5754.59	$	98,950
01	Emergency Generator	$	150,000
02	Motors/Power Generators	$	90,000
02	Code Comp & Reconst Bldg & Equip	$	235,000
02	Cps Training Academy-Construction	$	8,439,000
	Cps Facility Equipment Purchase	$	850,000
02	Rath Bldg Energy Conservation	$	150,000
02	Wehrle/Harris Hill Intersect Design (5756.47)	$	11,250
02	Youngs Rd/Aero Dr Intersect Design (5756.46)	$	8,000
02	Freeman Rd Br (Br 369-3) Design (5756.38)	$	44,000
02	Bullis Rd Br (Br 330-7) Reconstruction (5755.67)	$	172,000

02	Abestos Removal	$ 1,400,000
02	Hall Rd Br (Br 333-1) Reconstruction (5755.92)	$ 124,000
02	Unanticipated Road & Bridge Costs-Design	$ 40,000
03	Code Compliance & Reconstruction	$ 700,000
03	Electrical Systems Improvements-Phase 1	$ 300,000
03	Mechanical System Improvement	$ 300,000
03	Energy Conservation Measures	$ 100,000
03	Correctional Facility Lock Replacement	$ 100,000
03	Holding Center Plumbing/Electrical Project	$ 150,000
03	Emery Park Waterlines-Phase Ii	$ 335,000
03	Preservation Of Bridges, Dams & Culverts	$ 1,500,000
03	Capital Overlay Program	$ 2,031,000
03	Culvert Design-Various Locations	$ 350,000
03	Central Library Interior Renovations	$ 420,000
03	Elevator Upgrade	$ 150,000
03	Replacement Of HVAC System-School 84	$ 250,000
03	Patient Unit Renovations	$ 330,000
03	Laundry Equipment	$ 213,500
03	Cpep-Phase Ii-Children's Services	$ 200,000
03	Elevator Upgrade	$ 100,000
03	Fuel Oil Tank Replacement	$ 100,000
04	Wireless Infrastructure Improvements	$ 225,000
04	Office Renovations-Erie County District Atty	$ 165,000
04	Botanical Gardens Energy Improvements	$ 3,150,000
04	Roof Replacement & Waterproofing -Various	$ 770,000
04	Rehabilitation Of Ralph Wilson Stadium	$ 540,000
04	Parks Equipment	$ 60,000
04	Parks Machinery & Apparatus	$ 440,000
04	Greiner Rd @ Shimerville Signalization-Design	$ 34,000
04	Colvin Blvd-Brighton Rd Signals-Design	$ 20,000
04	Elmwood Avenue Corridor Signals-Design	$ 14,000
	Subtotal	**$ 42,185,737**
2005	Eccmc Various	$ 15,182,550
	Total	**$ 57,368,287**

All of the above have been previously authorized by the Legislature.

AMOUNT TO BE AUTHORIZED BY THE LEGISLATURE $ 28,350,540

TOTAL 2005 BOND SALE $ 85,718,827

VII. CASH MANAGEMENT

CASH MANAGEMENT

The County's cash management and investment program has been analyzed as part of the development of the Multi-Year Plan for the County. The purpose of this review is to identify possible enhancements to the current program which may increase investment earnings and/or reduce the County's operational costs. In general, the County's investment management program is found to be well run. With the recent change in market conditions, there are some possible changes which could enhance earnings by $100,000 to $150,000 a year. Based on this initial assessment, the County will consider a more extensive analysis of the County's banking services to identify opportunities to reduce the cost of banking and optimize cash management. This further analysis has the potential to generate additional earnings and/or cost savings beyond those identified here.

Cash Management Overview

Cash management is a tool used by governments, businesses and others to ensure that excess cash is always put to its most effective use. Usually, this means investing the funds in securities that mature when the cash is needed to create maximum investment earnings with little to no risk to the government's capital. Cash management is an important part of the County's operating budget, as it provides a method of producing additional revenue from the same tax and fee base.

Analysis Scope and Methodology

This cash management review focused on the evaluation of the current investment program. This analysis included the following components:

- Review of the County's Investment Guidelines and applicable New York State Investment Statutes
- Assessment of bank accounts and balances opened as of December 31, 2004
- Analysis of trial balances for individual funds for the last three years
- Comparison of historic earnings rates relative to prevailing market rates
- Review of bank service charges on recent account analysis statements

In evaluating the County's cash and investment management program, alternative strategies permitted by state statute were compared to current policies and procedures. Several opportunities exist that may enhance the County's Cash Management Investment Program.

Current Approach

Cash Management/Investment Operations

The Comptroller's Office staff oversees the investment of a portfolio ranging in size from approximately $105 million to $300 million[1]. As the chief fiscal officer, the Comptroller is responsible for all activity related to cash management for Erie County. The County currently uses eight banks, maintaining one to 15 accounts per bank. For investment purposes, the County pools money from multiple funds and then allocates investment earnings among the funds

Funds are collected in a number of accounts in several banks. Daily cash positions in each account are reviewed in order to identify excess funds that can be invested. Recently, the County has been investing almost all of its funds in overnight money market savings accounts with local banks.

Investment Policy

The County's Investment Guidelines closely follows state statutes, which limit local governments to investments in direct obligations of the United States, collateralized bank deposits and repurchase agreements.

The County may invest in the following securities:

- Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;

- Time Deposit accounts in a bank or trust company located and authorized to do business in New York State;

- Obligations of the United States of America;

- Obligations guaranteed by agencies of the United States if the payment of principal and interest is guaranteed by the U.S. (i.e. Government National Mortgage Association-GNMA);

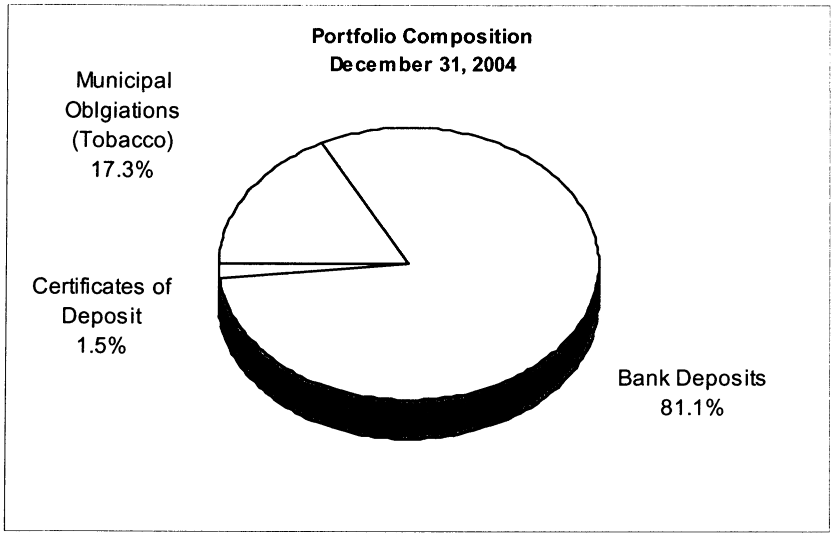
- Obligations of the State of New York; and

- Repurchase Agreements (102 percent collateral required)

The permitted investment language for municipal governments in New York is among the most restrictive in the nation. Further, some of the investment options such as obligations of the State of New York are not appropriate for public operating funds since they are normally tax-exempt and have much lower yields than U.S. Treasury obligations. Other asset classes, such as federal agencies issued with the full faith and credit of the U.S. Government, are offered in such limited supply with long maturity dates that it is difficult to incorporate them into an investment strategy for public funds.

[1] Based on the month-end trial balances from the County's accounting system from July 2002 to June 2005.

The following chart shows the composition by sector of the County's portfolio as of December 31, 2004.



The portfolio is highly concentrated in overnight money market savings accounts with local banks ("bank deposits"). As of December 31st, over 81 percent of the County's portfolio is invested in these instruments. This is representative of the portfolio composition in recent years. There is a small allocation to Certificates of Deposit (1.5 percent).

The remainder represents proceeds from the Tobacco Asset Securitization Program. Since these balances are restricted to tax-exempt obligations, they are invested in municipal obligations. An outside investment manager, M&T Bank, invests these funds on behalf of the County.

County's Investment Process

The County has used bank deposits as the principal investment vehicle for available balances. These funds are primarily divided between three local banks, HSBC, Bank of America, and JP Morgan Chase. The following table shows the average balance and yield earned on these funds for the 12 month period ending July 31, 2005.

	HSBC	Bank of America	JP Morgan Chase
Average Balance	$96,054,435	$42,478,645	$30,145,098
High Balance	$103,277,572 (Mar 2005)	$68,582,912 (Sept 2005)	$56,963,998 (Mar 2005)
Low Balance	$73,856,212 (Feb 2005	$16,804,144 (Feb 2005)	$21,950,111 (July 2005)
Average APR	2.38%	2.34%	2.30%
Average Federal Funds Target Rate	2.35%	2.35%	2.35%
Spread over FDTR	+0.03%	-0.01%	-0.05%

The County's investment strategy has resulted in competitive yields. Over the last 12 months, these bank deposits generated returns consistent with the average Federal Funds Target Rate—a proxy for short-term overnight rates. As shown, the rate earned on each of these bank deposit investment vehicles was within 5 basis points (0.05 percent) of the Federal Funds Target Rate over this period.

An alternative strategy adopted by other large government entities in New York is investing short-term funds in repurchase agreements. Repurchase agreements are short-term investment vehicles where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. Many large institutional investors use repurchase agreements to meet daily liquidity needs. However, unlike bank deposits, repurchase agreements require much more attention than investing in an overnight bank deposit. For example, a repurchase agreement would require (1) determining a balance early in the day that is available to be invested, (2) maintaining relationships with a number of primary broker/dealers with whom the County would have tri-party agreements, (3) soliciting quotations from these broker/dealers on a daily basis, (4) effecting the transaction with the County's custodian bank, and (5) monitoring the value of the collateral held.

The County has actively solicited quotations on repurchase agreements and Treasury investments from approximately 5 broker-dealers. On a weekly basis, the County has evaluated the yields on these investments relative to the rate paid on bank deposits. For the 12-month period ending July 31, 2005, repurchase agreements generated a return that was in-line with the County's current investment strategy[2]. Therefore, at the present time, overnight bank deposits appear to be the most cost effective and efficient investment strategy. If the rates offered on these bank deposits begin to drop below the Federal Funds Target Rate, the County may consider the use of repurchase agreements as an investment option.

Cash Management/Investment Recommendations

Erie County follows cash and investment management practices that were designed to allow the County to achieve its objectives of (1) compliance with all legal requirements, (2) safeguarding of principal, (3) provision of sufficient liquidity to meet operating requirements, and (4) obtaining a reasonable rate of return.

During the recent period of historically low investment rates, the County has maximized earnings by taking advantage of the good rates offered by local banks. As market conditions improve, the County will benefit with higher prevailing interest rates. Interest earnings for the County during 2005 are projected to significantly exceed 2004 interest earnings.

Although market conditions are now more favorable, the County may explore alternatives that could enhance earnings further while safely investing funds and ensuring adequate liquidity.

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2 Compared to the average rate on the bank deposit against the average yield for Bloomberg's 1 Day Repurchase Agreement Index with U.S. Treasury securities as collateral.

The alternatives consist of three related actions:

1. Use cash flow forecasting tools to identify excess liquidity, especially related to the Capital Funds.

2. Extend the maturity of investments as supported by the cash flow projections.

3. Diversify investments to include greater use of U.S. Treasury obligations and certificates of deposit.

By implementing these enhancements to the County's investment program, the County may be able to increase its investment earnings, with a possible net benefit of $100,000 to $150,000 per year. In addition to the investment related recommendations, the County will reexamine several of its banking relationships. Through restructuring several banking relationships, the County may be able to generate significant additional earnings and/or achieve cost savings.

The following discusses the possible areas of financial benefit to the County.

Use Cash Flow Forecasting Tools to Identify Excess Liquidity

The Comptroller's office directs a sizeable portfolio that averages approximately $190 million. This portfolio is divided into several funds that include a General Fund, Capital Fund, Sewer Fund, and Debt Service Funds.

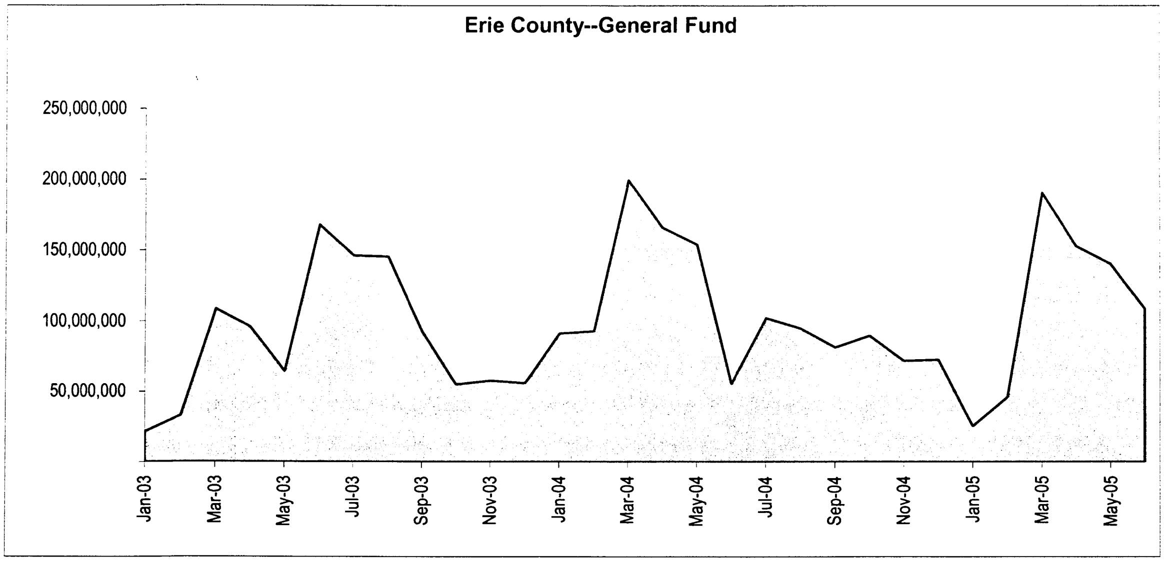
General Fund

Having an accurate cash flow projection is an important tool in the implementation of an effective investment strategy for short-term and intermediate funds. The County, like most government entities, experiences seasonal trends in its cash flows and operating fund balances.

Many public agencies track and forecast cash flows and there are cash flow models that analyze the historical cash flow patterns of the portfolio to determine its optimal allocation. The model identifies the portion of the portfolio needed for liquidity and the "core" that could be invested longer-term. Based on seasonal trends and a selected growth rate, the model projects future liquidity needs and the change in the core balance. In addition, the model builds in a liquidity cushion to account for unforeseen changes in cash flow patterns or for emergency cash flow needs, should they arise.

By building the County's month-end investment balances[3] into a seasonal cash flow model, the County can better understand its cash needs. The results are shown in following chart.

[3] Based on the County's end-of-month balances for the period January 2003 to June 2005 as shown in the County's ledger trial balances.



As shown, there is significant fluctuation in balances throughout the year. In order to maintain positive balances, Revenue Anticipation Notes (RANs) have been used to supplement General Fund balances with a $43 million borrowing in September 2002, $90 million borrowing in June 2003, and $83 million in June 2004. Based on this analysis, it does not appear that the County has a "core" portfolio available for longer-term investment (1+ years). In order to maintain adequate liquidity, the County is limited to investing in short-term obligations (less than 12 months).

In recent years, bank deposits offering rates in-line with the Federal Funds Target Rate were competitive with Treasury securities with significantly longer maturities. As interest rates continue to rise and return to more "normal" levels, a positively sloped yield curve may present the County opportunities to invest in short-term U.S. Treasury obligations or certificates of deposit that would offer more attractive yields than an overnight bank deposit.

Given the liquidity needs of the County, only a small percentage of the overall General Fund can be invested longer. One source of funds that could be invested longer is monies set aside in anticipation of paying off RAN borrowings. These funds would have a targeted disbursement date and may be an ideal candidate for a slightly longer investment. Another source of funds is from the real property tax receipts in February and March. This inflow of monies is used to fund operations throughout the year and can potentially be laddered out 1 to 3 months.

Capital Fund / Sewer Fund

Cash flow projections are a primary factor in designing an investment strategy for bond proceeds, serving as a basis for determining an appropriate maturity schedule for the portfolio, and identifying what portion of the funds need to be short and liquid. Laddering an investment portfolio to match projected cash flow needs (i.e. construction expenditures) with a corresponding investment will result in a somewhat longer maturity profile than the County has recently adopted. This will give the County access to higher rates that generally prevail when the investment yield curve is positively sloped. Before investing, consideration should be given to the arbitrage rebate compliance requirements and any limitations on the investment of bond proceeds.

A review of the County's historical Capital Fund and Sewer Fund balances shows that there are a number of ongoing construction projects at any given time. Some of the proceeds from bond issuances are used to fund projects with construction periods of one year or longer. In order to implement this slightly more aggressive strategy for the Capital & Sewer Funds, managers of the capital projects will develop and maintain draw down schedules as part of the capital projects budgeting process. A rough estimate of the valued added by adopting this strategy is $78,000 by extending $15 million out on average 9-12 months[4].

Target Longer-Term Investment Alternatives

Given the very limited range of investments permitted by State law, the average maturity of the investment portfolio is the single most important determinant of investment return. Historically, longer-term investment strategies have generated better returns than shorter-term strategies[5]. To illustrate the value of modest maturity extensions, the table below compares the total returns of several short-term indices with varying terms to maturity from overnight to 1-3 years.

Index[6]	Duration	1-Year	3-Year	5-Year	10-Years
Federal Funds Target Rate	1 day	2.20%	1.54%	2.56%	4.03%
Merrill Lynch 3-Month Treasury Index	0.15 years	2.15%	1.55%	2.62%	3.96%
Merrill Lynch 6-Month Treasury Index	0.40 years	2.15%	1.63%	2.92%	4.17%
Merrill Lynch 9-12 Month Treasury Index	0.81 years	1.87%	1.64%	3.37%	4.55%
Merrill Lynch 12 Month Treasury Index	0.90 years	1.73%	1.64%	3.57%	4.55%
Merrill Lynch 1-3 Years Treasury Index	1.67 years	1.87%	2.32%	4.49%	5.12%

In recent years (1 year and 3 year investment horizons), the County has been well served by staying "short" and leaving funds invested in overnight bank deposits. These deposits have produced returns similar to the Federal Funds Target Rate. While the relationship between overnight rates and rates on longer-maturity Treasuries will vary, history suggests that investors may earn additional income by extending further out the yield curve.

After an extended period of historically low interest rates, market conditions are improving and slightly longer securities will be considered.

For maturities of three months or more, U.S. Treasury Bills and Notes offer some additional advantages over overnight investments. U.S. Treasuries are liquid investments, so that if cash

[4] Assumed half of an annual $30 million capital program is invested in longer-term investments picking up 0.52 percent of additional yield.

[5] Under a "normal" interest rate environment, yields tend to increase as terms to maturity lengthen, resulting in an upward sloping yield curve. The higher yield 'compensates' the investor for the lower liquidity and the market value volatility associated with locking in funds for longer periods of time. While longer maturities have somewhat greater market value volatility, as the County limits its maturities to its forecasted draws, this market value volatility should not result in realized gains/losses that could result if the County were required to sell investments prior to maturity to meet draw downs.

[6] Source: Bloomberg & Merrill Lynch Indices. Annualized returns for the period ending June 30, 2005.

flow projections change over time the County can restructure its portfolio. A related advantage is that the County can ride the yield curve that usually exists in the Treasury market. Short-term Treasuries often appreciate significantly in value immediately prior to their maturity and can be sold with the proceeds invested either in bank deposits or in other Treasuries to gain further income. By actively managing its investment portfolio to respond to changes in cash flow projections and in the markets, the County may increase its investment returns. Moreover, diversifying investments into Treasury obligations with maturities that match cash requirements will improve the overall quality of the County's portfolio and further diversify holdings.

In addition to U.S. Treasury obligations, the County will consider using collateralized certificates of deposit as part of the short-term investment strategy. Certificates of deposit are bank obligations issued by a financial institution generally offering a fixed rate of return for a specified period of time (maturity). Collateralized certificates of deposit are typically non-negotiable resulting in these securities having limited liquidity and may be subject to early redemption penalties. However, certificates of deposit offer a significant yield advantage versus U.S. Treasury obligations. Presently, the spread between these two sectors is 30 basis points.

By diversifying some portion of the General Fund in short-term (1-month) certificates of deposit and 1 – 3 month U.S. Treasury obligations, the County can expect to add 5 to 15 basis points or $25,000 - $75,000 on an average balance of $50 million.

Performance Reporting

Currently, the County Comptroller issues an Investment Earnings Report to the County Executive and County Legislature on an annual basis. This report summarizes investments made during the year, interest earned by individual funds, and a weighted average yield of the aggregate portfolio. Although this information is useful for accounting purposes, it does not provide a good indication on how well the investment strategy performed relative to a 'standardized' index.

Benchmarks are used to measure and evaluate investment performance, and are used to make comparisons of risk and return. Benchmarks can also be used to evaluate the relative merits of a particular investment strategy. A portfolio's absolute level of return offers little useful information for performance evaluation unless considered in relation to a benchmark. It is difficult to evaluate performance if the only available information is that a portfolio has earned a total return of two percent. However, knowing that a particular portfolio has earned 2 percent while portfolios with similar characteristics earned four percent over the same holding period provides a much clearer picture of performance. To better measure performance, the County will establish an investment benchmark to monitor portfolio performance.

A performance benchmark needs to reflect the level of risk and cash flow requirements in a managed portfolio. For this reason, the performance benchmark for County funds will be based on the targeted maturity range of the portfolio and the types of securities permitted by the investment policy. Given the significant liquidity required by the County, it makes sense to evaluate performance relative to the Federal Funds Target Rate. This index is a fair and representative benchmark given the County's investment objectives and limitations.

Should a longer-term investment strategy become practical, there are a number of readily available indices of bond market performance. Some track a single security and others track a basket of securities. For instance, the Merrill Lynch Treasury bill and note indices reflect the total return for the current "on-the-run" Treasury issues (i.e. 91-day Treasury Bills, 182-day Treasury Bills, and 2-year Treasury Notes). Merrill Lynch also maintains indices of various baskets of securities (i.e. U.S. Treasury Notes maturing in 0 - 12 months, U.S. Treasury securities maturing in 1 - 3 years.) Most indices are updated daily and are readily available through on-line information services such as Bloomberg, and major indices are published in the Wall Street Journal.

Review Existing Bank Relationships

The County purchases banking services from 5 local banks and has deposit relationships with an additional 3 banks. The County has clearly identified its policy on banking services in its "Investment Guidelines":

> *Bank service charges are determined on a fee basis (i.e., per transaction). These charges can be paid directly or by the maintenance of a minimum balance on deposit. The objective is to minimize service charges. Whenever practicable, banking services agreements will be competitively bid.*
>
> *Generally, the County will pay for banking services directly and not maintain compensating balances. This will allow the County to allocate banking services fairly among funds and taxing jurisdictions. However, the Comptroller may make exceptions to this general rule if the use of compensating balances is in the best interest of the County.*
>
> *Additionally, the Comptroller shall obtain monthly account analysis statements for all bank accounts. These statements shall be reviewed to verify the accuracy of service charges and volume of transactions. Any unusual items shall be reviewed with the bank.*

The County has adopted accepted 'best-practices' in managing its banking relationships. This has resulted in competitive overnight investment rates (as discussed earlier under the County's Investment Process) and reasonable charges for banking services in aggregate.

Two of the financial institutions, Bank of America (formerly Fleet Bank) and JP Morgan Chase have agreed to waive all County service charges. The value of these services is estimated to be approximately $120,000 for Bank of America and $70,000 for JP Morgan Chase annually.

Among the 3 remaining banks, the County conducts significant bank activity with HSBC and M&T Bank. During April 2005, service charge expenses totaled $10,987 and $13,931, respectively. Assuming these charges are representative of the entire year, annual service charges are projected to exceed $130,000 and $165,000, respectively. The County may be able to cut fees by reducing per item charges for large volume activities and reducing reporting costs, which may be maximized through a competitive bid process.

Recent mergers and restructurings in the banking industry have dramatically increased competitiveness and led to a sharp reduction in some charges. Further, technological advances have increased the efficiency with which banks are able to provide various services, such as funds movement, availability and reporting. As a result, public agencies have been able to recognize substantial savings and improved efficiencies by rethinking their use of treasury and cash management services. A thorough review of banking services may help determine if current services continue to meet the County's needs. Historically, the County has used multiple accounts to facilitate collection and movement of money, but recent technology changes in the banking industry may provide other, more cost effective ways to do this.

In addition to fee reductions, a number of banks have been aggressively courting public funds by offering very favorable rates. A competitive bid process may identify additional financial institutions willing to offer competitive bank deposit or certificates of deposit rates. Expanding the list of financial institutions could allow for greater diversification of funds.

Since the County already has optimal relationships with two of its banks (Bank of America and JP Morgan Chase), the County may want to limit the competitive procurement process to just those services it is currently required to pay for. The banking relationships with HSBC, M&T Bank, and Key Bank, on a stand alone basis, would be coveted by prospective banks and the County should receive competitive pricing for these services. A competitive procurement may lead to the largest cost savings and/or earnings enhancement of any of the cash management initiatives.

104. Investment Management

Dept:	Finance	**Rev/Exp/Productivity**:	
Division/Bureau:	Comptroller	**Fiscal Impact To FY09**:	$200,000
		Required Approval:	County

Use of Improved Cash Flow Techniques / Extend the Maturity of Investments

The County Comptroller will develop and maintain draw down schedules of capital projects for the Capital and Sewer Funds. More reliable cash flow data will allow the County Comptroller to optimize the investment of these funds. The more reliable data will also allow the County Comptroller to provide comfort that the County has sufficient cash to meet its payment obligations.

By implementing a slightly more aggressive strategy with the Capital and Sewer Funds, investment income is projected to increase by $78,000 annually.

Diversify investments to include greater use of U.S. Treasury obligations and certificates of deposit

As market conditions become more favorable, modest maturity extensions into investment vehicles such as U.S. Treasury obligations and certificates of deposit should enable the County to generate incremental income. By diversifying some portion of the General Fund into short-term (1-month) certificates of deposit and 1 to 3 month U.S. Treasury obligations, the County could expect to add 5 to 15 basis points or $25,000 - $75,000 on a $50 million balance.

	FY2005	FY2006	FY2007	FY2008	FY2009
Capital / Sewer Fund	$0	$78,000	$78,000	$78,000	$78,000
Greater Diversification	$0	$50,000	$50,000	$50,000	$50,000
Earnings Enhancement	**$0**	**$128,000**	**$128,000**	**$128,000**	**$128,000**

It is assumed that these earnings enhancement would be realized in FY2006.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	61%	61%	61%	61%
Fiscal Impact	$0	$50,000	$50,000	$50,000	$50,000

105. Competitively Bid Out Banking Services

Dept: Finance
Division/Bureau: Comptroller
Rev/Exp/Productivity: TBD
Fiscal Impact To FY09: TBD
Required Approval: County

In aggregate, the County's current banking relationships offer competitive interest rates and reasonable fees. However, favorable relationships with Bank of America and JP Morgan that agree to waive all service fees skews these results. There appears to be significant cost savings achievable through a competitive procure process for banking services.

In addition to fee savings, the County may also realize improvements in earnings on bank deposits.

Renegotiation of banking services would lead to the largest cost savings and/or earnings enhancement of any of the cash management initiatives.

A more detailed analysis needs to be completed in order to quantify the potential fiscal impact of new banking contracts.

	FY2005	FY2006	FY2007	FY2008	FY2009
Total Current Cost of Services	$295,000	$295,000	$295,000	$295,000	$295,000
Total Projected Cost of Services	$0	TBD	TBD	TBD	TBD
Savings	**$0**	**TBD**	**TBD**	**TBD**	**TBD**

VIII. FINANCIAL MANAGEMENT

FINANCIAL MANGEMENT

The County must have effective financial management policies. It should accurately and regularly report on the financial situation and should develop policies that restrict the dependence of nonrecurring revenue for recurring expenses. Budget and Comptrollers reports should allow the County to better assess its financial position and should include a realistic projection of year-end revenues and expenditures. While these reports should include sufficient detail, they must be able to be understood by decision makers so that they can react to the reports and take corrective actions.

Fund-specific fund balance targets should be developed and a policy should be developed regarding the inter-fund borrowing policies. The County should plan for future expenditures, such as the operating impact of capital projects. It should also work to receive reimbursements from other governments as quickly as possible. The County should maintain adequate staffing levels so that it can carry out the financial management function. Finally, the County should better integrate the capital planning process with overall financial discussions.

92 - 100. Financial Management Policies

Dept:	Comptroller/Budget & Finance	**Rev/Exp/Productivity**:	Productivity
Division/Bureau:	Administration & Finance	**Fiscal Impact to FY09**:	TBD
		Required Approval:	County

Interim Financial Reporting

Budget Reports

An important function for both the Division of Budget and the Comptroller's office is to provide accurate and meaningful interim financial reports. Though the County currently produces interim reports, improvements can be made to help the County understand its fiscal status throughout the year. Information should be made available electronically to allow for ad hoc analysis. The County should implement the following:

- **Provide timely and consistent budget status information.** Accurate budget information should be provided on a timely and consistent basis. While the County currently has interim budget reports, they are not provided consistently and on a scheduled basis (i.e., monthly). Especially during times of fiscal stress, it is important that the County produce timely and accurate interim financial reports. One approach to such reporting may be, until it can be managed otherwise, have a more detailed report on a less frequent basis, such as quarterly, and to produce more limited reports on a monthly basis.

- **Develop monthly budget monitoring reports with year-end forecasts**. It is important that the County's finance professionals provide estimated year-end forecasts. Current budget monitoring reports explicitly state that they are not intended to be used as year-end forecasts. It is not appropriate to assume that quarter-ending deficits will remain static for year-end. It is also not appropriate that a quarterly surplus or deficit be multiplied by four to forecast year-end results. At least on a quarterly basis, the County should provide a forecast of year-end results for key funds.

- **Develop meaningful monthly budget numbers**. The County's financial systems provide for a monthly budget. This can be a very helpful too in identifying where budgets are off track. However, monthly budgets should be more accurate than a 1/12th monthly allocation of an annual budget. Many of the County's current system-generated reports allocate monthly budget numbers using a fixed 1/12th allocation per month. While there may be a number of revenues and expenditures where this simple "straight-line" methodology is valid, it is not a valid methodology for "seasonal" revenues and expenditures such as the County's property tax revenues. The County must evaluate the system allocations and take steps to rectify the problem by providing more than high-level adjustments that correct for seasonality.

- **Include current and projected year end balances as a part of periodic monitoring reports**. Current budget monitoring reports produced by the County show surplus/deficits for the period covered but they do not carry surpluses/deficits forward to show the actual impact on fund balance. With this reporting system, a reader is unable to tell, for example, whether the variance shown is actually greater than available fund balance. At a point where the County's fund balance is decreasing, it is not necessarily the case that there is any fund balance with which to offset any year-end deficits, and the status of fund balance, as well as the variance, should be clear.

- **Treatment of appropriated fund balances and other nonrecurring sources**. The County's current budget monitoring reports show appropriated fund balances as simply another revenue source. It is important for budget reports to show how a government stands in terms of its structural balance. The County's reports (both interim and budget requests) should provide this information clearly by highlighting year-end fund balances and by identifying whether recurring revenues (excluding fund balance, land sales, etc.) match recurring expenditures.

- **Develop Fiscal Performance Indicators/Benchmarks**. The County should identify or develop meaningful performance indicators/benchmarks that help gauge or explain fiscal performance. Emphasis should be placed both on inputs, such as cost and man hours, to outputs, such as miles of road paved. These benchmarks should be compared with the County's peers to assess performance and for continuous improvement.

Comptroller's Reports

The Comptroller's office provides certain financial reports to the County in addition to budget monitoring reports. The Comptroller's reports include income statements and balance sheets, but not budget reports. Currently, the Comptroller's office is providing these reports on a quarterly basis, as required. Reports are transmitted, but not discussed. While budget reports are important element in managing the County's financial position, the County should also focus on information that is likely to be found only in the Comptroller's reports.

- It is important that the County also receive, and be able to understand, its financial position in a broader sense than budget reports. Decision-makers need to both receive this information and have it either explained in a meeting or in writing if they do not understand the significance.

- The balance sheets for each of the funds also contain important financial information that relates to the financial health of the County. The County should monitor trends on key balance sheet items such as cash position, receivables levels, and interfund borrowing.

- In prior years, the Comptrollers reports included footnotes and other information. It appears that post-staffing reductions, the current reports are basic trial balances. When it is manageable, the county needs to reinstitute this practice.

Other Reporting Issues

Additionally, the Division of Budget and the Comptroller's office might consider developing a periodic report that highlights the County's current budget status, key balance sheet information, and relevant indicators that would explain key issues, all in a single report. The County needs to have some format and content where a reader can easily identify what matters.

Structural Balance Policies

General

Budgets that are not in structural balance are often headed for problems, absent any form of revenue increase (i.e., sales tax, etc). Generally, sound structural balance means that a government uses recurring revenues for recurring expenditures. While fund balance is the most common non-recurring revenue, asset sales, deficit financing and other similar measures should also be considered non-recurring revenues. The County should monitor its structural balance, and, as it works through its fiscal issues, have future policies that restrict the dependence of nonrecurring revenue for recurring expenses.

Two Year Rule

There is a provision in the Administrative Code (Section 18.04(c) (2)) that requires the excess balances from two years prior to be appropriated. It does not seem that this necessarily requires that any funds that need to be so appropriated must be used for *recurring* expenditures. To the extent that it meets the legal requirements, at least for the foreseeable future, any excess funds should be used to replenish fund balances, even if they need to be budgeted to that purpose. When fund balances are at sufficient levels, the County should use such non-recurring resources for non-recurring expenditures, such as capital projects. This will also provide a benefit, by avoiding future debt service that would have been incurred if bonds were issued to fund the projects instead.

Property Tax Collections and Assessments

There are a number of individual tax assessors and tax collectors in the County. Erie County prepares and prints the tax bills for most of the municipalities and districts within the County. These entities are then responsible for mailing the tax bills to property owners and collecting the resultant taxes and the County receives funds after the municipalities' levies are satisfied. The collection of delinquencies is the task of the County. The tax collection process is one that can benefit from economies of scale and streamlining, whether the savings accrue to the county or to the municipalities.

Discussions with staff indicate that, periodically, funds from the municipalities (after their levies are satisfied) are not transferred to the County on a timely basis. The County needs to continue to actively pursue receiving funds when they are due.

The assessment process is managed at the individual municipality level as well, since individual municipalities also have their own assessors. As a result, each municipality has a separate challenge/ appeals process. The County does not separately assess parcels that are in municipalities. They begin with information from all of the individual assessors and then apply the state's equalization rates to attempt to place the parcels on an equal basis. Given the process, tax bills for the County may be based on a different assessment than those for the individual assessors. Furthermore, because there are numerous assessment and appeals processes, the County's revenues can be impacted by a number of different appeals processes, over which it has no involvement. A consolidated approach to the assessment process is estimated to benefit the County by approximately $4 million, as indicated in the Buffalo-Niagara Partnership Report.

Fund Balance Policies

Several of the County's budget documents cite acceptable fund balance levels to be approximately 5 percent but do little to clearly define fund balance policies. There are, in fact, several different types of fund balances, including reserved, unreserved but designated and unreserved. The County needs to revise its current fund balance policies and set clear definitions that consider the following.

Fund Balance Targets

The County should set an initial goal of achieving a 5 percent fund balance level that is often cited as a benchmark. However, this benchmark is not necessarily the appropriate level for all governments. Absent the use of cash flow borrowing to address the lag in some receivables, this level is likely to be too low as a target. The County should consider what is appropriate for them, which may be a higher level. Factors that should be considered include:

- Volatility and unpredictability of key revenues sources and expenditures.

- The extent to which the County can realistically adjust in the middle of a fiscal year, either by revenue measures or by expenditure cuts.

- How accurately (and how conservatively) the County's track record is for estimating revenues and expenditures.

- The potential for outside sources imposing mid-stream costs on the County.

- The County's cash flow pattern; i.e., if key revenues are collected early in the fiscal year.

- The level of lag in the receipt of receivables, as well as the County's willingness (and ability) to use interim borrowing to address this cash flow issue.

- The extent to which the County's general fund is also used as a reserve for other funds, which have no fund balance of their own.

- The extent to which the County uses the general fund as a "central bank" to meet cash flow needs and advances for other funds.

Periodically, the County should reassess its targets for fund balance, as the above factors will change. Additionally, the County's plans may also change (i.e., use of cash flow borrowing), and targets may need to be adjusted accordingly.

Fund Balance Target Definition

Additionally, the County also needs to determine how it will define fund balance for target purposes. Generally, it is prudent to "count" categories of fund balance that are available as a generally permanent reserve, and exclude amounts that are already committed, and/ or that are temporary in nature. For example, fund balance designated for future years expenditures should be excluded, if they are already budgeted for use in the next year. We recommend that, at least initially, the County measure its fund balance targets for undesignated fund balance.

Fund Balance Status Reporting

Any budget reports should indicate if projected results will cause the County to fall below its targets.

Other Funds and Financial Position

While there is a great deal of focus on the financial position of the general fund, it is important that the County also monitor the financial position of all funds. This is particularly important for funds that are tax supported, or which receive transfers from the general fund. Deficits in some funds may be viewed as a reduction in the general fund balance. These funds should have their own fund balances, or the county should include their revenues or expenditures in the calculation of general fund targets.

Budget Process

Capital Budgeting Process

The County does have a multi-year capital plan, but, its process does not clearly identify the future fiscal commitment which will be recurring costs. Additionally, some projects may also cause future impacts on operating costs. The governing body, and any other parties involved in the decision-making process, should understand how new debt service and operating cost changes will impact their future budgets, and they should know this before they commit to projects. This is a critical issue no matter how critical the projects may be.

Additionally, the County should have some policies, when affordable, about the level of pay-as-you go capital that it will plan for.

Revenue Estimates

It is important when developing budgets for the forthcoming year(s) that estimates for both revenues and expenditures are accurate as data permit, and to lean on the side of conservatism, unless the government has substantial reserves on which to draw. Additionally, revenue estimates should be updated to reflect latest information. No revenues should be increased aggressively to simply make the budget balance, even if there is fund balance that is available to cover it. This approach is masking the likely use of fund balance.

Receivables

The County needs to draft clear policies that require departments that receive grants, etc. to seek reimbursement promptly as regulations allow. The policies, whether centralized or not, should allow for the county to receive information about the reimbursement requirements/ timelines for these revenues.

The County's balance sheets show substantial levels of receivables from State and Federal government for social programs. The levels of such receivables owed to the County have grown in recent years. General fund accounts receivables were $120 million in 2000 and $179 million (un-audited) in 2004. High levels of receivables place substantial cash flow burdens on the General Fund. Generally, such requests for advances and reimbursements are managed in the departments responsible for the program. At one point, there was some consideration to centralizing the functions and the Comptroller's office performed some research into policies and allowable time frames for reimbursements. That approach was not implemented. Although the Comptroller's Office performed some level of monitoring of these activities, it is apparent that this is one function that has been nearly abandoned with reduced staffing levels. Additionally, the County has had no policies to require the departments to seek reimbursement as promptly as the regulations allow. While the departments may indeed be doing that, there is no policy or mandate to do so.

- The County should adopt some policies to govern such practices, whether they are carried out in user departments of centralized.

- The County also needs to have at least some level of centralized information about the reimbursement requirements/ timelines for these revenues and to have the monitoring be a specific assignment of finance professional. Alternatively, the county may reconsider the centralization of this function.

- The County needs to verify if such activities have been slowed down/ cut back after the layoffs. If this has had an impact on the timely receipt of such revenues, the County needs to reassign staffing support for such functions.

Other Financial Policy Issues

Interfund Borrowing Practices

The County has historically practiced inter-fund borrowing among funds. A certain level of inter-fund borrowing is expected; however, the County's stressed General Fund provides most of the "lending." The County needs to develop clear inter-fund borrowing policies. The County currently does not have any real policies about what is considered 'allowable' interfund borrowing and to what extent.

The County should consider adopting policies that set guidelines on what interfund borrowings are permitted, and should require explicit disclosure if the policy is to be exceeded. This is especially important given the County's cash position when there is likely to be considerable focus on the general fund cash levels. For example, before the County executed the medical center sale, the medical center fund had borrowed large sums that could not necessarily be easily replenished if the County needed the funds. Since temporary cash needs do not impact fund balance unless they eventually require a write-off, it is often not apparent when funds do not have sufficient liquidity on their own.

Liquidity

It is a popular myth that fund balance equals cash. This is clearly not the case for the County, and but readers of the budget would think that is the case. Given this, any targets for the County need to consider this difference and establish appropriate liquidity targets as well fund balance targets. This is particularly important given the County's significant level of receivables, mostly due to the lag in social services receipts, which are generally not within the County's control.

Staffing and Organizational Issues

Staffing Levels and Priorities

It is important, in this period of deficits and cutbacks, that the County maintain sufficient staffing levels and priorities so that it has reliable and accurate financial information, that revenue collection functions (both central and in departments) have sufficient resources so that collection rates are not impacted. The ability to collect funds due on a timely basis and to be able to ascertain financial position is also a critical element to future success.

Finance Function Organization

Currently, the County's finance functions are split between the Finance and Budget Office and the Comptroller's Office. There are a number of models for organizing such functions, in governments across the country, and there is not a single structure that fits all. However, the County might consider whether it could operate these functions more efficiently, and in a more coordinated manner, if there was a single finance function within the County structure. This would create more opportunity to allocate staff as needed to address workload concerns and may help facilitate provision of timely and consolidated financial status reports.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	TBD	TBD	TBD	TBD	TBD
Fiscal Impact	TBD	TBD	TBD	TBD	TBD

101. Restore Budget's Central Role in Capital Planning

Dept:	Planning	**Rev/Exp/Productivity**:	Productivity
Division/Bureau:		**Fiscal Impact to FY09**:	CQ
		Required Approval:	County

The County's capital planning function should be transferred to the Budget & Finance Department because the current focus on budget and fiscal stability requires that the County integrate their capital budgets into their overall fiscal discussions. Additionally, the Budget & Finance Department is in a better position to evaluate the impact that capital projects will have on the operating budget. This includes the operational impact of projects (additional staff, utilities, etc), pay-as-you-go financing, and debt service. Of course, all departments should be involved in decisions about capital planning and execution.

As part of the capital planning process, the Budget and Finance Department should establish the financial position of the County by defining the maximum debt to be issued each year of the plan, and projecting the impact of that debt on the City's operating budget and on its long-term financial goals. This should include the current debt and debt service burdens in the context of the budget, legal limitations, and capital needs; the capacity of the operating budget to absorb additional debt service costs and the operating costs of new and expanded facilities; and the potential for shifting among sources or methods of financing.

Project requests from the departments should be prioritized align the County's capital program with current policies and goals; rationalize a broad range of factors deserving consideration, help create a structure for discussion by decision-makers, and serve as a record of the decision-making process. The calculations of capital needs that are a regular part of the budget process should continue to be reported in department budget requests.

The Budget and Finance Department should carefully monitor the progress of the capital program and should report regularly on the variance between the established budget and project schedules with current activities. This way, it can better coordinate the issuance of debt and ensure that capital funds are being used appropriately.

One of the first things that the Department should do is develop a formal debt affordability criteria and policy for the County to adopt. While capital planning involves a variety of important calculations, the creation of this policy will require that capital planning, if it involves issuance of debt, will be subject to these restrictions. In this set of circumstances, the budget and finance department is the logical place to build these plans into its overall budget framework.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	CQ	CQ	CQ	CQ	CQ
Fiscal Impact	CQ	CQ	CQ	CQ	CQ

100. Develop Formal Debt Affordability/Criteria Policy

Dept: Budget
Division/Bureau:

Rev/Exp/Productivity: Productivity
Fiscal Impact to FY09: CQ
Required Approval: County

The County should formally adopt a debt policy and debt affordability standard. This should be integrated into the capital budgeting process to ensure that capital projects undertaken are essential, affordable and consistent with the County's taxing policies.

The County should develop analytical methods, such as debt targets (e.g., ratios) and reports that measure the impact of short and long-term borrowing. Develop projection reports that highlight the effects of borrowing on the short end (i.e., monthly and yearly) and long-term (i.e., 5 yrs out).

IX. RISK MANAGEMENT

RISK MANAGEMENT

Erie County's General Purpose government (General Fund), Community College, and Libraries are expected to expend $10.3 million on Workers' Compensation in 2005. Of this amount, at least $1.5 million is expected to be paid in assessments to the State of New York's Second Injury Fund, which in turn makes payments to local governments, including Erie County, for employees who have already been injured on the job, who file claims for a second injury. The remaining balance of Workers' Compensation costs include medical services, lost wages, and associated expenses (e.g., investigations).

The County contracts with a Third Party Administrator ("TPA") to administer claims, request independent medical examinations when deemed appropriate, assign nurse practitioners to monitor an injured employees' rehabilitation, investigate suspected cases of fraud, make payments on the County's behalf, coordinate payments from the New York State's Second Injury Fund, and conduct related functions. The County also engages a Risk Management Consultant to provide monthly reports to the County on trends associated with Workers' Compensation. The County Attorney's Office presently oversees Workers' Compensation, among many other responsibilities, and receives these reports, though no single manager is assigned. A fragment of the 1st Assistant County Attorney's highly burdened schedule is devoted to monthly reviews and cases as they may arise. A full time position had been established to coordinate Workers' Compensation, with the aim of improving Workers' Compensation management in each department through a network of department coordinators, through training and monitoring. This position was eliminated in early 2005, and is presently unfilled.

The County Attorney and staff handle between 500 and 600 legal claims against the County each year – most of which are claims associated with damaged property between $5,000 and $10,000. These claims are handled by attorneys assigned to litigation, plus half of the time of the 1st Assistant County Attorney, with outside counsel engaged on a case-by-case basis. The number of in-house County litigators was reduced as part of the 2005 layoffs.

The County's Risk Retention Fund, used for payments associated with legal claims and outside legal expenses, had a carry over of $1.4 million from FY2004, and had $0 budgeted for FY2005 – a challenging financial condition for a County which is self-insured. Facing depletion, the County's Revised FY2005 Budget will restore $3.0 million for FY2005. It is planning to increase the Risk Retention Budget in FY2006 to $3.5 million, and in additional $0.5 million increments until reaching $5.0 million in FY2009. Staff resources associated with subrogation – pursuit of payments from parties (or their insurers) whose actions cause financial loss to County workers and property – are limited, as the County Attorney's Office has had to take a more reactive posture following the 2005 layoffs. Systematic pursuit of subrogation has its benefits. For example, Maricopa County, AZ currently operates a subrogation program comparable to that being proposed in Erie County. If a member of Maricopa County's health care system receives benefits due to an injury or illness caused by a third party, the County tries to recover funds from the third party's insurer. In FY2004, Maricopa County was able to recover $307,000 under its subrogation program which equated to 1.6 percent of its Workers' Compensation payouts.

The County Attorney and staff also oversee insurance coverage provided to the County by contractors, whose services range from construction on capital projects to food stand operators. Many hundreds of insurance certificates are maintained in a handful of three-ring binders. Monitoring of the quality of insurance coverage intended to hold the County harmless needs strengthening to limit risk exposure.

The County will pursue the initiatives described below to strengthen the way in which it manages risk.

84. Engage Professional Risk Manager to Lead a Proactive, Comprehensive Risk Management Program

Dept:	County Executive	**Rev/Sav/Productivity**:	Savings
Division/Bureau:	Risk Management	**Fiscal Impact To FY09**:	($545,000)
		Required Approval:	County

The County will engage a full-time professional Risk Manager, working in the County Executive's Office, and reporting to the Deputy County Executive (Chief Operating Officer), who – working with the County Attorney, Personnel, and department coordinators – establishes and manages a Comprehensive Risk Management Program. The Risk Manager, with salary estimated to be $85,000, would have the following professional profile:

The position will be the chief Safety & Risk Management officer for the County. Responsibilities will require the person to communicate at all levels of the County structure and the individual should be vested with the authority to implement programs and initiatives so long as they have been properly reviewed are within protocols as noted in the Comprehensive Risk Management Program initiative which follows.

Successful implementation of pro-active programs should have a significant effect in reducing Workers Compensation costs. Reducing the causes of loss that give rise to accidents and pro-actively managing losses that have taken place will be accomplished:

The Risk Manager will share support staff with the County Executive's Office – including a newly restored clerical position in the County Attorney's Office proposed in the Attorney section of the Four-Year Plan – undertaking own on-site investigative analysis at the scene of incidents which may result in risk-related claims. County Attorney investigative resources and those of the Third Party Administrator for Workers' Compensation cases will be drawn upon as needed. This initiative also assumes $10,000 would be needed to engage a consultant to support development of the Loss Prevention Program.

If the search were initiated immediately, during the service of the interim Risk Manager, and the full-time Risk Manager were in place in January 2006, it is assumed this initiative would cost $137,000 in FY2006, climbing to $141,000 in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	($137,000)	($131,000)	($136,000)	($141,000)

85. Establish Comprehensive Risk Management Program

Dept: County Executive
Division/Bureau: Risk Management
Rev/Sav/Productivity: Savings
Fiscal Impact To FY09: $8,000,000
Required Approval: County

The Risk Manager will be responsible for directing the Comprehensive Risk Management Program, which, at a minimum, will include the following components:

- Systematic risk monitoring and reporting, coordinating with Personnel, County Attorney, and department risk management coordinators. For example, following every incident resulting in damage and opening the County to a claim, the Risk Manager would require an incident report be submitted by employees involved to their department manager, who would be required to state what actions would be taken to prevent such an incident from recurring

- Immediate on-site investigation of incidents likely to result in a claim against the County, identifying witnesses, assessing and documenting the scene of the incident, and providing the County Attorney and County Executive with sufficient information to support informed decisions on whether to contest or settle

- Support subrogation and third party suits pursued by the County Attorney

- Identification of the most cost-effective approach toward insuring the County, including bidding out insurances, evaluating costs and benefits of maintaining a self-insurance program as insurance market conditions change

- Risk Management-related budgeting and reporting, in coordination with the Budget Office

- Development and active management of a Loss Prevention Program

- Consistent policy and implementation of a Modified/Light Duty Program

- Provision of quality Risk Management training to department personnel

- Workers' Compensation management, such as coordinating discussion between temporarily disabled workers, TPA, and department managers, training, the Loss Prevention and Modified/Light Duty Program

- Advise the County Administration on work rule changes in collective bargaining agreements that drive up costs associated with risk-related employee absences.

The County's Risk Management consultant estimates that savings of up to 20 percent of Workers' Compensation costs could be achieved, once the Comprehensive Risk Management Program is effectively implemented, not counting savings in overtime for positions backfilled due to extended absences associated with work-related injury, nor accounting for avoided expenses from the Risk Retention Fund.

Estimated fiscal impact on the General Fund alone for this initiative before discounting in FY2006 is $277,000, climbing to $1,769,000 in FY2009. Applying deep discounting, this assumes savings of four percent of General Fund Workers' Compensation expenditures in FY2006, net assessment payments to the Second Injury Fund as the Comprehensive Risk Management Program is put in place, with savings climbing to 10 percent projected savings in FY2007, 15 percent Workers' Compensation spending in FY2008, and 20 percent savings in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	100%	0%	0%	0%	0%
Fiscal Impact	$0	$750,000	$1,500,000	$2,750,000	$3,000,000

X. A. SEWER DISTRICTS

SEWER DISTRICTS

The six Erie County Sewer Districts and Southtowns Advanced Wastewater Treatment Plant ("Districts" and "Southtowns"), administered by the Division of Sewerage Management of the Department of Environment and Planning, are responsible for providing varying combinations of sanitary sewer collection, transmission, and treatment service across much of the County. At the same time, however, the Districts do not provide full sewer service County-wide. Across Erie, 29 municipal sewer operations and several private operators also provide varying levels of service to different communities.

Within this fragmented network, the Districts are professionally run, with significant advantages of economies of scale relative to smaller systems. As a comparatively large system, the Districts encompass over 700 miles of sewer, 74 sewage pumping stations, 426 low pressure grinding units, 5 overflow retention facilities, and 7 advanced wastewater treatment facilities. The County Division of Sewerage Management ("Division") also provides storm sewer service to Sewer District No. 6 and serves as the Erie County Sewer, Drainage, and Refuse Agency.

The Districts generate most revenue through a sewer tax on participating properties. In recent years, the tax has grown slowly – with modest rate increases averaging between 1.0 percent and 3.0 percent annually. Looking forward, the Division projects continued moderate increases over the course of the four-year plan.

In recent years, the Division has implemented multiple efficiency and productivity initiatives in order to streamline operations and contain rate growth. Some of the measures already undertaken and/or underway to improve efficiencies include:

- A major redundant pumping station elimination program;
- Information management upgrades, including Geographic Information Systems (GIS), Computerized Maintenance Management Systems (CMMS), and Supervisory Control and Data Acquisition (SCADA) technologies.
- Sewage sludge incinerator improvements at Southtowns; and,
- Energy management audits and initiatives.

While these and other measures have been positive for the Districts, it remains important to continue to pursue opportunities to improve productivity. Several further areas for potential improvements within the current structure are identified below.

The larger opportunity before the County, however, involves the potential benefits of regional water resources planning through consolidation, resultant streamlining, and improved coordination across the region.

Efficiency Opportunities Within Current Structure

- **Fee Adjustments**: In addition to general sewer charges, the Division applies separate charges for certain ancillary services. While rates for the sewer charge have been periodically adjusted to reflect rising costs, other fee rates have remained stagnant since 1988. An analysis performed recently by the Division has recommended an increase to connection, inspection, and equity fees so that revenues will more closely match the cost of providing services. The cost to the County and Sewer Districts to perform an inspection of a typical 50-lot subdivision is estimated at $500 per lot. The current charge for this is a $400 per lot connection fee. Based on 2004 data, increasing this fee by $100 to more fully cover actual costs will generate at least $100,000 annually. In addition, the Division has recommended a fee for the inspection of subdivision pumping stations. These inspections are currently performed without charge, while the cost associated with these inspections is estimated at $5,500. Since no subdivisions with pumping stations were installed in 2004, no specific revenues are forecast prospectively. As subdivisions do periodically need to be inspected, however, the County will be able to better recover its costs. Finally, out-of-district customers now pay an equity charge in Districts 1,2,4,5 and 6 ranging from $200 to $1,300. Based on the average charge of the assessed valuation for 20 years, the actual charge is recommended to be a uniform $1,100. Like the pumping station inspections, this equity charge is only applicable occasionally, with no specific revenues forecast.

- **Centralize District Maintenance Facilities:** Currently, maintenance services are decentralized. Each District provides its own secondary flushing, sewer television inspection services, and sewer repairs. Maintenance staff for each District performs all necessary maintenance functions instead of being assigned to one function. This structure results in duplicative staffing and equipment, and often results in preventative maintenance operations being performed less frequently than would be optimal. By combining these services into one centralized maintenance program, teams can be solely dedicated to one service. For specialized maintenance and repair functions such as flushing mains and sewer television inspections, this will result in increased service levels without increased costs. Likewise, redundant equipment now owned by individual Districts, such as backhoes, can be consolidated. Although this centralization will not result in loss of personnel, the County expects an annual reduction in vehicle purchases alone to average $86,000.

- **Streamline District Budgeting:** Currently, the Division maintains five separate budgets, generating significant, unnecessary paperwork. By transitioning to a consolidated budget, using allocation and charge-back mechanisms to maintain fiscal integrity across Districts, administrative requirements and costs could be reduced.

- **Asset Management:** Through sound life cycle planning, the Districts can best protect the County's infrastructure investments and achieve long-term savings. In recent years, the Division has completed condition assessments and advanced capital improvement plans for pumping stations and treatment plans, with similar analysis for the County sewer mains planned for the years ahead. In support of such initiatives, the Division has also initiated a more formalized asset management program linked to the County's GIS. As current assets age and Federal and State regulatory requirements continue to tighten, the Districts as a whole will need to sharpen focus on maintenance and preservation of assets. Along with improved capital investment planning, the Division is also advancing a capacity, management, operations, and maintenance (CMOM) plan that will allow the County to optimize system maintenance.

- **Lateral Inspections at Time of Property Sale:** Under emerging federal "wet weather" environmental regulations, the County bears heightened responsibility to address Sanitary Sewer Overflows (SSOs) that contribute to regional waterway pollution. In turn, infiltration and inflow (I&I) from private house laterals in poor condition and/or with improper connections to the stormwater system are a major cause of SSOs. When laterals are in poor condition, excess flow from rain and groundwater is allowed into the overall system and can lead to overflows. As one approach to address this environmental concern, the County will explore enactment of a local law requiring a private lateral and building plumbing inspection and repair/replacement as needed at the time of property sale or transfer. Mandating lateral inspections at the time of property sale would help to mitigate the County's current environmental problems, as well as reducing exposure to any new state or federal requirements to address SSOs.

Regional Vision

For many governmental services, collaborative regional approaches offer significant advantages through greater efficiencies and economies of scale. By their nature, watersheds and sewer systems do not fall within historical municipal boundaries. Sewer systems need to follow the flow of gravity, and eventually release treated effluent into shared bodies of water. Maintaining a healthy water environment is a regional challenge generally best approached through regional partnerships.

Specific aspects of sewer systems which may derive benefits from consolidation include:

- **Financing:** In a regional system, opportunities exist for better financing along with credit rating upgrades and the ability to refinance debt to achieve present value savings. In 2003, Nassau County, NY formed the Nassau County Sewer and Storm Water Finance Authority (NCSSWFA) for this purpose. By consolidating into a local financing authority, the County sewer system is able to access a greater range of financing options with enhanced flexibility. The NCSSWFA has the power to issue debt and refinance existing County debt in order to finance County sewer and storm water projects. When the Authority was formed, the 27 sewer collection districts and the three (3) sewer disposal districts in the County were consolidated into the Nassau County Sewer and Storm Water Resources District.

  Further, building, upgrading, and maintaining water and sewer infrastructure can demand tremendous capital resources. The Erie County Sewer System itself was originally established as a County function in the 1960s because many of the region's smaller jurisdictions did not have the financial resources to establish their own systems. Likewise, consolidated systems are able to more efficiently maintain financial records and reserves. When compared to the current system under which each District keeps its own separate reserve, the ability to pool reserves would reduce the pressure to increase customer rates.

- **Water Resources Planning:** The water cycle across a region is inherently interconnected. By creating a regional system, both planning to cost-effectively meet future needs and ongoing operational ebbs and flows can be handled more efficiently. If one plant fails in a single system, for example, the level of service can be greatly affected. Additionally, the cost to repair a major system deficiency can be a large financial shock which a smaller community may not be able to manage. Further, within an organization of larger scale, specialists in regulatory and technical issues can be developed more cost-effectively. For smaller utilities facing significant succession challenges as a wave of senior utility managers makes plan to retire in the years just ahead, this advantage may take on heightened importance.

An Erie County example of existing regional partnership can be seen in the Western New York Storm Water Coalition. With the State and Federal governments recently extending storm water regulatory requirements to cover smaller systems, 31 towns, villages, and cities and ten (10) in neighboring Niagara County are now facing similar challenges. Under Phase II storm water regulations, systems must now implement a storm water management program and meet six minimum control measures ranging from public education to eliminating illicit discharges. In response to these new regulations, the Western New York Storm Water Coalition was formed to allow members to share resources. The Erie County Department of Environment and Planning provides general administration for the Coalition, organizes its activities, and tracks developments on behalf of member communities at the state and federal levels. Other Erie County members of the Coalition include the Erie County Health Department and the Erie County Soil and Water Conservation District.

In an optimal consolidation, a County combined utility would be formed to provide all water, wastewater, and storm water services to Erie County as a whole. It is recognized, of course, that this would be major governance change for the region, and would involve important local planning and control issues that would need to be carefully considered. Nonetheless, such integrated, regional service delivery is the best practice nationally, and Erie County should begin to work toward this goal.

As steps forward toward this long-term vision, there are also multiple interim consolidation approaches that merit strong consideration and their own near-term benefits:

- **County Districts:** Through merger of the Sewer Districts within Erie County itself, savings and efficiencies can be achieved. Currently, although the Sewer Districts and Southtowns are distinct entities, the Division oversees daily operations and all employees are Erie County personnel (Note: Sewer District No. 3 and Southtowns have been operating under a combined budget since reaching a 1998 Memorandum of Understanding, and are the only of these entities with joint administrative functions). Even with this shared County government framework, however, the separate character of District operations constrains the ability to operate efficiently. Given the current organizational structure, it is difficult and unwieldy to transfer personnel and equipment across Districts based on need.

  In 2001, the County commissioned a consultant study quantifying the possible results of District merger. Ultimately, the study recommended that Sewer Districts No. 1 through 5 be consolidated in the near-term, with Sewer District No. 6 being consolidated in a subsequent phase. According to these projections, District consolidation would lead to a reduction in the median customer sewer bill of approximately 3.0 percent. Under this approach, administrative, managerial, and sewer maintenance can be consolidated, with personnel and equipment reductions achieved. Managerial and supervisory roles across Sewer Districts are similar, while District administrative teams handle their own payroll, purchasing, and reporting separately. With merger, all administrative functions can be centralized and additional administrative personnel specifically dedicated to each area. Additional productivity could be gained through moving from the current system of five operating budgets to one, and via use of pooled reserves.

Similarly, as outlined above, sewer maintenance consolidation would increase efficiency for assigning sewer inspections, flushing, manhole repairs, and other wet weather flow reductions tasks to areas where most needed. Further, consolidation would allow for the development of more specialized teams. For example, in 1999, the Sewer Districts were only able to inspect less than 1.0 percent of total sewer length with television cameras. By merging sewer maintenance teams and dedicating a team solely to television inspection of sewers, the total amount of sewer length evaluated would increase, allowing for a higher level of preventative maintenance. Further, the study found that merged Districts would be able to use sewer flushing crews across the regions, potentially improving sewer flushing by 80.0 percent.

- **County Sewer Districts – Erie County Water Authority (ECWA):** Many of the most efficient and effective utilities nationally offer combined water and wastewater services – and, in many cases, storm water management as well. By amendment to the ECWA enabling legislation, the region might authorize consolidation with wastewater services and/or the City of Buffalo water resources agencies. In turn, such consolidation would offer opportunities for coordinated watershed management, as well as joint purchasing, administration, laboratory services, customer service, and other operational activity.

- **County-City of Buffalo:** Another important opportunity to produce cost savings, and environmental benefit involves consolidated operations with the Buffalo Sewer Authority (BSA). Both the BSA and the Districts have the potential to reduce cost of service per unit through merger. Advantages from merging wastewater functions for the Districts include the ability to direct flows more efficiently, potentially helping to eliminate unneeded treatment facilities, along with streamlining of administrative and support functions. From an environmental perspective, SSOs can potentially also be reduced through coordinated use of the increased capacity of a larger system. Further cost savings could be generated through collective purchasing and resultant economies of scale, as well as consolidation of administrative, support, and ancillary functions such as laboratory services and industrial pretreatment. It may be noted that the BSA enabling legislation provides potential authority to serve the full County.

  Looking forward, as part of a broader strategy to capture the advantages of combined water/wastewater utility services in conjunction with the ECWA, further consolidation with the Buffalo Water Authority might achieve even greater economies.

- **County - Municipalities:** Over the long-term, the region's fragmented system of scores of separate water resources utilities is inherently inefficient, fails to capture available economies of scale, and misses opportunities to improve environmental outcomes. For example, the Wastewater Treatment Facility operated by the Village of Blasdell has recently merged with the Erie County Southtowns Agency, a facility just one mile away from it current location, and design is underway toward physical connection. By having the sewer system flow into the Southtowns facility, the water quality would improve near Woodlawn Beach State Park. During heavy rainfalls, untreated overflows would be reduced due to Southtowns greater capacity.

  In another example, the Village of East Aurora and the Town of Aurora are considering transferring their sewer functions to the County to form Erie County Sewer District No. 8. The idea was initiated by the Town and Village. Under the current system, Aurora and East Aurora have the highest sewer rates in western New York. To help determine the optimal service structure for area, the County commissioned an expert study. This analysis found that extensive capital investment was required at the Village Treatment Plant and within the collection systems. Further, to meet state and federal standards, additional staffing needs were identified both in collection system management as well as operations and management. In order to meet those standards, the system budget was projected for an increase of over 10 percent from $1,530,000 to $1,690,000. If the area were to become Erie County Sewer District No. 8, however, the study found that all necessary capital improvements could be made, collection system maintenance could be improved, and the annual budget including debt service and operations and maintenance costs could fall to $1,340,000. This represents a savings of 12.4 percent from the current budget and 20.7 percent from the cost of operating the system at the level projected to be necessary for meeting state and federal standards. Due to County rate stability, the study found that savings could reach $3-4 million over a ten year period, with the average property in East Aurora and Aurora saving 20.0 percent annually.

Looking forward, the County will build on recent progress to pursue the following parallel strategies:

- Advancing County Sewer District functional and legal consolidations, potentially in phases to manage impacts on operations and customer rate;
- Active exploration of service coordination and/or merger opportunities with the ECWA;
- Engagement with a broad range of communities, including the City of Buffalo, in regional partnerships such as the Western New York Storm Water Coalition, as well as the exploration of more formal consolidation opportunities; and
- Continued incremental consolidation with smaller municipal systems, building on multiple such successes in recent years.

Where joined by regional partners, such initiatives hold strong potential to capture powerful economies of scale and to generate the benefits of improved water resources planning and coordination.

X. B. ERIE COUNTY SOIL & WATER CONSERVATION DISTRICT

ERIE COUNTY SOIL & WATER CONSERVATION DISTRICT

The Erie County Soil and Water Conservation District (ECSWCD) was created by the Erie County Legislature in 1943. ECSWCD is governed by a seven member Board of Directors appointed by the County Legislature, including two members of the County Legislature. Under State law, three of the remaining five members of the Board must be practical farmers, one of whom is appointed from a list submitted by the Grange and the other appointed from a list by the Farm Bureau.

ECSWCD was created to carry out programs for the conservation, use and development of soil, water and related natural resources. It oversees a series of grant funded projects and provides technical and educational assistance, including on-site survey and design assistance for conservation practices. It also assists local farmers in meeting regulatory requirements that enables them to continue to farm in Erie County. ECSWCD's 2005 budget is $447,911.

Definition of County Financial Obligations

There is no apparent legal or other requirement for the County to provide funding to ECSWCD. In fact, in 2005, Erie County did not provide funding for the Soil and Water Conservation District.

Actual and Projected County Funding

In 2005, Erie County rejected ECSWCD's request for $265,000 in funding. Prior to the current year and since 2000, Erie County provided ECSWCD with between $200,000 and $265,000 per year in funding. ECSWCD has requested $200,000 for FY 2006.

Projected Funding Requirements – Operating Contributions

FY 2006	$0.2 million
FY 2007	$0.2 million
FY 2008	$0.2 million
FY 2009	$0.2 million

Projected Capital Funding Requirements

FY 2006 – FY 2008 $0 million

Under ECSWCD's proposed 2006 budget, total funding would increase from $447,911 in 2005 to $873,900. In addition to the $200,000 requested from Erie County, ECSWCD is also seeking to increase State funding from $356,611 this year to $600,000 in 2006. Most of the additional funding appears in a budget category for grant project implementation.

In its 2006 request for County funding, ECSWCD indicates that County funding would go for salaries and benefits for ECSWCD's five member staff and to cover the cost of dues for the Erie/Wyoming Joint Watershed Board. ECSWCD's budget proposal indicates that as a result of the loss of County funding this year, it laid off a water quality technician and an assistant civil engineer. A shared GIS position with County Environment and Planning was also eliminated.

In the absence of County funding, ECSWCD indicates that it will no longer be able to continue operation. This would reportedly jeopardize $1.3 million in grant projects currently being implemented.

Opportunities for Reducing the Need for County Funding

The need for future County funding for ECSWCD's operating should be determined based on two factors:

- The continuing need for the project management and other services provided by ECSWCD
- The ability of others – including other agencies of the county – to perform necessary services at a lower total cost

Based on data from the U.S. Department of Agriculture, Erie County had 1,250 active farms in 2004: it was fourth among New York State counties. According to the Farm Bureau, there are approximately 1,100 member families in Erie County. According to 2000 Census data, there were 1,499 individuals in Erie County employed in agriculture, forestry, fishing and hunting, and mining.

County officials do not believe that they have the infrastructure or personnel who could assume responsibilities currently carried out by ECSWCD. In at least one other New York county – Westchester – the Soil and Waste Conservation District contracts for staff and other services from its Department of Planning.[1]

Conclusions

1. There needs to be a clearer understanding of the material impact of maintaining ECSWCD at its current level of funding. It is unclear from the ECSWCD proposal how the lack of County funding – given the absence of funding in 2005 – would result in additional reductions in staff. It is similarly unclear what the basis is for the expected increase in State funding.

2. County officials and ECSWCD should determine whether the contractual arrangement between Westchester County and the SWCD there is a model for maintaining access to federal and state funding without a need for a separately funded staff for the SWCD.

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[1] According to the Westchester County Soil and Water Conservation District's 2004 Report, funding is actually provided to the County by the State for these services.

X. C. ERIE COUNTY COMMUNITY COLLEGE

ERIE COUNTY COMMUNITY COLLEGE

Erie Community College (ECC) is one of 30 community colleges in the State University of New York (SUNY) system. ECC is governed by a ten member Board of Trustees, including five appointees by the County Executive and confirmed by the Legislature, four appointees by the Governor and one student trustee elected by the student body. ECC's annual budget is subject to approval by its Board of Trustees, the Erie County Executive, the Erie County Legislature and SUNY.

ECC currently has a total enrollment of approximately 13,000 students and a full time enrollment equivalent (FTE's) of approximately 11,430 students. After declining from an enrollment of 11,118 students in 1993 - 1994 to a low of 8,652 students in 1999-2000, enrollment has grown 32.1 percent in the last six years. By comparison, at all SUNY community college campuses, enrollment has grown by 22.5 percent during the same time period.[1]

ECC has three campuses - North Campus, City Campus and South Campus. Land at the North and South campuses is currently owned by Erie County. In the next year, the federal government is slated to turn over the City campus to Erie County. In FY2005-06, ECC's Adopted budget is $80.9 million.

Definition of County Financial Obligations

Erie County's financial obligations to ECC are governed by Section 6304 of the New York State Education Law. Erie County is the "local sponsor" of ECC. Under State law, SUNY is responsible for one-half of all capital expenditures and up to forty percent of operating costs of community colleges. The local sponsor, here Erie County, is responsible for matching SUNY's contribution for capital ("or so much as may be necessary") and providing up to one-third of all operating costs ("or so much as may be necessary"): because ECC implements a program of full opportunity for local residents, Erie County's share is actually limited to four-fifteenths of all operating costs. The remaining one-third of operating cost is born by students through tuition payments.

Actual and Projected County Funding

Annual contributions to operating cost by the County have actually declined over time from $16.7 million in the County's Fiscal Year 2001 to $15.4 million in the County FY2005 Budget.[2] In its FY2005-06 Adopted Budget, ECC has proposed $15.4 million for the 2006 year. But in its five year projection, ECC also proposes a steady increase in operating assistance in out years -- going to $16.5 million in FY2007, $17 million in FY2008, and $17.5 million in FY2009.

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[1] Source: New York State Education Department, Office of Research & Information Systems.

[2] The higher subsidy amount in 2001 includes funding for equipment from tobacco litigation settlement funds. Also, Erie County and ECC operate on different fiscal years. The County fiscal year begins on January 1 and ends on December 31. Under State Law, ECC's fiscal year begins September 1 and ends on August 31.

Requested Funding Requirements – Operating Contributions

FY2006:	$15.4 million
FY2007:	$16.5 million
FY2008:	$17.0 million
FY2009:	$17.5 million

In 1998, SUNY issued its first five year capital plan, providing $420 million in State funding for capital projects at community colleges across the State. Since 2001, the County has also invested in capital projects at ECC – matching some of the funding provided by SUNY. According to ECC officials, ECC was forced to return $2.1 million in State capital assistance under the first plan because they were unable to secure County matching funds.

Under SUNY's current Five Year Plan, covering FY2003-4 (April 1 – March 31) to FY2007-8, the total capital spending allocation for ECC is $21.8 million: this allocation is designed to cover both State and local spending. Yet, ECC's FY2005-06 budget submission details 12 capital projects totaling $29.4 million in 2005 alone, with a projected County share of spending totaling $16.8 million. Between 2005 and 2010, ECC has proposed a total of $161.2 million in capital spending with a County share of $91.0 million. Of this amount, $120.0 million was to fund potential projects recommended by the ECC Master Plan due to be completed in October and $18.0 million in technology and general equipment for the College which has been funded by tobacco settlement funds.

Opportunities for Reducing the Need for County Funding

The need for future County funding for ECC's operating and capital costs is dependent on several factors:

- ECC's ability to continue to increase revenue from other sources, such as State aid, tuition revenue, increasing enrollment and public/private partnerships;
- Restrictions under State law regarding local sponsor maintenance of effort in funding operating costs;
- ECC's ability to further defer capital construction projects; and
- ECC's ability to control expenditures.

In FY2003-04, the last reported year of actual spending, County spending accounted for 20.8 percent of total ECC revenue; student tuition and fees accounted for 43.9 percent of revenue and State aid accounted for 33.3 percent of all revenue. Under its proposed FY2005-06 Budget, the County contribution would account for 19.1 percent of all revenue; student tuition and fees would account for 44.8 percent of all revenue; and State aid would account for 32.9 percent of revenue. According to SUNY data covering FY2004-05, Erie County's local sponsor spending per full-time student ranks fifth lowest out of 30 community colleges – 61.5 percent of the statewide average. While Niagara County's local share is 50.9 percent higher than Erie's, Monroe and Onondaga provided lower local share per full-time student.

Comparative funding levels notwithstanding, it appears unlikely that the County will be in a position to expand significantly its contribution to the ECC in upcoming years. Alternative approaches should be explored.

In the absence of County contributions, ECC has come to rely increasingly upon revenue from tuition, which is a function of the tuition rate charged and credit enrollment. Between 2003-04 and 2005-06, tuition revenue is projected to grow from $25.65 million to $31.99 million – a 24.7 percent increase in three years. Some of the increased revenue is a result of higher tuitions rates – projected to grow 16 percent, from $2,500 to $2,900, continued growth in enrollment as well as a change in budgeting for tuition on a gross basis versus a net basis.

Further increases in tuition revenue could come from additional increases in tuition rate and increased enrollment. Both are contemplated under ECC's five year financial projections. ECC's five year plan anticipates a growth in FTEs from 11,260 in FY2006 to 12,118 in FY2010 – a 7.1 percent increase in enrollment over five years. At the same time, ECC projects an increase in tuition from $2,900 to $3,300 – a 13.8 percent increase.

Additional revenue could be generated through more rapid increases in enrollment and/or tuition. But a New York State Education Department analysis of full time tuition and fees at SUNY community colleges in 2004 found that ECC already had one of the highest tuition rates in the State. At Corning Community College, in State students paid the highest tuition and fees among SUNY community colleges in the State -- $3,196, just $96 more than at ECC

Between 1999 and 2004, ECC increased FTEs from 8,651.8 in FY1999-00, to 10,878.2 in FY2002-03, to 11,100.7 in FY2003-04, and 11,430.2 in FY2004-05. Most of this increase occurred between 1999 and 2002. If enrollment growth returned to the pace of the 1999 to 2002 period, additional revenue could be obtained – though there might be a need for additional expenditures to provide services to the increased number of enrollees. A one percent enrollment increase at current tuition rates generates an additional $326,540 in revenue annually.

Enrollment projections from the New York State Education Department, however, suggest that enrollment growth in coming years may be even slower than that projected in ECC's budget.[3] For the period 2005 - 2009, the State projects a statewide growth rate of 5.4 percent for SUNY community colleges. For all Western New York colleges, the State projects a growth rate of 2.3 percent.

There are other potential sources of revenue for ECC. It is possible that the State could increase its share of funding for community colleges, although there is no reason to believe that such a change would be likely in the near future. (The State decreased its reimbursement for FY2003-04 from $2,300 per FTE to $2,235. In FY2004-05, the reimbursement rate was increased to $2,350 per FTE.) ECC's President and Board of Trustees have recognized the need to identify

[3] Source: http://www.highered.nysed.gov/oris/counts/projections/index.htm

and implement fundraising and other revenue generating efforts. Foundation and other fundraising efforts produce as much as $1 million annually. Those funds go toward professional development, scholarships and athletics. In addition, ECC has sought to identify private sector partners as part of the community college's larger mission of workforce development.

The Buffalo Niagara Partnership report also suggests that there may be significant revenue potential associated with the development of campus land. As part of its recommendation to sever the funding relationship between the County and ECC, the Partnership recommends that the land be deeded from the County to ECC so that ECC can "develop varying ways in which to utilize those resources to create long term funding opportunities." Alternatively, ECC and the County could jointly seek to develop campus land without an actual transfer in ownership. Funds derived from development could be designated by the County as part of its local sponsor contribution. According to ECC management, this gets into potential State Education Law issues. There currently is some discussion at the state level if sponsor approval is even required to develop the land in which the College occupies. According to SUNY, the land is held in trust for the College. Furthermore, sponsor approval would only be required if college property were to be sold, which would also require SUNY approval. In addition, the designation by SUNY of funds derived from development needs to be clarified, since the sponsor has two funding requirements – one from an operating perspective, the other on a capital basis.

College officials have noted that if the County were to reduce its level of assistance in the coming years, it would trigger State mandated reductions in tuition rate. In a December 14, 2004 letter to ECC's Chief Administrative & Financial Officer, SUNY's Office of University Counsel opined that while the State Education Law "does not prohibit the sponsor of a community from reducing its level of financial support to the college…the law does provide for the sponsor's maintenance of effort." It goes on to note that "[I]f a sponsor fails to maintain effort, then tuition for that fiscal year may not be greater than one-third of the campus' net operating costs."

Under this formulation, if the County were to reduce its $15.4 million subsidy to $12.4 million (or any amount) it would trigger a reduction in available funds for operating costs of $12.1 million –$3 million in County funds and an additional $9 million loss in student tuition revenue.

The maintenance of effort requirement, however, may be met through other means. Under Section 6304(c) of the State Education Law, local sponsors may meet their contribution requirements through "the use of property, gifts of property or by the furnishing of services." There is no history of the County ever receiving credit – either on a one time or recurring basis – for providing land and services to ECC. The Buffalo Niagara Partnership report suggests a value of the land of between $36.2 million and $45.7 million.[4] A gift of the land from the County to ECC could credit the County with close to three years of maintenance of effort funding requirements. (This assumes not only that the land was paid for 100 percent by the Sponsor, but that this "value" would equate to immediate cash to pay for operating needs.)

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[4] Under the State Education Law, the valuation would be conducted by the SUNY trustees and with approval of the State Budget Director.

A County decision not to fund the ECC's capital projects would have an impact on the ECC's ability to continue to operate and future maintenance costs. It would also result in the loss of more than $12 million in State matching funds.

ECC officials expressed an understanding of fiscal constraints at the County level which may make full funding of the Capital Plan difficult. They indicated, however, that it would be helpful for them if they could begin planning for that funding that will be made available. They suggested that it would be valuable for the County to also have a multi-year capital planning process.

The other way to reduce levels of County funding would be through reduction in actual operating cost at ECC. A comparison of ECC's expenses per FTE with peers shows that its costs for instruction, academic support and institutional support were below the comparison group mean, while its cost for student services and other core expenses exceeded the comparison group mean. The largest variance between ECC and its peer group was in the area of other core services – those services not for instruction, academic support, student services or institutional support. Here, ECC's cost per FTE of $3,552 was more than 50 percent higher than the peer group mean of $2,335. Only one other college in the peer group – Community College of Allegheny County in Pennsylvania – had a higher cost per FTE.

ECC's instruction expenses per FTE were $4,054 compared to a comparison group mean of $4,568. Seven schools in the comparison group had a lower instruction expenses per FTE than ECC, with a low of $3,291 at Bergen Community College in New Jersey.

ECC's academic support cost per FTE of $705 was also below the comparison group mean of $745. ECC's student services support cost per FTE of $1,019 exceeded the peer group mean of $956, while ECC's institutional support cost per FTE of $1,129 was lower than the peer group mean of $1,579.[5]

Another view is that out-of-state comparisons are not relevant, that there are too many variables to draw meaningful comparisons, especially union vs. non-union, multi-campus, institutional mission, funding partners. Applying comparison using 30 New York community colleges, ECC costs per FTE have ranged in the bottom half of the peer group.

[5] The analysis was conducting using the IPEDS Executive Peer Tool (EPT), available through the National Center for Education Statistics. The EPT selected 24 peer institutions for comparison with ECC based on the following characteristics: public, two year, degree granting, large enrollment and in the Northeast. Cost data was for FY 2003. Two schools were eliminated from the comparison due to the lack of accurate data. It should be noted that the ECC typically compares itself to other New York community colleges, in light of similar cost and revenue conditions, and considers these indicators to underscore its relative efficiency.

	State Average Per FTE	ECC Actual Per FTE	Ranking of 30
Total Costs 04/05	**$8,188**	**$6,922**	**26**
Instructional	4,074	3,670	15
Public Service	35	0	19
Academic Support	449	351	19
Libraries	232	182	25
Student Services	769	701	17
General Administration	668	461	28
Institutional Services	908	551	26
Maint. & Operation	1,052	1,007	16
Total Costs 03/04	**$7,801**	**$6,789**	**24**
Instructional	3,865	3,516	16
Public Service	35	0	21
Academic Support	425	326	19
Libraries	229	172	25
Student Services	742	715	15
General Administration	640	391	30
Institutional Services	769	686	19
Maint. & Operation	1,097	982	18
Total Costs 02/03	**$7,459**	**$6,425**	**26**
Instructional	3,714	3,364	16
Public Service	33	0	21
Academic Support	420	306	20
Libraries	220	165	26
Student Services	690	663	15
General Administration	610	380	30
Institutional Services	755	614	23
Maint. & Operation	1,016	934	18

The largest component of ECC's proposed $80.9 million budget is for personal services – salaries and wages -- accounting for 63.7 percent of the total budget. Another 21.1 percent of total spending would go toward employee benefits. Over the last four years, salary and wage costs have largely kept pace with increases in cost of living – increasing 12.5 percent from $45.8 million in FY2002-3 to a projected $51.5 million in FY2005-6. Employee benefit costs, on the other hand, have increased at more than double the rate of actual salaries and wages – going from $13.5 million to a projected $17.1 million, a 26.1 percent increase.

Personal service and employee benefit costs are driven by both the number of employees and salary and benefit rates. In FY2004-05, ECC had 771 full time employees, with 55.5 percent assigned to instruction or instruction related services. Total full time employment in 2004 reached its highest level since 1996, when ECC had 795 employees. College officials note, however that the increase in full time employment occurred as enrollment – and demand for services – was growing. Moreover, in the FY2005-6 Budget, ECC proposes a reduction in full time staffing to 753, roughly the same number of full time employees as in 1998 – just prior to the increase in enrollment.

ECC officials initiated a hiring freeze in September 2004. The reduction in full time staffing is largely achieved through a reduction in instructional personnel, with the number of full time associate professors declining from 50 to 42 and the number of full time instructors declining from 72 to 64: as a result of increases in other instructional titles, the net reduction in instruction personnel is 10. Full time maintenance staff is also cut by 7 out of 68 positions, with all but one of those positions in the Laborer category. Adjunct professors and part-time labor positions are being used to fill workload needs.

ECC continues to maintain full-time staffing in a number of areas where there might be opportunities for managed competition or outsourcing, if existing collective bargaining agreements can be changed to allow such initiatives. For example, ECC employees 12 individuals in the title of building guard and – even after workforce reductions – maintains its own maintenance staff of 61. With 1.3 million square feet of building space and an increase in enrollment, ECC facilities need to be maintained, cleaned and well secured. It is acknowledged that opportunities for savings in these areas, as well as other areas related to productivity, are somewhat limited by the labor relations process at ECC. All but 15 of the full time employees at the college are in unions and covered under collective bargaining agreements. Moreover, according to ECC officials, they have a relatively small role in the negotiation of those agreements. Union agreements are negotiated through the County, rather than through ECC as an independent entity. Containing labor costs through successful realization wage, benefit, and work rule initiatives described in the Workforce Chapter of the Four-Year Plan will be a necessary pre-condition to considering adjustments to ECC subsidy.

INITIATIVE

160. Reconfigure County-ECC Sponsorship Arrangement, Gradually Eliminating County Subsidy

Dept:	ECC	**Rev/Exp/Productivity**:	Savings
Division/Bureau:		**Fiscal Impact to FY09**:	$19,200,000
		Required Approval:	State

The Niagara Partnership recommends an initiative in which, to paraphrase, the ECC would improve its ability to meet community needs by being an independent institution focusing both its intellectual and physical resources without the distractions associated with its present relationship with the County Government (*A Plan for Moving On*, p. 256).

The following components would accompany such an initiative, each of which would have to be realized, before significant reductions in County Government subsidy would be achieved:

- The County deeds County-owned land and facilities to the ECC;
- Labor costs, the largest ECC expenditure, are reduced through a combination of wage freeze, containment of benefit costs associated with reasonable labor concessions (e.g., employee contributions to health insurance), supported by establishment of the ECC's ability to

negotiate compensation and work rules with all of its employee bargaining units, independently of the County; and

- The State Education Law is amended to adjust County maintenance of effort requirements with respect to the ECC to implement such an initiative.

The Four-Year Plan differs from the recommendation in *A Plan for Moving On* in some respects. The Four-Year Plan assumes the ECC would maintain its status as a tax-exempt organization and as such, avoiding payment of property taxes (though a payment-in-lieu-of-taxes could be put in place in return for certain County Government services.). The Four-Year Plan also does not account for a reduction in County subsidy to the ECC in FY2006, in light of constraints to instant implementation. Four-Year Plan estimates factor in the need for approval beyond the County Administration and Legislature, the ECC's mid-year Fiscal Year calendar, and the prudence of applying a transitioned approach toward reduction of subsidy to a Community College of such importance to the County's economy and quality of life. As such, even if the conditions described in the preceding paragraph are met by the time the ECC proposes its FY2006-07 Budget for adoption, it is assumed that $0.0 million in savings will be achieved in FY2006, $3.4 million in FY2007, $6.4 million in FY2008, and $9.4 million in FY2009.

Discounted Fiscal Impact

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount %	0%	0%	0%	0%	0%
Fiscal Impact	$0	$0	$3,400,000	$6,400,000	$9,400,000

X. D. ERIE COUNTY MEDICAL CENTER CORPORATION

ERIE COUNTY MEDICAL CENTER CORPORATION

Erie County Medical Center Corporation ("ECMCC") is a public benefit corporation, created pursuant to State law in 2003. ECMCC is governed by a fifteen member Board of Trustees, including seven appointees by the County Executive and eight appointees by the Governor.

ECMCC operates the Erie County Medical Center, the Erie County Home in Alden and several health care clinics in Erie County. These facilities were formerly operated as departments of Erie County Government.

The Medical Center has 550 licensed acute care beds and 156 licensed residential health care facility beds. It is an affiliate of the State University of New York at Buffalo School of Medicine. The Medical Center also serves as the Level I Trauma Center for eight counties in Western New York, providing the region's only burn treatment unit, a spinal cord injury unit and a head trauma unit. It also serves as the region's designated AIDS treatment center, the principal point of entry into the local mental health community and the operator of the largest acute care mental health hospital program in Western New York. In 2004, according to State Health Department data, the Medical Center had an occupancy rate of 62.4 percent.

The Erie County Home has 565 beds and primarily provides geriatric services. In addition, the Home has developed programs to provide care for individuals with multiple sclerosis and psychiatric disorders. In 2004, according to State Health Department data, the Home had an occupancy rate of 99.1 percent.

According to its 2004 financial statements, ECMCC had operating expenses totaling $300 million. ECMCC officials project total operating expenses of $308.9 million in 2005.

Definition of County Financial Obligations

Erie County's ongoing obligations to ECMCC are defined by the ECMCC enabling statute, the Sale, Purchase and Operating Agreement between the County and ECMCC and bond covenants associated with the issuance of a $101.4 million bond in November 2004. Currently there is a law suit pending between the County and ECMCC regarding the annual subsidy.

The January 1, 2004 Sale, Purchase and Operating Agreement, as amended -- lays out a series of financial obligations for the County, including:

- Maintenance of effort to provide annual operating funding to the Corporation
    - In 2004, the County was required to pay a total contribution of $29.5 million – including $3.8 million for debt service
    - Commencing in 2005, the County is required to pay an operating contribution to the Corporation that shall at all times exceed the annual debt service associated with the financing of ECMCC's purchase of the hospital from the county

- Full funding of the existing 2004-6 capital program, totaling $23,037,000

- Completion of $12.7 million in ongoing capital projects

- Additional $3.2 million of capital improvement work

- Obligation for all payments, claims and judgments arising out of events prior to the transfer of the facilities

- Maintenance of the facility operated as School 84

In addition, if there is a breach in the Agreement, the Medical Center and Home would revert to County ownership.

Finally, under the Guaranty Agreement for the 2004 Series Bonds, Erie County has guaranteed the principal and interest on the bonds.

Actual and Projected County Funding

In FY2006, the County will fund the debt service for ECMCC for FY2006, but not pay any further operating subsidy. The County will thus reduce the gap by $13.5 million in FY2006, FY2007 and FY2008 and $11.5 million in FY2009.

ECMCC's 2004 financial statements list $28,827,906 in County contributions to ECMCC – apparently some $700,000 less than what was required under the Sale Purchase and Operating Agreement.

According to financial statements, in 2002, the County provided $22,738,047 in contributions to the operation of the Erie County Medical Center -- $18,268,387 for operations and $4,469,660 for capital needs. In 2003, the County contribution was $19,379,062 -- $16,350,169 was for operations and $3,028,893 was for capital. According to the State Comptroller's audit, during a six year period ending December 31, 2003, Erie County had paid a total of $119 million in subsidies for operation of the Erie County Medical Center.

The County is obligated to provide sufficient funding to pay the debt on the $101,375,000 bond issue, the proceeds of which were used – in part – by ECMCC to acquire the hospital from the County. Those payments equal approximately $5.6 million per year for 2005 to 2008 and approximately $7.6 million a year for the period 2009 to 2033.[1]

Initially, ECMCC projected that it would need a total subsidy of $39 million in 2005. Subsequently, the County and ECMCC agreed to a lower subsidy -- $19 million -- and the County is providing funding to ECMCC based on the $19 million allocation as litigation

[1] See Attachment A – Debt Service Schedule for Series 2004 Bonds. The County Government's legal counsel has reviewed and approved this document.

continues. ECMCC officials have publicly stated their intent to eliminate the need for an operating subsidy by 2008.

The County will provide the ECMCC capital subsidy by financing and constructing projects for ECMCC. According to the County Comptroller's office, the County did not provide $3.2 million in capital improvements by the end of 2004, though it intends to undertake the projects in the near future. Funding for $15.2 million out of the $23.0 million capital plan is included in the proposed County 2005 bond financing. Of the $12.7 million for funding ongoing capital projects, all but $5.0 million has now been funded. There is no obligation for future capital contributions to ECMCC beyond the obligations outlined in the Sale Purchase and Operating Agreement.

Finally, the County and ECMCC provide services for fees to one and other. According to ECMCC's 2004 financial statements, ECMCC received $5.3 million in revenue from services provided to the County including $1.4 million in subsidy for School 84 and $1.2 million in funding for mental health services. In addition, ECMCC incurred $2.1 million in expenses with the County, including $440,997 for buildings and grounds maintenance and $288,400 for law department services. While the Sale Purchase and Operating Agreement provided for continuation of this exchange of services during a transitional period ending June 30 of 2005, new agreements for the post-transition period are still in the process of being formalized. Nonetheless, the County continues to provide these services, as does the ECMCC, although the County has not completed a detailed process of cost accounting and allocation for services that it provides.

Opportunities for Reducing the Need for County Funding

The need for future County funding for ECMCC's operating and capital costs is dependent on several factors:

- Resolution of the current litigation involving the annual operating subsidy
- ECMCC's ability to develop new sources of revenue
- ECMCC's ability to control expenditures

The most significant factor is the County's future obligation for the ongoing subsidy. The Sale Purchase and Operating Agreement, defines the minimum subsidy as the amount of debt service. In 2005, County was only required to make payment on debt service, or $5.6 million. Yet the reality is that the County remains ultimately responsible for the operations of the Medical Center and the Home -- thus, the provision for reversion of its operations to the County in the event of a termination of the Sale Purchase and Operating Agreement.

Erie County would, however, be able to limit its obligation to debt service if ECMCC were able to achieve a balanced operating budget through a combination of increased revenue and reduced cost.

ECMCC officials have stated that they believe this can be achieved by 2008. Until recently, ECMCC officials have failed to disclose a plan for achieving this goal. ECMCC is required under it bylaws to develop a business plan and five year strategic plan. ECMCC officials, however, have declined to share their business plan out of concern that proprietary information – vital to maintaining a competitive edge – would be disclosed to competitors.

On September 1st, ECMCC officials provided the County with a budget overview containing both projected spending for 2006 and a series of three year financial scenarios. Each of the scenarios assume a 5 percent or $16.1 million increase in expenses in 2006 and a 27.3 percent increase in the County subsidy – going from $19.0 million to $24.2 million. The claim for additional subsidy funds in 2006 is driven by recurring expenditures that will lead to a projected $4.4 million operating shortfall in 2005: both expenditures and operating revenue are actually projected to grow by 5.0 percent in 2006. The County's projected 2006 gap assumed a 2006 subsidy of $19.4 million, accordingly, the ECMCC's projections, which were released after the release of the County's gap projections, are nearly $5 million higher than what was assumed in the 2006 baseline assumptions. The County has constructed its 4 year plan to provide for the debt service payments, but not operating subsidies.

The budget overview also projects a decline in non-net patient service revenue. According to ECMCC's 2004 financial statements, "other" operating revenue accounted for $34.4 million in revenue. In 2005, this is projected to decline to $30.2 million and decline further to $29.2 million in 2006. By comparison, net patient service revenue from 2004 to 2006 is expected to grow 14.2 percent. If other revenue grew at the same rate, it would increase revenue to ECMCC by $4.9 million in 2006.

Over the coming years, ECMCC's challenge is to overcome a structural deficit where costs are consistently greater than revenue. ECMCC's budget overview states a need to focus on revenue enhancement – through recruitment of physicians focused solely on ECMC, revenue cycle initiatives and process improvement and reimbursement for services. It also states a need for maximizing cost reduction opportunities – through labor cost control, process improvement, pay for performance physician contracts, drug, implant and other supply cost reduction initiatives and biomedical cost reductions.

Net patient revenue for 2004 – $237.9 million – was up by 8.5 percent from 2003 and up 15.5 percent from 2002. According to ECMCC's 2004 financial statements, inpatient revenue was up approximately 6 percent over the prior year as a result of increased counts of inpatient surgeries and adjustments in payment rates. Outpatient revenue gained nearly 16 percent due to increased visits and improved reimbursement rates.

Medicaid and Medicare revenues accounted for an estimated 60.6 percent of net patient service revenue in 2004 – an increase over 52.9 percent in the preceding year and the first time that Medicaid and Medicare revenue exceeded 60 percent since 1999. According to ECMCC's Budget overview, ECMCC is in the process of attempting to renegotiate reimbursement rates with private payers who reimburse at a rate lower than Medicaid and Medicare.

ECMCC's costs are driven by four components – three associated with the cost of labor. Based on ECMCC and Erie County Medical Center financial statements, salaries and wages have increased from $112.4 million in 2002 to $119.5 million in 2004 – a 6.3 percent increase over three years: in its budget overview, ECMCC projects $117.9 million in salary cost in 2005, a one year decline of 1.3 percent. During the same period, fringe benefits have increased from $32.4 million to $45.9 million – a 41.7 percent increase: in its budget overview, ECMCC projects $47.4 million in fringe benefit costs, a 3.3 percent increase.

Between 2002 and 2004, wages and benefits increased 14.2 percent.. Supply costs have grown at an even faster rate – up 26.3 percent from $37.7 million in 2002 to $47.6 million in 2004. The cost of professional and temporary services increased from $41.0 million to $46.9 million – a 14.4 percent increase.

ECMCC officials believe that controlling labor and fringe benefit costs are critical to reducing the need for a County subsidy. The State Comptroller's audit indicated that County and ECMCC officials believe that personnel costs at the Medical Center are about 20 percent higher than other regional health care providers. Similarly, a December 2003 study of staffing at the Alden Home found a ratio of FTEs to occupied beds that was 13 percent higher than for other regional health care facilities. The same study found salaries at Alden were more than one-third higher than the regional average.

The County 2004 Budget provided for 1,998 full time positions at the Medical Center and 562 full time positions at the Home. ECMCC officials have not initiated a hiring freeze, but require that all new hires be approved by senior management. As a result of layoffs in other parts of County government, ECMCC was forced to bump approximately 400 of its employees and absorb a commensurate number of more senior County workers. The ECMCC budget overview provides for an expected net decrease of 9 full time employees.

In its budget overview, ECMCC presented three budget scenarios for the 2006-08 period. The scenario adopted by ECMCC's Board assumes moderate increases in labor costs – four percent increase in wages and six percent increase in fringe benefits -- in 2007 and 2008. Under this scenario, the projected subsidy would decline to $14.5 million in 2007 and $5.9 million in 2008. If, however, historical trends in labor cost were to continue, ECMCC projects a need for $20.7 million in subsidy in 2007 and $19.1 million in 2008. Finally, if there were a wage and benefit freeze in 2007 and 2008, the proposed subsidy declines to $10.2 million in 2007 and is eliminated by 2008.

Going forward, the potential impacts of the ECMCC upon the County's finances appear to hinge strongly on control of ECMCC labor costs. In its budget overview, ECMCC presents a sensitivity analysis with three scenarios for the 2006-08 period. The moderate wage and benefit increase scenario – 4.0 percent increase in wages and 6.0 percent increase in fringe benefits – in 2007 and 2008, projects the subsidy to decline to $14.5 million in 2007 and $5.9 million in 2008, noting that a positive margin would be achieved by FY2009. If, however, historical trends in labor cost were to continue, ECMCC projects a need for $20.7 million in subsidy in 2007 and $19.1 million in 2008. Finally, if there were a wage and benefit freeze in 2007 and 2008, the proposed subsidy declines to $10.2 million in 2007 and is eliminated by 2008.

ECMCC's ability to proceed with savings through productivity increases is limited by collective bargaining agreements with unions that represent much of the ECMCC workforce. Under its enabling statute, ECMCC employees are "deemed to be employees of the county of Erie and shall be employed within the current county of Erie bargaining unit designation…The corporation and the county shall recognize the existing certified or recognized employee organizations for county employees as the exclusive bargaining representatives for such employees." Moreover, the law also provides that ECMCC "shall be bound by all collective bargaining agreements between the county of Erie and such collective bargaining representatives in effect as of the date of transfer of operations to the corporation and any successor agreements between such parties."

The principal responsibility for negotiations with ECMCC employee unions remains with the County, not ECMCC. Section 11.1 of the Sale Purchase and Operating Agreement provides that the Director of Labor Relations shall act as the bargaining agent for the Corporation.

Attachment A

Period Ending November 1	Total Debt Service
2004	$1,112,306
2005	$5,561,532
2006	$5,561,532
2007	$5,561,532
2008	$5,561,532
2009	$7,631,532
2010	$7,631,248
2011	$7,632,074
2012	$7,629,249
2013	$7,632,154
2014	$7,630,876
2015	$7,627,660
2016	$7,628,610
2017	$7,631,310
2018	$7,630,210
2019	$7,630,035
2020	$7,630,235
2021	$7,630,260
2022	$7,629,560
2023	$7,632,585
2024	$7,628,510
2025	$7,632,060
2026	$7,627,865
2027	$7,628,850
2028	$7,628,875
2029	$7,632,085
2030	$7,627,340
2031	$7,629,070
2032	$7,630,850
2033	$7,631,540
TOTAL	$214,113,074

X. E. EFFICIENCY INITIATIVE GRANT

EFFICIENCY INCENTIVE GRANT

COUNTY OF ERIE FY2006 FOUR-YEAR FINANCIAL PLAN

SUMMARY

The statute which puts in place the ECFSA sets forth an Efficiency Incentive Grant available to the County of Erie and City of Buffalo, from FY2006 through FY2010, to support initiatives to improve productivity. The County seeks 57 to 74 percent of $10 million each year to fund initiatives to reduce County expenses, improve cost recovery, and in a number of instances, facilitate efficient, joint provision of services by the County Government and other governmental entities within the County's limits. If authorized by the State, funding would be directed to the initiatives described below. The descriptions underscore that most of the investments to be funded through the Grant would not generate savings without accompanying efforts; they would instead serve as important components of broader strategies for more effective, efficient management.

Efficiency Incentive Grant Investments & Estimated Returns

	Annual Grant Investments					Total	Savings per	
Grant-Funded Productivity Initiatives	FY2006	FY2007	FY2008	FY2009	FY2010	Investment	$1 Invested*	Page
Technology to Support Alternatives to Incarceration	$312,000	$112,000	$118,000	$0	$0	$786,000	$4.7	1
Info System for Integrated Social Services Case Management	$1,800,000	$1,520,000	$1,315,000	$0	$0	$4,635,000	$2.3	3
Info System for Integrated Facility Fleet, Project Management	$0	$2,270,000	$1,815,000	$1,585,000	$0	$5,670,000	$1.6	5
Procurement Technology: Strategic Sourcing	$432,000	$0	$0	$0	$0	$582,000	$18.0	7
Consolidated 911 Center: County-City	$1,035,000	$0	$0	$0	$0	$1,035,000	$2.1	10
Productivity Bank**	$3,000,000	$3,000,000	$3,000,000	$4,000,000	$5,000,000	$18,000,000	$2.0	12
County-CityStat Accountability System	$150,000	$0	$0	$0	$0	$150,000	CQ	13
Erie County Office of Management & Productivity	$420,000	$454,000	$527,000	$611,000	$709,000	$2,721,000	CQ	15
Consolidated Fleet Management Center	$150,000	$0	$0	$0	$0	$150,000	CQ	16
Total Efficiency Incentive Grant Investment	$7,299,000	$7,356,000	$6,775,000	$6,196,000	$5,709,000	$33,729,000		

* Savings based only upon initiatives identified in Four-Year Plan. Other savings, revenues, or service enhancements may result from these investments.

** Because of a one-year lag from when new tranche of Productivity Bank capitalization is placed and when savings are realized, FY2010 contribution is excluded from calculation of savings per $1 invested.

INITIATIVES TO BE FUNDED

Technology to Support Alternatives to Incarceration Initiatives. With a swelling Jail population and associated costs in Holding Center operations, the County is planning to reduce this population while maintaining public safety through a number of initiatives, including a combination of hiring back certain Probation and Pre-Trial Investigations staff, and the use of technology for Release Under Supervision and house arrest initiatives. The Efficiency Incentive Grant would be applied to supporting two such initiatives.

- *Increase the use of electronic monitoring for "Release Under Supervision" and "house arrest" for offenders who pose a low-risk to the community*

  The addition of Probation Officers will allow the Electronic Monitoring program to be expanded. Currently, the Department has 150 Electronic Monitoring Devices (e.g. ankle bracelets) but only uses 50 since there are not enough Probation Officers to monitor more probationers. The Department estimates that it would need an additional 2 Probation

Officers per shift to monitor the additional 100 probationers. Many individuals referred to the RUS program are monitored through electronic monitoring bracelets, telephone and personal contacts, and are required to undergo evaluation and follow-up for issues such as substance abuse, mental health or employment. In addition, the use of electronic monitoring could allow low risk offenders to be sentenced to house arrest. The Department of Probation, Judicial Administration Personnel, and Defense Counsel indicated that they would all support expanded use of electronic monitoring for low risk offenders. Increased electronic monitoring could reduce an average of 100 people per night in jail. Of the 150 electronic monitoring bracelets the Probation Department has, it would like to upgrade 50 of the older models at a cost of $76,288. It is assumed that this cost will be offset by receipt of the State Efficiency Grant.

- *Acquire Global Positioning Systems for "Release Under Supervision" and "house arrest" for offenders who pose a higher risk to the community*

  While Electronic Monitoring Devices can indicate to the Probation Department where a probationer "is not," a Global Positioning Device can indicate to the probation department where a probationer is. Individuals posing a more significant risk would be monitored and tracked by actual movement and location with the use of active and passive Global Positioning Systems (GPS). Nassau County, NY, has been using GPS to track sex offenders since 2002. This costs Nassau $10/day, which they in turn charge the probationers, recovering costs at a rate of 60 percent. Suffolk County is currently testing various GPS technologies, also for their sex offender probationers. They have found the average cost of service is $10 per unit per day, and that many vendors charge only a service fee, providing the units free of charge.

  A study conducted by Suffolk found GPS tracking to be a cheaper alternative to incarceration, including salaries of the additional officers (1 Officer to 6 probationers) which would be needed for the program. Initial cost quotes for this service are $135,000 to purchase the GPS equipment and an optional daily monitoring rate of $2.50 to $3.50 per unit for the 50 units. It is assumed these costs will also be offset by the State Efficiency Grant in addition to the costs of the electronic monitoring devices.

  The *Breaking the Cycle*[1] report indicated that 50 GPS systems would be a good start. This analysis verified the reasonableness of that recommendation through discussions with Judicial Administration as well as the Department of Probation. In addition, the Probation Department indicated that the probation officers assigned to monitor the detainees with the 150 electronic monitors could also handle monitoring the GPS systems with no addition of staff. This GPS system strategy could reduce an average of 50 people per night in jail.

Efficiency Grant support of the costs of 50 HomeGuard-200 electronic monitoring units and 50 ExacuTrack GPS units for $211,000 and $113,450 in daily monitoring rates for FY2006. Out-year costs include daily monitoring rates only.

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1 Alexander, George B. Commissioner Erie County Department of Probation and Youth Detention Services. *Breaking the Cycle: A System-wide Intervention to Address Chronic Overcrowding at the Erie County Holding Center.* Preliminary Report. March 14, 2005.

Direct savings of between $702,000 and $775,000 a year would be realized from the avoided costs associated with 150 inmates who would be monitored through RUS or house arrest instead of being housed in the Holding Center through the application of this technology. While not calculated for the purpose of return-on-investment, additional savings of between $2.1 million and $2.5 million a year could be realized through associated reduction in corrections officers.

	FY2006	FY2007	FY2008	FY2009	FY2010	Total
Electronic Monitoring	$468,000	$480,000	$492,000	$504,000	$517,000	$2,461,000
GPS	$234,000	$240,000	$246,000	$252,000	$258,000	$1,230,000
Total Savings	**$702,000**	**$720,000**	**$738,000**	**$756,000**	**$775,000**	**$3,691,000**

The table below presents total accumulated cost of $665,000 from FY2006 through FY2010, returning total savings of $3,691,000 over this period. Savings from this initiative are already reflected in the Four-Year Plan. Award of a State Efficiency Grant would result in additional savings of $320,000 in FY2006, and an accumulated $665,000 through FY2009, as these costs were counted in an initiative which offset a portion of the savings otherwise generated by the Alternative Sentencing initiative.

	2006	2007	2008	2009	2010	Total
Alternate Sentencing Investment	$320,000	$112,000	$115,000	$118,000	$121,000	**$786,000**
County Operating Savings	$702,000	$720,000	$738,000	$756,000	$775,000	**$3,691,000**
					Return	**4.7:1**

Information System Improvements: Integrated Social Services Case Management System. Erie County is planning on developing and implementing an integrated case management solution based on SAP technology that will achieve the following benefits:

- Transform the county's human services culture so that its clients are viewed and treated in a holistic way. When County staff and community based providers work with a client, they will have a complete picture of the individual's prior service history, their current involvement with the County's human services system, as well as information relevant to other family members who might be known to the system. All of this needs to be accomplished securely and confidentially.

- Facilitate the collection and utilization of benchmarking and outcome data. Erie County needs to demonstrate to its funding sources that the programs and services it provides are meeting stated goals and objectives. At the same time, the County wants to implement performance-based contracts with the community-based agencies it contracts with to deliver programs and services to clients. In this way ineffective programs can be altered or discontinued, and clients can be more effectively matched to the programs and services that most effectively meet their needs.

- Facilitate Erie County's leadership in the development, coordination, and provision of quality programs and services that maximize the personal independence and economic self-sufficiency of children, adults and families.

The County will develop an integrated ERP system to transfer client data to appropriate departments for targeted case management. This will also allow a single point of entry and will reduce the amount of redundant case management and other services. For the last few months, DSS and DISS have been collaborating with SAP and IBM on how to achieve Erie County's vision of a more effective human services process. In January 2005, SAP and IBM announced their partnership to develop human services business processes that would have global applicability. They would like to partner with Erie County to exploit what currently exists in the SAP system and to have Erie County participate in the development of mutually required functionality.

The core function for human services is case management. All other processes like call center, client relationship management (CRM), outcome management, crisis management, etc. are logically wrapped around case management. All parties understand that the ultimate goal of a system-wide integrated case management solution is a long-term goal that may take a number of years to complete. What is under development now is an approach that defines the intermediate steps that can be implemented and used by Erie County such that these steps not only can operate with benefit in their own right but will also serve as building blocks for the ultimate objective.

The following scope and steps are under consideration:

- *Milestone 1: Community Alternative Systems Agency (CASA) Pilot.* The primary function of CASA is to determine the necessity for Medicaid long-term care services. In 2004, CASA served 4,693 clients. The intent over this four week pilot is to demonstrate that SAP is a viable case management system.

- *Milestone 2: CASA Case Management Production System.* Implement CASA case management into production after first determining detailed case management requirements and solutions. Accomplishing this by year end 2005 would be beneficial.

- *Milestone 3: Plan for Integrated Case Management System.* With the commencement of Milestone 2, a team will analyze and fully understand the current business processes for all human services departments and develop improved / reengineered processes that are required to meet Blueprint objectives. Target 4Q 2005.

- *Milestone 4*: Inclusion of Community-Based Provider Agencies. Target 1Q 2006.

- *Milestone 5*: Extend Case Management to Include Wraparound Services. Target 1Q 2006.

The Four-Year Plan expects the Case Management System to serve as part of the foundation of a broader initiative – *the Blue Print for Change* – to achieve an estimated $2.5 million in savings in FY2008, and $4.0 million by FY2009 through more efficient, better integrated network of Social Services provision.

Anticipated total fiscal impact through FY2010 is $10.5 million, in return of $4.64 million in investments from FY2006 through FY2008. The returns reflected in this analysis are only those identified in the Four-Year Plan; there may be additional financial and service-level returns not reflected in this analysis. Savings from this initiative are already reflected in the FY2006 Four-Year Plan.

	2006	2007	2008	2009	2010	Total
Case Management Investment	$1,800,000	$1,520,000	$1,315,000	$0	$0	**$4,635,000**
County Operating Savings	$0	$0	$2,500,000	$4,000,000	$4,000,000	**$10,500,000**
					Return	2.3:1

Information System Improvements: Plant Management, Project Systems, Fleet Management. Currently, Erie County has four autonomous operating departments that use numerous underlying business processes that are common. These are the Sewer Department, Department of Public Works, Parks and Fleet. The reengineering strategy is to develop a set of optimal processes and procedures that can be shared, all operating from a common infrastructure. The solution will be fully integrated into the already implemented SAP administrative functions such as procurement, accounting, budget, HR, payroll, grants.

The scope of this effort will involve the following:

- *Asset Management*
  - Identify, track, locate, and analyze physical assets
  - Associate documents, permits, manuals, and other data with assets
  - Metered usage measurement and transmission to subcomponents
  - Warranty registration and tracking for rapid, accurate claim submission
  - Cost history review (by equipment, rolled up to systems & locations)
- *Assignment Management*
  - Labor utilization
  - Plant performance
  - Backlog management
  - Integration support for future Time and Attendance systems (ID card scan, Biometrics)
- *Complaint Management*
  - Complaint submissions from constituents through website, fax, phone, etc.
  - Automatically submits work orders for approval by supervisor
  - Maintain complaint history database
- *Inspection Management*
  - Manage condition-based maintenance by defining inspection points belonging to one or more assets
  - Automatically execute inspection jobs that are triggered by date intervals, and/or meter levels, or based on previous inspection results (condition based inspections)
  - Perform linear regression analysis to calculate the date when a critical value will be reached based on the individual inspection results

- Set up safety margins or tolerance levels that will trigger additional inspection processes or work orders

- *Inventory/Materials Management*
  - Allocate materials to work orders and automatically generate pick lists
  - Identify items that need to be requisitioned based on existing stock levels, forecasts, current reservations, and customer-determined stock level setting
  - Assign assets to several categories (i.e. parent asset, location, sub-location, function, or system) enabling costs to be rolled up into a matrix of different accounting and management scenarios

- *Project Management*
  - Facilitate organization of projects, creation of new jobs for a project, and the importing of existing jobs into a project
  - Project budgeting capabilities for project cost management
  - Allow large projects to be divided into more manageable subprojects and assigns individual work order activities to each step

- *Purchasing Management (Complementing eProcurement/Strategic Sourcing)*
  - Compute the cost of services using either fixed prices or time and materials
  - Control purchase order and invoice matching processes for stocked materials, direct materials, hired labor, and services
  - Integrate purchasing process directly with suppliers' order fulfillment systems through the parts catalogs of the nation's leading MRO suppliers.

- *Work Management*
  - Control work order processes for routine maintenance, response maintenance, and periodic preventive maintenance.
  - Prioritize work orders by asset criticality, vulnerability and time in system
  - Determine cause relationships and provide a full range of diagnostic tests
  - Backlog, preventative and predictive management

- *Work Flow Management*
  - Automate the routing of information between desired individuals/responsibilities based on changeable business rules
  - Work flows for purchase orders, work requests, quotation, requisition, and other tasks

The County seeks funding to put in place this system management information system, which will be integrated into the rest of its ERP/SAP system, improving management of the County's physical plant, inventory, fleet and equipment maintenance. For example, the County would benefit from an increase in asset utilization and a decrease in new equipment purchases. This can be accomplished with more extensive preventive and predictive maintenance support including Preventive Maintenance (PM) history and scheduling and real-time condition monitoring. Analytical reporting with trending capabilities is an added benefit. Integrated requisitioning with work order planning, including access to electronic catalog of preferred suppliers and materials, can result in material cost reduction. An electronic catalog feature would provide enterprise visibility of stocked and non-stocked materials resulting in reduced material cost.

This initiative is expected to cost $2.3 million, $1.8 million, and $1.6 million over a three-year period for hardware, software, training, process reengineering, and consulting support. Like other initiatives proposed for Efficiency Incentive Grant funding, this system would be an important ingredient among a number of related efforts which, combined, would result in savings, particularly in initiatives associated with fleet and facility management.

Savings from initiatives identified in the Four-Year Plan – both operating and capital – are described below. Included in the savings initiatives are $2.9 million in vehicle capital costs that can be avoided with a right-sized fleet, though this amount was not quantified as operating savings. The returns reflected in this analysis are only those identified in the Four-Year Plan; there may be additional financial and service-level returns not reflected in this analysis.

Four-Year Plan Initiatives Benefiting from this Initiative

	2006	2007	2008	2009	2010	Total
Full Fleet Consolidation	$0	$287,000	$402,000	$459,000	$509,000	**$1,657,000**
Competitive Contracting for Fleet	$0	$266,000	$266,000	$266,000	$266,000	**$1,064,000**
Reduce Size of Vehicle Fleet	$0	$333,000	$444,000	$3,344,000	$444,000	**$4,565,000**
Space Optimization	$0	$171,000	$341,000	$512,000	$769,000	**$1,793,000**
	$0	$1,057,000	$1,453,000	$4,581,000	$1,988,000	$9,079,000

In return for a total investment of $5.7 million, estimated savings would be $9.1 million through FY2010.

	2006	2007	2008	2009	2010	Total
Plant, Fleet, Program Investment	$2,270,000	$1,815,000	$1,585,000	$0	$0	**$5,670,000**
County Operating Savings	$0	$1,057,000	$1,453,000	$4,581,000	$1,988,000	**$9,079,000**
					Return	1.6:1

Procurement Technology, Including Strategic Sourcing Capacity-Building. Strategic sourcing is a series of procurement best practices that enable an organization to buy more effectively and efficiently. It combines a deep understanding of commodity and market information with quantitative analysis about a government's needs and spending patterns in order to achieve lower costs. There are three overarching principles of strategic sourcing: First, it is predicated on understanding current and future requirements and developing a strategy to procure required goods and services; second, it uses analytical tools and a fact-based approach to more effectively negotiate contracts with suppliers; and third, as part of a strategic sourcing program, key performance indicators are defined, and a process to monitor and measure suppliers' performance as well as the internal performance of an organization's procurement function are outlined. Implicit in these themes is that strategic sourcing approaches must also be flexible enough to adapt to the County's regulatory environment and specific sourcing needs.

Strategic Sourcing differs from conventional purchasing in the following ways:

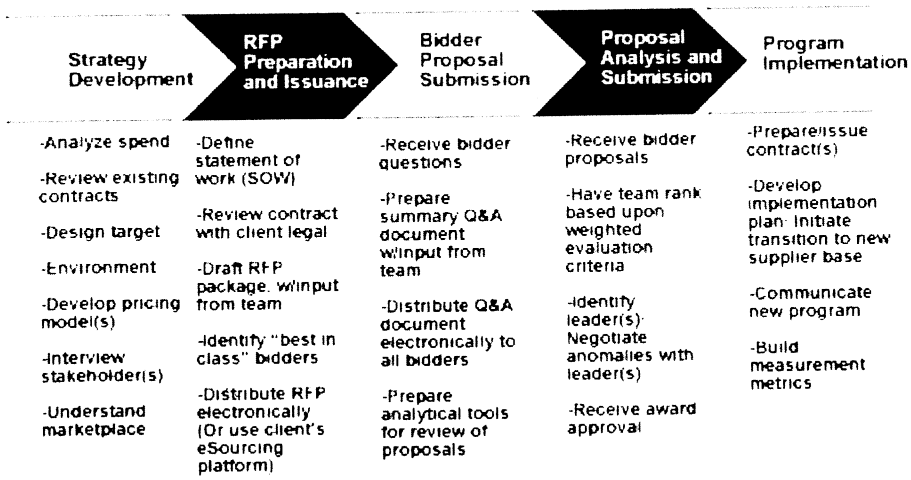
- Emphasis on full life-cycle costs of a product, not just its purchase price
- Consolidated purchasing power across the supplier relationship, across all buyers
- Tighter supplier relationships to achieve better standardization and improvements in cost, quality and delivery time
- Simplified sourcing requirements through common standards, work patterns and information requirements. This can lead to lower inventory costs and reductions in purchasing order frequencies
- Improved teamwork and purchasing skills through sharing information about products, markets and respective needs to meet wider organizational objectives, and
- Leveraging web technology to create new forums for interaction with suppliers (e-RFPs, reverse auctions).

The overall universe of County procurement can be described in four general categories. These categories are: construction, purchases for health and social service programs, procurements for unique and ad hoc projects, and acquisition of routine and recurring commodity goods and services. While the principles of strategic sourcing are relevant to all these categories, public sector organizations acquire large quantities of routine goods and services. Spending in these categories alone typically comprises at least 5 percent of expenditure.

Strategic sourcing is a commercial best practice that is rapidly migrating to the public sector, largely driven by budgetary needs in governments, but also by an increased awareness by many procurement officials that there is value in viewing procurement in terms of total cost of ownership, as opposed to simply low cost. Some facts about strategic sourcing include:

Strategic Sourcing is a process designed to provide purchase of the best products and best services for the best value. Using this purchasing approach, the buyer analyzes what it's buying, what the market conditions are and who can supply those goods or services. The buyer then uses that information--plus innovative contracting techniques--to find the best values available in the marketplace. This approach has been successful in many private-sector organizations and in several states, including Pennsylvania, California, Iowa, Texas, Illinois, Oklahoma, Virginia, and New Mexico. Recently, this experience has filtered down to county governments, including Fairfax (Virginia) and Miami-Dade. City governments, such as Portland, Oregon, have also achieved good results with this approach.

Strategic sourcing is a process that emphasizes a holistic procurement approach. It has been proved to create significant savings in the private and public sector. Typically, the approach includes:



The savings achieved from strategic sourcing can be substantial. The State of Virginia has reported annual savings of $26 million; New Mexico $23 million annually; the State of Pennsylvania $140.0 million; the State of Iowa projects savings of $57.0 million. At the County level, Fairfax, Virginia has reported savings of $5.0 million; at the City level, Portland, Oregon, has reported savings of over $1.0 million annually. Market research indicates average savings of between 5 to 20 percent.

At present, New York's General Municipal Law, which governs contracts and purchases by local governments, has not been significantly revised in over a decade. New York's law does not allow for procurement awards based on best value analysis, as opposed to low price. This analysis is a key component of strategic sourcing and is the recognized best practice and standard in most states. New York law should be amended to allow this practice for local governments.

Strategic sourcing is an intensive process that requires significant commitment of time and resources. Given its specialized nature, there are several firms that will enter into performance-based contracts with governments, guaranteeing a level of savings. It is also possible to contract for a percentage of the savings to be achieved. Given the County's financial condition, this may prove to be the favored approach. The Erie County Fiscal Stability Authority has urged the County to seek support from the State to make appropriate statutory changes to enact this initiative.

Investment of $432,000 in improved procurement technology is an important component of this initiative; it is reasonable to expect that RFP development, analysis support, staff capacity building, and other forms of technical assistance – estimated at $150,000 – will also be required to assist the County in entering into long-term agreements on favorable terms. Because of the need for state action and the significant resources needed to be dedicated to the project, the savings have been discounted by 100 percent in FY2006. Nearly $1.5 million is estimated in savings for FY2007 if State statutory changes are made, and implementation is successful.

Annual savings are projected to grow to nearly $3.0 million in FY2008, and $3.1 million by FY2010, for accumulated savings over this period of $10.5 million. The savings calculations already assume that contracted services, costing 21 percent of savings, are paid to the vendor or vendors selected through the RFP process. The FY2006 Four-Year Plan already includes the savings estimated from this initiative. The returns reflected in this analysis are only those identified in the Four-Year Plan; there may be additional financial and service-level returns not reflected in this analysis.

	2006	2007	2008	2009	2010	Total
Strategic Sourcing/Procument	$582,000	$0	$0	$0	$0	**$582,000**
County Operating Savings	$0	$1,450,000	$2,958,000	$3,017,000	$3,077,000	**$10,502,000**
					Return	18.0:1

Productivity Bank. There are often opportunities to make one-time investments that result in reduced expenditures on a long-term basis. Governments may find it difficult to make such investments, and the needed funds may be viewed simply as an increase in a department's budget. Such requests often get lost in the overall need to reduce expenditures. One approach is to create a productivity bank whereby departments can apply for a "loan" to invest funds to improve operations or make other changes that will create savings.

The County should create a Productivity Bank to fund initiatives that will result in future cost savings. When investment is made in a new project or technology that is anticipated to save the County money, it expects a return on that investment. Using a Productivity Bank system, department heads will propose projects to a central committee that will evaluate requests and develop a formal framework for the savings to be achieved. Savings can come through reduced hardware or software maintenance, decreased overtime, the elimination of positions through attrition, or other ways. By agreeing to project terms in a formal agreement up front, there can be a clear understanding about how the cost savings will be reflected in subsequent budgets.

To start its Productivity Bank, Philadelphia used $20 million derived from a bond issue. From FY1994 through FY1999, the Bank loaned over $22.7 million for 16 projects ($2.7 million had been repaid by departments to recapitalize the Bank), realizing $52.3 million in savings and increased revenue, with a total of $70.9 million anticipated by the close of FY2004. Those projects funded promised to achieve cost savings, revenue gains and service improvements, and promote a strategic approach to the way in which City government conducts its business by encouraging innovation, accountability, and entrepreneurship. The projects are responsible for long-lasting innovations that will create service benefits well beyond their significant financial impacts.

The Philadelphia Productivity Bank grants loans to City departments and agencies for individual or collaborative projects, with those in excess of $250,000 requiring City Council approval. Eligible projects are those which are capital in nature, with a recurring operating budget impact of at least $2 over a five-year period for every $1 in one-time up-front investment made, which cannot be funded on a pay-as-you-go basis out of department operating budget endangering its normal service levels, and that cannot be afforded out of the County's constrained capital budget. Savings and revenues achieved through Bank projects are reflected in adjusted operating budgets, as are the loan repayments so that the Bank's lending capacity is never depleted. Providing capital - through a productivity bank - for projects will allow Erie County managers to think beyond the annual budget and to advance projects that will achieve future cost savings and productivity enhancements.

The State of Iowa has a similar program – the Innovations Fund. This program is under the control of the Department of Management ("DOM") and was designed to stimulate and encourage innovation and entrepreneurship in State government by awarding repayable loans to State agencies. The DOM Director oversees an eight-member State Innovations Fund Committee that reviews all requests and approves qualified loans. From FY1996 to FY2003, the Innovations Fund, which was capitalized with a $1.0 million appropriation, achieved $11.2 million in identified savings. To the extent project-specific funding does not materialize from the State Efficiency Grant, productivity bank funding may be used for centralization of collections, probation/criminal justice information systems, a centralized Risk Management Information System, and other initiatives with fiscal impacts shown elsewhere in this Four-Year Plan. Further savings can be expected to be achieved through effective implementation of such productivity improvements as:

- More effective, centralized receivables management and collection, whether done in-house or monitoring performance of outside collection agents
- Automated field reporting for Sheriff's deputies, limiting resources spent on paperwork
- Continued automation for Clerk, Legislature, and resolution filing in County Executive (see Buffalo-Niagara Partnership Report)
- GIS system improvements
- Further upgrades of integrated management information associated with the County's criminal justice system
- Continued upgrades to the CountyStat performance management system after initial start-up
- Improved automation of DPW field inspections.

Savings estimates for Erie County's productivity bank are determined by planning $3.0 million in capitalization each year from FY2006 through FY2008, and $4.0 million in FY2009, through the State Efficiency Incentive Grant (or, if necessary, though not quantified below, as part of the County's annual $30 million capital program, in which case repayment by departments will have to be expanded to offset debt service costs), for a total of $13 million through FY2009. It is assumed Erie County can achieve the same rate of operating budget savings for each dollar of productivity bank funding invested as did Philadelphia. Philadelphia averaged $8.7 million a year in operating savings from an initial investment of $20.0 million, or $0.44 each year for every $1.0 in up-front investment. Anticipating a one-year lag from each tranche of productivity bank capitalization to the achievement of savings (i.e., a 100% discount in the year a new tranche is invested), as well as a 20 percent discount in savings to offset additional potential delays in the year following each new tranche of capitalization, savings are estimated to climb from over $1.0 million in FY2007, to nearly $7.6 million by FY2009, and nearly $13.2 million by FY2010.

Total savings by FY2010 is estimated to be $25.5 million for $13.0 million in investments made through FY2009, with return on investment continuing to improve in the out-years, with return on investment continuing to improve in the out-years. An additional investment of $5.0 million would be made in FY2010, which would begin to yield savings in FY2011. Savings from this initiative are already reflected in the FY2006 Four-Year Plan.

	2006	2007	2008	2009	2010	Total
Erie Prod Bank Contributions	$3,000,000	$3,000,000	$3,000,000	$4,000,000	$5,000,000	**$13,000,000**
County Operating Savings		$1,046,000	$3,661,000	$7,584,000	$13,162,000	**$25,453,000**
					Return	2.0:1

Consolidated 911 Communications. The County currently operates three separate 911 call taking and dispatch services. Emergency Medical Services operates medical 911 services while the Sheriff's Department provides dispatching for the Erie County Sheriff's Office as well as several part time police departments in the County. Central Police Services handles all wireless calls for the County as well as administrative and 911 calls for the City of Buffalo. All three departments are moving into a consolidated 911 center before the end of FY2005. However, other than a shared facility, there is no current agreement to provide services jointly. Based on information supplied by Central Police Services, potential productivity improvements as well as expenditure savings have been identified if the County were to consolidate its 911 call taking and dispatch into one program. Productivity improvements include:

- Standardized Training for Call Takers and Dispatchers
- Staffing Flexibility
- Standardized Response
- Improved Response Time

Capital costs will incur in order to standardize and consolidate the disparate programs. Presented in the table below, the County has calculated a need for over $4.2 million in capital needs to fully consolidate the service. Although all of these capital costs are necessary as the consolidated program goes forward, they are not needed for the start of the consolidation. Included in the capital costs are systems for telephone and Computer Aided Dispatch (CAD). The telephone system currently in place for Automatic Call Distribution (ACD) will need to be replaced due to its age and limited ability to provide future support. A CAD program needs to consolidate all agencies. Currently, the three programs are using three separate CAD systems. Consolidating to one uniform CAD system will be necessary to successfully integrate the various systems.

Associated Capital Costs

System	Cost Estimate
Telephone	$750,000
Computer Aided Dispatch	$2,000,000
Millwork	$420,000
BFD Connectivity	$220,000
Microwave	$800,000
Total Capital Costs	**$4,190,000**

Not included in the table above is one consolidated radio system. As described in the Radio System initiative, the County has an opportunity to partner with the State on a radio system that would increase interoperability between County departments as well as between Erie County emergency communications and other participating entities. Partnering with the State on such a project would aid in the County's efforts to improve its response to large scale 911 events.

Once the consolidation occurs, the County has calculated that the new 911 program will be able to downsize from three PSAP telephone lines to one. Eliminating two lines will save the County $100,000 annually. The County has also identified through analyses of staffing that six 911 dispatch positions can be eliminated. According to Central Police Services, the average call taker has a base salary of $38,000 in FY2006. With fringe benefits calculated, these six positions represent $340,000 in personnel costs ($38,000*1.4918*6).

Summary of Savings
(Before Discounting)

	FY2005	FY2006	FY2007	FY2008	FY2009
Total PSAP Line Savings	$0	$100,000	$100,000	$100,000	$100,000
Total Personnel Savings	$0	$340,000	$352,000	$366,000	$385,000
Total Savings	**$0**	**$440,000**	**$452,000**	**$452,000**	**$485,000**

Savings are discounted 10 percent annually starting in FY2006 to allow for implementation. Personnel savings in FY2006 is discounted 50 percent for termination costs as well as implementation delays. However, personnel savings will not need to be discounted thereafter.

Discounted Savings

	FY2005	FY2006	FY2007	FY2008	FY2009
Discount % T1 Lines	100%	10%	%	0%	0%
Fiscal Impact T1 Lines	$0	$90,000	$90,000	$90,000	$90,000
Discount % Personnel	100%	50%	25%	0%	0%
Fiscal Impact Personnel	$0	$170,000	$ 339,000	$366,000	$385,000
Discounted Savings	**$0**	**$260,000**	**$429,000**	**$466,000**	**$485,000**

In return for over $1.0 million in investment in FY2006, the County anticipates generating over $2.1 million in accumulated savings through FY2010. These savings have been included in the Four-Year Plan's gap closing calculations.

	2006	2007	2008	2009	2010	Total
Consolidated 911 Operations	$1,035,000	$0	$0	$0	$0	**$1,035,000**
County Operating Savings	$260,000	$429,000	$466,000	$485,000	$505,000	**$2,145,000**
					Return	**2.1:1**

"CountyStat" Performance Management Program. Erie County intends to create a "CountyStat" program based upon Baltimore's successful CitiStat program. CitiStat is an accountability process based on the successful CompStat program developed by the New York City Police Department. CompStat, used computer pin mapping and weekly accountability meetings, helped the NYPD dramatically reduce crime and is employed today by several police departments around the world.

The value of the CountyStat process is that it can provide the County with a structured, organized, and focused process for examining operation/budgetary performance and tracking initiative implementation. Also, CountyStat creates a dynamic of accountability that is difficult to achieve through less formal management of government operations.

Erie County would develop a "CountyStat" program so that an effective and structured management mechanism can facilitate the implementation of Four-Year-Plan initiatives and enable ongoing budget/operations performance measurement tracking. Towns, cities, and other governmental entities would be encouraged to use the program and its facilities as well.

Four tenets constitute the foundation of this program:

1. Accurate and Timely Intelligence

2. Effective Tactics and Strategies

3. Rapid Deployment of Resources

4. Relentless Follow-Up and Assessment

A CountyStat system would involve the following process steps:

- Department heads would come to a CountyStat meeting on a frequent, periodic basis (e.g, bi-monthly) with the County Executive and other senior personnel.

- Prior to each meeting, Departments would submit data to the CountyStat team. The data would include operational and budgetary information and would be focused on informing performance metric tracking and initiative implementation.

- After information is received, the CountyStat team (comprising existing senior County officials with budget and operations oversight responsibilities and their staff) would perform an analysis and distill the materials for presentation at the next meeting.

- At the department meeting, information would be reviewed and department heads (or their staff) would be asked questions – and held accountable – for their department's recent performance. Visual aids – such as projected spreadsheets and photographs – should be used to focus the discussion on important operational and budgetary tasks.

Staff would be provided through either the Office of the County Executive and Division of Budget, or the Erie County Office of Management & Productivity, described in the initiative which follows.

Quantifying direct savings associated with this initiative is difficult. The benefits are in a change of management culture, transparency, accountability, and focus on results – fundamental qualities of County Government necessary for successful implementation for the Four-Year Plan's initiatives.

	2006	2007	2008	2009	2010	Total
County-CityStat Investment	$150,000	$0	$0	$0	$0	**$150,000**
County Operating Savings	CQ	CQ	CQ	CQ	CQ	**CQ**
					Return	CQ

Erie County Office of Management & Productivity. Undertaking significant government reform and change requires a consistent, focused agent and advocate for change. Multi-year financial recovery plans, such as the Erie County Four-Year Plan, do little more than take up space on a bookshelf without the capacity and will to implement savings, productivity, and cost-recovery management initiatives.

The Four-Year Plan assumes that the Office of the County Executive, in consultation with the County Legislature and the Erie County Fiscal Stability Authority (ECFSA), will lead the initiative implementation effort. While policy leadership from the County Executive is a necessity, to maintain and sustain the day-to-day management of Four-Year Plan initiatives requires additional capacity and responsibility. An Erie County Office of Management & Productivity (ECOMP) would be the linchpin of the government reform and restructuring effort – it would ensure that the initiatives contained within the Four Year Plan are fully developed, implemented, and the results determined and communicated to elected officials and the citizens and taxpayers of Erie County.

This approach will also work to sustain the momentum for change. The Director of ECOMP and staff will have dual reporting responsibilities, to the County Executive and the County Legislature, and will be required to provide information and make presentations at the ECFSA's request. During an oversight period, the Director of ECOMP's role and authority will include the following:

- Make recommendations to the Executive, Legislature, and ECFSA with respect to specific actions to be taken to execute management initiatives.

- Report on at least a quarterly basis to the Executive, Legislature, and ECFSA on each County department's progress, impediments, and mitigating actions with respect to implementing management initiatives.

- Take part, as the Director of ECOMP deems appropriate, in negotiations with employee labor representatives, formulation and monitoring of the County's operating and capital budgets and grants, discussions/negotiations with governmental and non-governmental organizations – be they covered or not covered under the statute creating the ECFSA – which receive material financial assistance from the County Government, and take part in other meetings and analyses pertaining to the efficiency, structure, and financial condition of County Government.

- Have full access to complete, accurate, and timely financial, personnel, legal, and operational information of the County Government as reasonably requested, the advice of County legal counsel, and the full rights and protections of a County at-will management employee.

- Provide independent analysis and reports as the County Executive, Legislature, ECFSA, or ECOMP Director deem appropriate on County operations, County organizational structure, County finances, employee labor agreements, the County's operating and capital budgets, and other actions or agreements that have a material effect on the County's finances -- before or after said agreements, budgets and/or actions are adopted.

- Develop ECOMP's budget.

- Appoint, assign, evaluate, discharge ECOMP staff.

The enabling authority establishing ECOMP will define the ECOMP Director's appointing body and reporting, management, and budgetary relationships to the ECFSA and the County, in the case of the establishment of a hard control board. While direct savings cannot be quantified, ECOMP's positive effect on Four-Year Plan initiatives should be clear.

	2006	2007	2008	2009	2010	Total
ECOMP Investment	$420,000	$454,000	$527,000	$611,000	$709,000	$2,721,000
County Operating Savings	CQ	CQ	CQ	CQ	CQ	**CQ**
					Return	**CQ**

Consolidated Fleet Management Center. The Four-Year Plan describes a number of initiatives which count upon a centralized, professionally-managed fleet operation. While central management does not necessarily require a single fleet management center in which to operate, such a center would certainly facilitate consolidation. The Efficiency Incentive Grant would fund the development of location, specifications, costs, potential savings, and other attributes of a central fleet management center capable of handling not only County vehicles, but those of cities, towns, villages, and other governmental entities within the County whose location and requirements suggest joint provision of fleet services would be cost beneficial. The fiscal impact of this initiative cannot be quantified.

	2006	2007	2008	2009	2010	Total
Central Fleet Center Investment	$150,000	$0	$0	$0	$0	**$150,000**
County Operating Savings	CQ	CQ	CQ	CQ	CQ	**CQ**
					Return	**CQ**

XI. APPENDIX

XI. A. FISCAL GAP SUMMARY

Erie County, New York, Four-Year Projections Model

Summary for the General Fund

	HISTORICAL DATA			PROJECTED DATA				
	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES								
Local Taxes								
Revenue From Real Property Taxes	$ 129,559,571	$ 129,462,070	$ 128,332,433	$ 135,969,466	$ 144,385,976	$ 147,273,695	$ 150,219,169	$ 153,223,553
Exemption Removal Revenue	595,190	531,704	540,279	515,822	492,471	470,178	448,894	428,573
Revenue From Library Real Property Taxes	-	-	-	-	-	-	-	-
Gain on Sale of Tax Acquired Property	62,277	10,959	1,749	-	-	-	-	-
Other Payments In Lieu Of Taxes	5,486,235	5,832,553	5,111,961	5,261,961	5,102,992	4,948,826	4,799,318	4,654,326
Interest And Penalties On Real Property Taxes	10,489,394	2,199,377	2,332,783	3,832,783	3,909,439	3,987,627	4,067,380	4,148,727
Omitted Taxes	1,828	40,820	39,569	-	-	-	-	-
Pr/Yr Downtown Mall Tax Payments	-	-	-	-	-	-	-	-
Sales And Use Tax	120,481,562	127,665,342	127,650,428	130,797,034	134,021,204	137,324,851	140,709,933	144,178,458
1% Sales Tax Increase - Erie Co Purposes	113,526,622	120,489,365	120,422,959	123,391,407	126,433,027	129,549,624	132,743,045	136,015,185
Revenue From Bed Tax Receipts	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Hotel Occupancy Tax	4,915,130	5,773,962	5,404,819	5,773,962	5,947,181	6,125,596	6,309,364	6,498,645
E911 Surcharge	-	-	-	-	-	-	-	-
Off Track Pari-Mutuel Tax	966,541	717,346	694,233	593,555	507,477	433,882	370,960	317,163
Transfer Tax	-	-	-	-	-	-	-	-
Real Estate Transfer Tax	102,090	213,130	271,737	275,000	275,000	275,000	275,000	275,000
Mortgage Tax	318,750	325,000	381,250	400,000	438,537	480,787	527,107	577,889
Decrease In Property Tax Deferred Revenue	-	-	1,102,579	-	-	-	-	-
Total Local Taxes	**$ 386,604,190**	**$ 393,360,628**	**$ 392,385,780**	**$ 406,909,989**	**$ 421,612,304**	**$ 430,969,067**	**$ 440,569,170**	**$ 450,416,521**
Fees, Fines and Charges								
Recording Fees	$ 4,609,964	$ 5,840,430	$ 4,564,939	$ 4,000,000	$ 4,100,000	$ 4,202,500	$ 4,307,563	$ 4,415,252
Jail Facilities For Other Governments	4,300,877	4,313,270	5,212,782	5,212,782	5,212,782	5,212,782	5,212,782	5,212,782
Election Expense - Other Governments	4,934,673	5,002,393	4,732,456	3,915,118	3,915,118	3,915,118	3,915,118	3,915,118
All Other Fees, Fines and Charges	8,469,794	9,212,090	13,466,870	13,461,287	13,230,880	13,667,448	14,135,370	14,635,988
Total Fees, Fines and Charges	**$ 22,315,308**	**$ 24,368,183**	**$ 27,977,048**	**$ 26,589,187**	**$ 26,458,780**	**$ 26,997,848**	**$ 27,570,832**	**$ 28,179,139**
State Aid								
State Aid - Mental Health II	$ 19,101,575	$ 20,351,701	$ 25,721,444	$ 30,713,919	$ 30,713,919	$ 30,713,919	$ 30,713,919	$ 30,713,919
State Aid - Education Of Handicapped Children	14,252,978	16,444,033	21,692,409	21,692,409	21,692,409	21,692,409	21,692,409	21,692,409
State Aid - Fr Soc Serv Admin	16,829,018	18,633,948	23,730,950	19,537,796	27,703,563	27,703,563	27,703,563	27,703,563
State Aid - Safety Net Assistance	10,535,750	11,139,757	12,358,645	13,753,463	13,753,463	13,753,463	13,753,463	13,753,463
State Aid - CWS Foster Care	14,617,296	13,084,813	12,162,769	13,043,164	13,043,164	13,043,164	13,043,164	13,043,164
State Aid - Family Assistance	9,232,114	8,992,000	10,134,735	10,696,090	10,696,090	10,696,090	10,696,090	10,696,090
All Other State Aid	35,652,222	37,262,596	65,445,297	60,793,597	50,304,957	53,071,247	55,999,529	59,028,446
Total State Aid	**$ 120,220,953**	**$ 125,908,848**	**$ 171,246,249**	**$ 170,230,438**	**$ 167,907,565**	**$ 170,673,856**	**$ 173,602,137**	**$ 176,631,055**
Total Federal Aid	**$ 94,246,945**	**$ 97,917,739**	**$ 143,082,118**	**$ 139,476,001**	**$ 139,899,622**	**$ 144,749,700**	**$ 149,883,793**	**$ 155,194,330**
Other Sources								
Repayments - Medical Assistance	$ 4,670,918	$ 6,379,195	$ 8,818,356	8,964,898	$ 8,964,898	$ 8,964,898	$ 8,964,898	$ 8,964,898
IV D Administration Repayments	5,699,561	5,262,447	4,988,061	5,419,877	5,419,877	5,419,877	5,419,877	5,419,877
Medicaid - Early Intervention	4,837,578	5,119,095	5,551,198	5,551,198	5,551,198	5,551,198	5,551,198	5,551,198
Repayments - Safety Net Assistance	3,618,634	4,501,147	5,053,887	4,461,900	4,461,900	4,461,900	4,461,900	4,461,900
Park Services for Other Governments	-	-	900,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Unanticipated Prior-Year Revenue	2,686,376	44,083	(3,272,995)	118,075	118,075	118,075	118,075	118,075
SALE OF ECMC	-	-	36,706,836	-	-	-	-	-
All Other Other Sources	22,585,507	34,590,039	22,269,435	16,445,462	17,280,143	17,633,555	18,062,575	18,548,971
Total Other Sources	**$ 44,098,574**	**$ 55,896,006**	**$ 81,014,778**	**$ 42,761,410**	**$ 43,596,091**	**$ 43,949,504**	**$ 44,378,524**	**$ 44,864,920**
Total Interfund Revenue	**$ 103,965,698**	**$ 82,425,596**	**$ 58,052,421**	**$ 2,264,338**	**$ 2,264,338**	**$ 2,264,338**	**$ 2,264,338**	**$ 2,264,338**
Total Appropriated Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL REVENUES	**$ 771,451,668**	**$ 779,877,000**	**$ 873,758,394**	**$ 788,231,362**	**$ 801,738,701**	**$ 819,604,312**	**$ 838,268,795**	**$ 857,550,301**

Erie County, New York, Four-Year Projections Model

Summary for the General Fund

	HISTORICAL DATA			PROJECTED DATA				
EXPENDITURES	2002	2003	2004	2005	2006	2007	2008	2009
Salaries and Wages								
Full-Time Salaries	$ 150,595,511	$ 151,774,472	$ 191,008,192	$ 165,916,912	$ 171,606,862	$ 177,529,827	$ 183,386,536	$ 189,439,083
Part-Time Wages	1,013,360	890,776	5,236,961	3,247,219	3,348,947	3,455,336	3,560,477	3,668,950
Seasonal Wages	-	-	734,040	794,225	821,824	850,394	878,959	908,493
Total Salaries and Wages	**$ 151,608,871**	**$ 152,665,248**	**$ 196,979,194**	**$ 169,958,356**	**$ 175,777,633**	**$ 181,835,557**	**$ 187,825,971**	**$ 194,016,527**
Other Compensation								
Overtime	$ 13,746,784	$ 15,026,729	$ 17,414,301	$ 14,705,742	$ 15,313,482	$ 15,746,232	$ 16,412,660	$ 16,855,438
Holiday Worked	-	-	903,973	745,810	772,052	799,219	826,736	855,201
Shift Differential	-	-	786,385	950,087	983,336	1,017,752	1,053,374	1,090,242
Other Employee Payments (Non-Salary)	-	-	3,783,776	2,693,473	2,763,274	2,835,526	2,908,970	2,984,941
Total Other Compensation	**$ 13,746,784**	**$ 15,026,729**	**$ 22,888,435**	**$ 19,095,112**	**$ 19,832,143**	**$ 20,398,731**	**$ 21,201,740**	**$ 21,785,822**
Fringe Benefits								
Health Insurance (Active)	$ -	$ -	$ -	$ 25,308,064	$ 26,252,528	$ 29,958,303	$ 34,551,971	$ 39,094,581
Health Insurance (Retirees)	-	-	-	4,793,442	4,972,053	5,673,901	6,543,911	7,404,251
Pension	521,341	463,135	1,044,360	22,664,821	22,479,071	20,866,589	21,494,978	22,142,453
Workers Compensation	-	-	20	7,878,405	8,459,109	9,082,616	9,752,080	10,470,890
Other Fringe Benefits	42,455,839	62,796,437	63,798,020	20,948,595	21,602,373	22,279,778	22,957,254	23,655,865
Total Fringe Benefits	**$ 42,977,180**	**$ 63,259,572**	**$ 64,842,399**	**$ 81,593,326**	**$ 83,765,135**	**$ 87,861,187**	**$ 95,300,194**	**$ 102,768,039**
Non-Personal Services								
Interdepartmental Billing	$ 23,798,113	$ 27,436,902	$ (1,174,337)	$ (1,620,252)	$ (1,664,114)	$ (1,664,114)	$ (1,664,114)	$ (1,664,114)
Contractual	87,088,620	86,647,483	124,554,808	114,318,217	115,602,979	118,283,693	121,072,317	123,977,025
Equipment	256,708	641,100	352,225	136,619	140,034	143,535	147,123	150,801
Program Related Expenses	37,774,746	41,267,673	46,869,997	49,392,640	50,627,456	51,893,142	53,190,471	54,520,233
Supplies and Repairs	7,868,543	8,774,100	8,380,840	6,432,772	6,593,130	6,757,959	6,926,908	7,100,080
Other Non-Personal Services	20,979,488	11,172,628	7,831,329	9,199,965	11,258,834	10,821,385	11,386,249	11,953,514
Total Non-Personal Services	**$ 177,766,218**	**$ 175,939,886**	**$ 186,814,863**	**$ 177,859,961**	**$ 182,558,320**	**$ 186,235,600**	**$ 191,058,954**	**$ 196,037,540**
Social Services								
MMIS-MEDICAID LOCAL SHARE	$ 146,326,467	$ 158,372,303	$ 180,977,804	$ 186,743,030	$ 193,087,941	$ 199,363,299	$ 205,344,198	$ 211,504,524
MA-GROSS LOCAL PAYMENTS	6,060,428	6,179,446	6,193,059	6,388,470	6,388,470	6,388,470	6,388,470	6,388,470
FAMILY ASSISTANCE (FA)	37,801,441	36,951,463	41,755,283	44,224,958	46,436,206	48,758,016	51,195,917	53,755,713
CWS - FOSTER CARE	56,897,545	59,197,148	63,090,541	62,494,382	65,150,393	67,919,285	70,805,855	73,815,103
SAFETY NET ASSISTANCE	26,039,985	28,057,485	30,874,714	32,992,859	34,642,502	36,374,627	38,193,358	40,103,026
CHILD CARE-DSS	2,826,679	3,035,400	34,488,882	33,974,645	33,974,645	33,974,645	33,974,645	33,974,645
Social Service Contracts	10,624,495	12,471,745	20,073,319	11,838,791	11,698,837	11,698,837	11,698,837	11,698,837
All Other Social Services	96,508,529	66,573,237	68,409,680	15,891,520	16,175,431	16,379,635	16,589,521	16,805,254
Total Social Services	**$ 383,085,569**	**$ 370,838,227**	**$ 445,863,282**	**$ 394,548,655**	**$ 407,554,425**	**$ 420,856,814**	**$ 434,190,801**	**$ 448,045,572**
Interfund Expense								
COUNTY SHARE - GRANTS	$ 5,177,692	$ 5,656,634	$ 3,478,453	$ 3,493,851	$ 3,493,851	$ 3,493,851	$ 3,493,851	$ 3,493,851
INTERFUND-DEBT SERVICE	6,751,752	6,297,395	10,525,664	21,548,315	41,437,654	44,535,887	44,666,077	44,393,870
INTERFUND-ERIE COMMUNITY COLLEGE	12,770,777	13,570,777	13,570,777	13,570,777	13,570,777	13,570,777	13,570,777	13,570,777
ID GENERAL DEBT SERVICE	221,671	180,666	2,217,575	3,409,573	2,842,398	2,842,398	2,842,398	2,842,398
INTERFUND-UTILITIES FUND	3,182,860	3,665,825	4,113,942	3,968,295	4,115,122	4,267,381	4,425,275	4,589,010
All Other Interfund Expenses	16,669,417	16,342,873	27,939	(0)	-	-	-	-
Total Interfund Expense	**$ 44,774,169**	**$ 45,714,170**	**$ 33,934,349**	**$ 45,990,811**	**$ 65,459,802**	**$ 68,710,294**	**$ 68,998,377**	**$ 68,889,905**
Total ECMCC Sale Expenses	**$ -**	**$ -**	**$ 24,736,910**	**$ 1,076,335**	**$ -**	**$ -**	**$ -**	**$ -**
Total Debt Service: Revenue Anticipation Notes	**$ 307,569**	**$ 1,461,944**	**$ 1,796,875**	**$ 2,468,125**	**$ 5,385,000**	**$ 6,160,000**	**$ 7,200,000**	**$ 8,400,000**
Total Fiscal Stability Authority Budget	**$ -**	**$ -**	**$ -**	**$ 1,281,600**	**$ 1,426,300**	**$ 1,426,300**	**$ 1,426,300**	**$ 1,426,300**
TOTAL EXPENDITURES	**$ 814,266,360**	**$ 824,905,776**	**$ 977,856,307**	**$ 893,872,280**	**$ 941,758,758**	**$ 973,484,483**	**$ 1,007,202,338**	**$ 1,041,369,705**
ANNUAL FISCAL GAP	$ (42,814,692)	$ (45,028,776)	$ (104,097,913)	$ (105,640,918)	$ (140,020,057)	$ (153,880,171)	$ (168,933,543)	$ (183,819,404)

Erie County, New York, Four-Year Projections Model

Summary for the General Fund

	2002	2003	2004	2005	2006	2007	2008	2009
Incremental Fiscal Gap				$ 105,640,918	$ 34,379,139	$ 13,860,114	$ 15,053,373	$ 14,885,860
0.25 % SALES TAX	$ -	$ -	$ -	$ 15,423,926	$ 31,608,257	$ 32,387,406	$ 33,185,761	$ 34,003,796
GAP INCLUDING 0.25% SALES TAX	$ -	$ (45,028,776)	$ (104,097,913)	$ (90,216,992)	$ (108,411,800)	$ (121,492,765)	$ (135,747,782)	$ (149,815,607)