



Onondaga County Legislature

DEBORAH L. MATURO
Clerk

J. RYAN McMAHON, II
Chairman

KATHERINE FRENCH
Deputy Clerk

401 Montgomery Street • Court House • Room 407 • Syracuse, New York 13202
Phone: 315.435.2070 Fax: 315.435.8434
www.ongov.net

WAYS & MEANS COMMITTEE 2014 BUDGET REVIEW OF WAYS & MEANS COMMITTEE DEPARTMENTS – SEPTEMBER 25, 2013 DAVID KNAPP, CHAIRMAN

MEMBERS PRESENT: Mr. Jordan, Mr. Kilmartin, Mr. May, Mrs. Ervin, Ms. Williams
MEMBERS ABSENT: Mr. Holmquist
ALSO ATTENDING: Mrs. Rapp, Mrs. Andrews, Mr. Plochocki, *see also attached list*

Chairman Knapp called the meeting to order at 9:20 A.M.

ONCENTER – pg. 3-47, Kelly Carr, General Manager





FY 2014 BUDGET PRESENTATION



Revenue	\$8,246,081
Expenses	\$9,646,080
Subsidy	\$1,500,000
Net Income	\$100,001



FY 2013 Projections
As of 8.31.13



Onondaga County Legislature

**FY 2014
BUDGET PRESENTATION**



September 25, 2013



Revenue	\$8,550,730
Expenses	\$10,050,730
Subsidy	\$1,500,000
Capital Reserve	\$250,000

See Exhibit A



FY 2014 Request

THE ONCENTER
Meet. Play. Celebrate. Syracuse

Budget for 2014 has been created in accordance with current definitive sales and historical trends from 2013.

Sales:
Sales for the 2014 budget are approximately \$300,000k higher than 2013 forecast due primarily due to:

- Local/Social marketing campaigns
- Sporting events grass roots efforts
- Events returning to the Oncenter from other venues
- Increased Convention/Meeting activity

Expenses:
Operating income is budgeted at 46% for 2014 which is equivalent to the 2013 forecast.

Indirect Expenses:
We are budgeting 2014 indirect expenses to be 200,000K higher than 2013 forecast. This is primarily due to replacing worn and inefficient event equipment.



FY 2014 Request Summary

THE ONCENTER
Meet. Play. Celebrate. Syracuse

2013 Forecast	
Carrier Sound/Light Project	\$7,000
Exhibit Hall Truss	\$10,500
F&B Small Wares Project	\$20,500
F&B Glassware Project	\$14,300
F&B Service Equipment Project	\$20,000
Concession Stand Fryer/Coolers	\$6,750
WAM Veterans Museum Upgrades	\$10,000



FY 2013 Highlights-Facility Fees

THE ONCENTER
Meet. Play. Celebrate. Syracuse

The following is a list of highlights of SMG's first full year of operation of the Oncenter:

- Creation of the "Alliance"-An organization comprised of the County, SMG, the Syracuse Convention & Visitor's Bureau and the Greater Syracuse Tourism & Hospitality Association dedicated to creating, targeting and booking new room night generating business for the destination.
- Cooperation with County Departments-SMG worked in conjunction with Facilities, Purchasing and the Comptrollers office in providing information requested or required.
- Implementation of the SMG model-Reorganized the management structure to create a more efficient model similar to other SMG facilities.
- Negotiation and completion of a new collective bargaining agreement with IATSE-Local 9- Included creating more affordable rates for community theater groups and high school commencements.
- Generation of new sponsorships-Worked with local companies such as Solvay Bank and Subway to provide new and unique branding opportunities. Over \$35,000 in revenue booked.



FY 2013 Highlights

THE ONCENTER
Meet. Play. Celebrate. Syracuse

2013 Uses	
Emergency Intercom System	\$50,000
Parking Garage Cameras	\$120,000
Oncenter Way Finding Signage	\$50,000
Meeting Room Renovation (Phase 2)	\$77,000



FY 2013 Highlights-Capital

THE ONCENTER
Meet. Play. Celebrate. Syracuse

2013 Uses	
Crunch Replay System	\$11,000
Carrier Sound/Light Project	\$3,000
Computer Hardware/Upgrade	\$14,250
Event Décor Drapes	\$5,000
Carrier Seating Reupholster	\$38,000
Olympia Repairs (Zamboni)	\$15,000



FY 2013 Highlights-Facility Fees

Chairman McMahan asked about relationships with all the different venues in the county – what is being done as a community to make sure the right event is going to the right facility. He also asked for examples of events that are coming back to the Oncenter. Mr. Carr said that ARC of Onondaga is back; they had left to go to a facility outside of the county; also, the New York Dental Association. Regarding a collaborative effort of working with the other groups, at this point no working relationship has been created with them. When the Oncenter does not have availability, they recommend those places as a viable option. They want to make sure that events are kept within the community and not have them go somewhere else.

Mr. Kilmartin referred to Alliance and asked for detail on what is being done to coordinate and advance sales. Mr. Carr said that one critical component of the Alliance is to make sure that the correct type of business is identified and targeted to go after. They look at what fits within their center and what fits within the hotel blocks that are available within the city. They have targeted that some will have bid fees, some will not; discuss whether or not it is good business for the community as a whole and not just for one entity--not just for the Bureau, where their goals are based on room nights and Oncenter's goal is based on revenue. Bowling is being brought back for 2018; from a convention center standpoint to have the convention center exhibit hall shut down for a 6-month period is not conducive to Oncenter business. However, it is such a good piece of business for the overall community. As part of that alliance, they absolutely have to support that kind of business within the community. Once there is a piece of business, they talk about how to welcome them here, make them feel welcome and how to get them to keep coming back year after year.

Mr. Kilmartin asked how do the sales forces at CVB and SMG work once there is a targeted event. Mr. Carr said it is "divide and conquer". They have a written sales model, which gives direction to who has the responsibility and where. The Bureau is responsible for booking things 18 months and out; SMG is responsible for booking everything 18 months and in. SMG tries to fill the holes that are left. The Bureau basically takes the lead. However, the Oncenter is involved and provides support from the beginning, i.e. rental estimates, information that the client needs to help complete the RFP process and submit the bid. Once a group decides that it is coming, SMG steps in and takes over the negotiations of the building contract and implementation of the event with support from the Bureau at that point.

Mr. Kilmartin asked for an assessment of the capital status of the buildings and what the longer-term needs are. Mr. Carr said that they put together a 10-year recommendation of things based upon what SMG has learned over time. He worked in conjunction with the corporate office and Facilities Department in putting those together. They see some things that will probably need to be upgraded. An upgrade of the dasher board system and glass at the War Memorial for the Crunch are needed. There are some hockey safety regulations that are coming along – it would be good to get in front of it. They are looking at going to a LED lighting program-- have found that where it was done in other SMG facilities, electrical costs can drop by as much as 65%.

Mrs. Rapp referred to some embedded costs, and asked about the relationship with the Syracuse Police. Mr. Carr said that there has been some movement on it – particularly with the fire department. Things have been worked out, which will help them work more efficiently with them. There are ongoing conversations with SPD, but the door that seemed to be closed before is now open – working towards a solution to better manage it. In answer to Mrs. Rapp, Mr. Carr explained that the way it currently works here is there has to be an application for a permit when an event is held. Nowhere else in the SMG family do they have to apply for a permit to do business within the facilities that they manage. Once the permit is applied for, the City determines the staffing levels of police and fire for each event. In most SMG facilities, it is determined either jointly by the venue with the police and/or fire departments, or decided entirely by the venue who is on the hook by contract to provide the safety required for events. There have been several events that were done here, as well as in another SMG facility in NYS. Apples to apples, they had more people than here; their event was in an arena, where ours was in the convention center. An arena certainly has more doors and areas of access. Their event had a total of 67 people, with all of the security, which included police and fire. As opposed to Syracuse, where there were 97 people in Syracuse for security. When 30 additional people are added to the process, it can make or break the payday for a promoter, and therefore doing business in Syracuse was not as conducive as doing business in Albany, Rochester or Buffalo.

In answer to Mrs. Rapp, Mr. Carr said that in 2013 there were 6 or 7 conventions; for 2014 they have 8 or 9 scheduled.

Mrs. Rapp asked about box seats for the Crunch. Mr. Kelly said that there have been discussion with Facilities Department, but it is a longer-term concern – there are other things that need to be addressed first.

Mrs. Ervin asked about working with the veterans on proposed changes/upgrades at the War Memorial. Mr. Carr said that they are; Corliss Dennis is on the committee with them to work on the upgrades. Mrs. Ervin said that she has heard that they feel they are shut out of access; Mr. Carr said "absolutely not". In answer to Mrs.

Ervin, Mr. Carr said that OHA brought a matter to his attention. Backgrounds had been prepared to put behind the mannequins in the horseshoe of the War Memorial to provide more of a visually stunning image for them. They were produced but never purchased. It was decided to purchase and install them. Most of the improvements to the War Memorial are atheistic and mostly to the mannequin cases at this point. SMG is looking to have phase one of the upgrades completed prior Veteran's Day of this year.

Mrs. Ervin said that there used to be tours of the facilities for students, and she has heard that they aren't happening. Mr. Carr said that he was not aware of that – the building is open daily for 8:00 – 5:00 p.m. and they are supportive of tours.

Mr. May noted that there is a dip in events for July and August of next year, and asked if there are any events that used to come here on the horizon to fill in the gap. Mr. Carr said summer is typically a much more difficult sell in the Syracuse area with the outdoor venues that exist, but there are several things that they are working on now, which will help fill some of those holes. They are also looking at the creation of some events to try to get more people downtown and in the facilities at that time of year.

Mr. May asked for further elaboration regarding the strategy and alliance for marketing with CVB. Mr. Carr explained that typically the type of events that the Bureau is responsible for is conventions and room nights. That type of business typically books 18 months and out. The Bureau is responsible for identifying sales for the destination. The Oncenter works in conjunction with the Bureau and has monthly sales meetings. They have put together a calendar and can identify opportunities where the two entities will be able to go together – trade shows and conventions – to promote the destination as a whole. If the Oncenter wants to book something outside of the 18-month window, at that point the calendar primarily belongs to the Bureau to utilize that space. If SMG wanted to book outside of that, he would go to Mr. Holder and ask permission to do so. SMG has a shorter window for booking. In answer to Mr. May, that model is consistent with how SMG is working in other markets – 12 – 24 months is the threshold in most of the SMG facilities. **Mr. May asked that the legislature be provided with a list of the scheduled events.**

Mrs. Rapp said that when SMG was brought in, the hope was that it would be a feeder for events at the Oncenter and asked if that has been successful. Mr. Carr said that it has to an extent - several shows have been generated by SMG corporate or other SMG facilities that they work in conjunction with. Examples of leads are: Venus/Mars played this summer; Rodney Adkins is coming in October; Discover the Dinosaurs; hot tub show--there are several others. They get many leads from corporate, but a lot of times they don't fit the model. SMG has assisted in setting up a tour with Live Nation, which is one of the largest concert promoters in the business. They are coming in next week for a tour, including the ballpark.

Mr. Jordan asked if our facilities are not big enough venues, are the events referred to the Carrier Dome or other larger facilities. Mr. Carr said that they try to do that. However, most of the promoters and agents are aware of the other venues that are here. He noted that they are working towards utilizing the fund that the legislature put in place for the stadium – making a concerted effort to find new concert business for the stadium during the summer. It is one of the reasons that they are bringing in Live Nation, as they do many summer tours. SMG has been charged by the County to provide leads to the baseball stadium team first – give them the opportunity to book it and do the show themselves. If they do not chose to do that, SMG will come in and look at it. The revolving fund can be used to bring an event it, in hopes that whatever is made, will go back into that fund. They are working on it now. There were 3 or 4 leads last summer, but it was a late start on it with the transition. The concerts typically book 6 – 9 months in advance. It a goal of his to have a concert in the stadium next summer.

Mr. Jordan asked if there have been difficulties with SRC area possibly siphoning off business that might have otherwise come to the Oncenter complex. Mr. Carr said that has happened in a few instances, but competition is good.

CENTERSTATE CEO/CVB, pg. 3-44 - Rob Simpson, President, Centerstate CEO; David Holder, President, CVB

Mr. Simpson:

- Between 2011 and 2102 – overall travel spending in the County increased by 3.5% to an all-time high of \$791 million
- Between 2011 and 2012 - Countywide hotel performance increased by 2.8%
- This year overall hotel spending is up about 7.1%
- Driving these numbers, in part, is the work with DestiNY USA
- In months where CVB and DestiNY were promoting in Canadian marketplace, a considerable uptick was seen in in room nights, visitor spending, travel and leisure spending in the region
- In the months where in Canadian market place, hotel performance grew by 11.5% over the 7.1% average through the rest of the year
- Key priorities noted last year – 1. Leveraging the asset with DestiNY-draw more visitors and inspire them to do more, explore more, and participate in cultural activities in the county; 2. Focus on Canadian market place; 3. Canada–medical tourism – leveraging hospitals, high quality of health care that is here; drawing people from Canada for procedures; 4. Strengthening partnership with CVB & Oncenter – real progress has been made

Mr. Holder provided three handouts (*copies on file with Clerk*):

- Whirlwind year – most reward for Onondaga County tourism seen on record
- Changes with Oncenter, DestiNY USA, arts and cultural community – it has all been for positive growth
- Seeing unprecedented numbers with hotel performance, attraction visitation, sales tax spending
- CVB – one of the key engines for driving new sales tax into the area
- Programs planned for 2014 and pushing for a budget increase because they want to drive more income, drive more visitors into the area, and be more competitive as a marketplace
- Have aspirations set for being one of the most innovative destinations in New York State – going after not just NY, northeast or Canadian business, but oversees business
- Later quarter of last year – put together a 2013 Sales & Marketing Plan (available on web)
- Implemented some of the programs identified in sales and marketing plan – looked at ways to collaboratively market convention product
- Put out new emailers with more planned for 2014; sponsorships with key trade shows already bringing convention business into Syracuse
- Looked at the way prospecting for convention business – putting the right type of business into the people line to get the right results out of it
- Last year was typical based on past performance – 49 bookings generated at end of August; 14,600 room nights associated with the 49 bookings
- This year – 59 bookings generated at the end of August; 36,000 room nights booked – numbers do not include bowling
- Bowling is another 78,000 room nights
- Reaping rewards of restructuring, reprioritizing, and being more targeted and smarter with the way prospecting for business
- Leisure business is at unprecedented level – tendency and opportunity to grow to even higher altitudes – Canada represents a huge piece of it
- Co-op partners came in at levels they have never seen (private dollars to help fund CVB)
- More was done with Canadian media and driving Canadian business – Ottawa is looked at “our marketplace”
- Next year – DestiNY is hearing from its customers, that they need to know more about the destination – what it has to offer – that is a message that CVB needs to carry
- Recommending to hire a Tourism Development Manager – needed to drive international business – going into Germany, China, Brazil, United Kingdom – driving key international contacts into this area
- Taking advantage of routing that goes from NYC to Niagara Falls – they are currently going through Corning – want them to come through Syracuse
- Want to put more programs in place to drive new business into this area and continue to grow the room tax and sales tax performance relating to Canadian and international market
- Sports – going to see ACC environment grow sports tourism to our area
- Preparing strategic plans to push social media messages – key components of sales and marketing plan and for the future and are already ramping up how they can support that business
- Local meeting planning market – want to do more things – it is a critical force representing a huge piece of convention business – often missing is how to help them with the event planning
- New program concept for 2014 – helps with event planning, specifically with local contacts
- Doing more with cultural tourism – applied for an award in conjunction with CNY Arts to showcase all of the things they have been doing as an arts and cultural destination
- Have done things in conjunction with the Syracuse Crunch – have people downtown or are interested in coming downtown – push cultural assets with them

- CNY Arts reinvented CVB calendar this year – looking to expand it and do a complete overhaul of website next year. Since the new calendar was launched, visits to the CVB website are up 71% over last year
- A lot of other programs regarding food tourism, outdoor recreation, rebranding the region
- Rebranding region – Syracuse is larger than the city – need to show how it is connected to regional products – need to create a better emotional tie for visitors; need them to understand how unique this destination is
- Redefining shopping, entertainment, and fun in friendly environment that has lots of scenery around it; have great sports, great convention product – need to do more to blast that message out there and be more competitive
- Asking for nearly 8% increase in funding from the county – want to pump it right back into County coffers through sales and room tax

Mr. Jordan noted that ROT revenue is up and asked what portion of it is attributable to rate creep. Mr. Holder explained that in the past they have seen rate creep be a substantial piece of room tax performance in terms of seeing growth. This year the overall hotel performance is up by 7% on average for the first half of the year. It is looked at with a combination of occupancy rate and average daily rate. 2013 is the first year in a long time where occupancy has grown at an outstanding rate. Competitor destinations in NYS, have not seen that same increase in occupancy rate. Some have seen increases in average daily rate, but most have seen a big decline this year. Daily hotel performance was tracked this year knowing that the destination has changed and knowing that they are doing things with outreach and marketing that hasn't been done in ages. By day, they are seeing occupancy up and average daily rate go up – both drive revenue per available room up. In July, nearly 200 new rooms were put in the market place with the new Courtyard and Residence Inn. We are seeing the increase happen while at the same time increasing inventory, which is a clear indication that we are getting new business coming into our community.

Mr. Jordan asked how much of the ROT increase is a product of increase in occupancy rate and how much is a result of rate creep. Mr. Holder responded that it is about 50/50 in terms of the growth of hotel business. Over the last 4 years, the inventory has increased by roughly 500-600 rooms. There have been a lot of smaller scale hotels popping up. A big piece is the changes seen in product from an attraction standpoint, new group business from sports, conventions, conferences and a lot of new leisure marketing.

Mr. Jordan said that since 2012 there is approximately a 33% increase from what is being asked of the legislature to provide in terms of funding. He asked if the CVB sales force has performance goals. Mr. Holder said that they look at the CVB performance as needing to drive a return on investment. Each year they come to the legislature and say what the anticipated return on investment will be; each year they come back and say that they are knocking it out of the park. This year, they are knocking out of the park in a way that they have never done it before. Performance goals are put on each program – knowing that they have to push new markets and new opportunities. CVB looks at the increase in funding with competing in an ultra competitive marketplace – come to the table to push for new programs; growing at a faster rate than competitive set. The team is held accountable for sales and marketing success. It is done in conjunction with their partnerships. They work with one hand behind their back with the lack of a convention center hotel, but are hitting as much business as they can with the other arm. The Alliance example has been applied with sports tourism, applied with relationships with DestiNY USA, and with cultural community to look at ways to collectively understand each other's goals, and how to drive new business in. He gave an example of an analysis done for Everson Museum--an exponential growth in out of the area, overnight growth from end of July 2012 – end of July 2013 – because of the museum and the marketing the CVB put in place with them. It is about putting together marketing and sales programs that are accountable to goals and objectives that are driving new business. That is one reason CVB comes to the legislature with budget requests that show growth in funding – if they aren't being aggressive, someone will take the business. In answer to Mr. Jordan, Mr. Holder said that there are goals and objectives for every single one of their employees; there are performance reviews; have an incentive program that they continue to build on and put in place. They hold individuals accountable; if they aren't producing, they aren't staying. There was a turnover this year because they want to see more from that position.

Mrs. Rapp asked how much of the 10% increase that is being ask for can be expected to be seen back in ROT and sales tax because of that investment. Mr. Holder said that they are anticipating driving \$75 million of new travel business back into this area, and \$3.8 million in new local taxes from travel and tourism coming into this market place. Mrs. Rapp said that if the County invests \$2 million, it will get \$3.8 million to work with next year. Mr. Holder agreed.

Chairman McMahon said that he is shocked to see such growth in the 2014 ROT budget. He asked what it will come in at in 2013 and how is it quantified. He is concerned that without knowing if 2013 will come in over, the growth in 2014 is aggressive. He understands that National Grid did a lot of upgrades during the course of the year so there were a lot employees staying room nights in 2013 that won't be there in 2014. Mr. Morgan said that just under \$6.2 million is projected this year; \$2.8 million was collected through the first 2 quarters. Chairman McMahon asked which quarters are there historically larger hits on ROT. Mr. Morgan said that 3rd and 4th quarters usually trend a little higher. Chairman McMahon said that there would then be a flat 2014. Mr. Holder referenced the National Grid comment, noting that National Grid wasn't the only factor driving this.

Chairman McMahon said that thanked Mr. Holder and his team – a great successful trip to Arlington, Texas – got the bowlers for 2018. He asked where the pockets for growth of new business are. Mr. Holder said that they are projecting more Canadian growth – our location is an advantage. They are proposing to launch an international effort – the more we are talking to international market places, the more we realize we can effectively compete in that market place. Right now, there is virtually none of it coming through our area. We have the right shopping assets, the right outdoors assets, and the right cultural assets for it. Continue growth of sports – the entrance into the Atlantic Coast Conference and amateur sports will drive more people into this area. There are great relationships with County Parks and venues. More is being done to prospect other kinds of business that can continue to see beyond the progress made with things like half Iron Man, bowling and Bass Masters. Also are looking at changes that the convention market place has gone through and being smarter about the way it is done. CVB has benefitted heavily from the alliance with SMG – seen what some of the opportunities are – having conversations about new event creation that can guide towards putting new bodies into this area.

Chairman McMahon referred to the positions be created to target international business, and asked what that person will do. Mr. Holder said it will be building overseas relationships with travel/trade. They will develop the packages locally that allow the different operators and agents' products to sell. They will also work with local businesses to prepare them on how to welcome guests coming in. It is a different method of travel coming in from overseas – they are working with travel vouchers vs. direct payments by consumer; some comes in as groups and some as individual. The person will target both, but through the sales agents that are selling those products in those other countries. It is a lot of developing relationships with partners in NYC and Niagara Falls – they are 2 key feeders – have 2 key tourism elements on both ends of us – it give us a stronger product with the connection.

Chairman McMahon asked what the pitch to international clients is. Mr. Holder said that it is the location with DestiNY USA and how it adds to the dimensions of the NYC trip and Niagara Falls Trip, connecting them to key historical assets, i.e. Erie Canal, Native American history, and connecting them with outdoor resources. It depends on market place – UK and German travelers are really interested in outdoors; Chinese travelers are interested in outdoors, but really want the shopping product.

Chairman McMahon asked about our competition. Mr. Holder said it is changing – based on the market segment they are after. If going after conventions, it is Buffalo, Rochester and Albany; if going after leisure markets, it depends on points of origins. CVB looks at Ottawa as its market, but are seeing some traction in eastern suburbs of Toronto and Montreal. They want to build off of that. When the Montreal visitor is typically looking at a shopping destination, their first stop is Plattsburgh, their next stop is Woodbury Commons. CVB started talking about our entertainment, outlets, retail, arts & culture, and outdoors, and being closer than Woodbury Commons – start pulling from that market place – have to tell them what we have. In working on branding, have found that the key destinations aren't Rochester and Buffalo – the aspirational cities they are modeling after are Austin, TX; Asheville, NC; and Portland, OR

Mr. Kilmartin asked for an organizational chart for Centerstate CEO. Mr. Simpson said that the umbrella corporation sits on the previously existing MDA and Chamber. CVB is a program division with Centerstate CEO; there are a variety of affiliated companies with Centerstate CEO – i.e. Hancock Development Corp.; Electronics Park, managed on behalf of the State; Downtown Committee, managed on behalf of the City. CVB is not an affiliated company, it is actually a division within Centerstate. Mr. Holder reports to Tom Blanchard, the Senior Vice President for Economic Development Programs.

Mr. Kilmartin asked about the transition to the Pike Building. Mr. Simpson said that they are excited about it. The space will be ideal. It is smaller footprint; moving into about 12,000 sq. ft. compared to 21,000 sq. feet. Occupancy costs are going to go down. The occupancy cost for rent that Centerstate subsidized for CVB are going to decrease by 15%. They will be in a higher quality space and more visible. There will be a small visitor's center on Fayette Street with front office space for visitors coming in off the street. It will highlight brochures and literature, retail for CVB, highlight of other downtown assets, and arts and cultural assets. They will be able to shrink footprint, reduce costs, have higher quality space and have a better street level presence. They should be in by the end of November/beginning of December. Mr. Kilmartin asked if there are any plans for the prior location on Salina Street. Mr. Simpson said the VIP is buying the building from them; will close on the sale 30 days after moving into the Pike block. VIP is currently working on 2 tenants for the building. In answer to Mr. Kilmartin, Mr. Simpson said that the building was owned by Syracuse Chamber prior to the merger of the two organizations; outstanding debt at the time of completion of purchase offer was almost equivalent to the purchase price received on the property. The decision was driven by: the location was not ideal for the message they want to put out as an organization; had more space than need; overall occupancy costs were significantly higher than they needed to be for a not-for-profit of their size.

Mr. Kilmartin referred to Corning, noting that there are many international visitors. He asked what the plan is to leveraging or piggybacking on their apparent success. Mr. Holder said that the Museum of Glass is a great attraction, and draws an international crowd in from overseas. There are huge levels of Asian travelers coming in to NYC and then the journeying to Niagara Falls. They then either go back to NYC to fly out, or fly out of Toronto. It has been a principal piece of their development and Corning has put a lot of resources behind it. One reason it has worked out is because they have bathrooms... the pit stop along the way is almost at a required time that drivers have to stop. In looking at the way travel flow could go, there is nothing to say that some of that couldn't be pulled up to Syracuse. They have to go out and sell the product – there will be an uptick.

Mr. Kilmartin referred to the study completed last year and asked about the major findings and what has been done to advance the recommendations in the report. Mr. Holder said that everything that was seen in last year's presentation/budget request and everything seen in this year's presentation/budget request are directly in line with recommendations that came out of the market analysis. It was enormous step for this destination and a big step for the organization. They look at how they are competing against Rochester and Buffalo in convention business – how do we get smarter with the way convention sales and markets are put out in front of them. It is known that we can't compete on the same budget levels with them. Still coming in about 70% below where Rochester's CVB is funded; 80% below Buffalo. It is a completely different competition level. Target market segments have been highlighted because they were directly identified by the market analysis. They have gone after a branding exercise; pumped a lot of effort into it because it was identified by the market analysis as a need. They are hearing it from consultants and consumers. Great direction came out of the market analysis, which has been applied to the sales and marketing plan, a relationship building with partners, and programs. All goals and directives can be attributed to what was learned in the market analysis.

Mr. May referred to the return on investment and asked what makes up the \$75.8 million—what types of activities; how do the numbers break down and where do the dollars get spent—what parts of the county, what parts of other counties. Mr. Holder will supply a breakdown of how they came to the figure. Each May detailed travel spending figures are received from the State — it's a reference by county on how much is spent in restaurants, etc. Also, they have to continue with travel research – it would be extremely useful to do a detailed dive into the visitor profile. He will be happy to come back to provide a detail breakout on the return of investment figures and how it compares to what is seen overall in terms of travel. Mr. May said he is particularly interested in what percent of those dollars are being spent in what location. Mr. Simpson said that they have been trying for a long period of time to get good data on the distribution of sales tax generation from within the county and other counties. The Department of Tax and Finance has never been willing to share proprietor specific data, nor would they want that. However, they would like to be able to provide essentially a map of where the sales tax is generated within the county; what components, which suburbs, which parts of downtown. He thinks that as of yesterday, the Department of Tax & Finance is willing to share that information for the first time. They will use it to put together an economic analysis and will hopefully have a component of what Mr. May is looking for – will take 8-10 weeks to pull it together. Mr. May stated that the request is not meant to create any kind of a project, but if the information is available, he would like to see it.

INSURANCE FUNDS – pg. 3-141; Steve Morgan, CEO; Jason Dean, Budget Analyst; Martha Christiano, Admin. Intern

2014 ANNUAL BUDGET

Ways & Means Committee Report

INSURANCE FUND

JOANNE M. MAHONEY, COUNTY EXECUTIVE
 STEVE MORGAN, CHIEF FISCAL OFFICER
 JASON DEAN, BUDGET ANALYST



Table of Contents

Slide 3: Insurance Fund Budget Summary
Slide 4: Benefits (125) Breakdown
Slide 5: Health Breakdown
Slide 6: Unemployment
Slide 7: Long Term Disability
Slide 8: Insurance Policies
Slide 9: Professional Services
Slide 10: Workers' Compensation
Slide 11: Judgments & Claims

Slide 12: Questions?

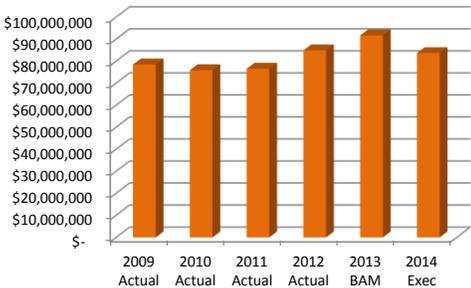
TABLE OF CONTENTS



2014 Insurance Fund Budget Summary

INSURANCE FUND BUDGET	2009	2010	2011	2012	2013	2014	Variance
The "BIG FIVE" Summary	Actual	Actual	Actual	Actual	BAM	Executive	2014 Exec vs 2013 BAM
Benefits (125) Health, Dental, WC, Unemployment, LTD	69,580,704	71,999,046	71,735,633	78,462,621	84,505,908	77,076,780	-8.8%
Fees For Services	2,116,237	2,148,231	2,476,631	2,845,772	4,327,307	3,677,930	-15.0%
Insurance	1,178,162	1,124,124	1,127,944	1,118,858	1,236,915	1,274,740	3.1%
Judgement & Claims	4,650,622	(784,215)	(271,418)	1,308,027	225,000	225,000	0.0%
Interdepartmental	953,562	1,375,836	1,399,795	1,151,967	1,319,157	1,350,742	2.4%
The "Big Five" Total	\$ 78,479,287	\$ 75,863,022	\$ 76,468,585	\$ 84,887,245	\$ 91,614,287	\$ 83,605,192	-8.7%
Other Employee Wages and Benefits	5,487	2,780	0	1,140	7,500	7,500	0.0%
Supplies	6,574	5,202	1,205	2,964	5,000	5,000	0.0%
Travel & Training	1,559	2,380	1,454	1,485	4,000	4,000	0.0%
All Other Expenses	5,770	11,704	13,072	11,695	6,500	6,500	0.0%
Maintenance, Utilities, & Rent	2,324	2,426	2,104	2,224	7,701	7,000	-9.1%
Self Insurance	-	5,894	68,750	75	25,000	25,000	0.0%
Total Appropriations	\$ 78,501,001	\$ 75,893,408	\$ 76,555,170	\$ 84,906,828	\$ 91,669,988	\$ 83,660,192	-8.7%

Total Appropriations



Summary

- Overall Insurance Fund Budget
- Benefits Line Makes up about 92% of the total
- Benefits made up of
 - Health
 - HMO
 - Dental
 - Workers' Comp
 - Unemployment
 - Long Term Disability

BUDGET SUMMARY ANALYSIS



- Seeing decreases in insurance
- 92% of overall insurance fund budget is made up of the benefits line

2014 Benefits (125) Breakdown							
Insurance Fund Benefits (125) Breakdown	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 BAM	2014 Executive	Variance 14 Exec vs '13 BAM
Health**	57,633,520	58,098,249	59,982,080	63,139,153	69,724,702	61,527,656	-11.8%
HMOs	242,954	142,792	160,303	129,983	261,079	277,469	6.3%
Sub-Total Health	\$57,876,474	\$58,241,042	\$60,142,383	\$63,269,136	\$69,985,781	\$61,805,125	-11.7%
Dental	3,182,863	2,985,436	2,915,945	2,968,945	3,513,039	3,304,441	-5.9%
Workers' Compensation	6,858,475	8,729,945	6,774,011	10,525,445	9,056,352	10,169,281	12.3%
Unemployment	451,456	836,884	733,399	506,949	664,201	633,457	-4.6%
Long Term Disability	1,211,436	1,205,739	1,169,896	1,219,091	1,286,535	1,164,477	-9.5%
Total Benefits (125) Account	\$69,580,704	\$71,999,046	\$71,735,633	\$78,489,565	\$84,505,908	\$77,076,780	-8.8%

2014 Benefits (125) Breakdown	Important Points
	<ul style="list-style-type: none"> •2014 Executive decrease of 8.8% in overall approps vs. 2013 •Details of each category follow •**Health includes Medical, Prescription Drugs, Vision, GME, Accrual

- Overall drop of 8.8%
- Big drivers - Van Duyn transfer and Medicare Advantage
- Vast majority of cost is in the health cost center and Workers Compensation

2014 Overview of County Health, HMO's and Dental Expenses							
INSURANCE FUND	2009	2010	2011	2012	2013	2014	Variance
HEALTH BENEFITS BREAKDOWN	Actual	Actual	Actual	Actual	BAM	Executive	14 Exec vs '13 BAM
Medical (Onpoint/Indemnity)	38,177,882	40,521,428 (755,570)	41,439,669 (199,026)	40,245,757	47,240,039	39,538,408	-16.3%
ERRP Subsidy						6,125,792	N/A
Medicare Advantage						14,523,696	-30.2%
Prescription Drugs (ProAct)	19,015,900	17,304,099	18,330,009	19,403,625	20,809,064	611,843	-37.8%
Vision (Davis)	685,866	678,567	719,693	713,934	984,209	727,916	5.3%
Net Accrual	(285,060)	350,016	(308,265)	2,775,836	691,390		
Miscellaneous	38,932	(290)	-				
Sub-Total Health Plan	\$ 57,633,520	58,098,249	59,982,080	63,139,153	69,724,702	61,527,656	-11.8%
HMO (MVP)	242,954	142,792	160,303	129,983	261,079	277,469	6.3%
Sub-Total HMO and Health	\$ 57,876,474	58,241,042	60,142,383	63,269,136	69,985,781	61,805,125	-11.7%
DENTAL	3,182,863	2,985,436	2,915,945	2,968,945	3,513,039	3,304,441	-5.9%
TOTAL	\$ 61,059,337	61,226,477	63,058,328	66,238,081	73,498,820	65,109,566	-11.4%

Health Breakdown	Major Drivers
	<p>Expenditures</p> <ul style="list-style-type: none"> •Medicare Advantage -\$2,800,000 •Van Duyn Transfer -\$3,800,000 •Affordable Care Act Taxes +\$675,000 •Medical 2014 projected increase based on 3-year trend analysis of our claims blended with national trend <ul style="list-style-type: none"> • Medical Trend +5.28% • Rx Trend +3.87% <p>Revenues</p> <ul style="list-style-type: none"> •Health Insurance Fund Balance use of \$6,000,000

- Health Cost center – biggest changes for 2013 and into 2014

- Assume savings from Medicare Advantage of \$2.8 million
- Assume savings from Van Duyn transfer of \$3.8 million
- Affordable Care Act – will need to pay taxes on each covered life \$675,000: re-insurance contribution fees of \$5.25/head/month and patient center outcome research fee of \$1/head
- Medical trend and Rx trend – have seen lower than national average over in the last 3 or 4 years; blend with National trend, which is 6.5% for medical, 6% for Rx.
- The worry is that if there are one or two really negative outcomes, the costs can skyrocket really quickly, which is why it is blended with national averages
- Revenues: using \$6 million in health insurance fund balance

2014 Unemployment Expenses

CLAIM YEAR	TOTAL CLAIMS FILED	BENEFITS PAID	Benefits/Claim
2009 Actual	263	\$451,456	\$1,716.56
2010 Actual	238	\$836,884	\$3,516.32
2011 Actual	247	\$733,399	\$2,969.22
2012 Actual	221	\$506,949	\$2,293.89
2013 BAM	221	\$664,201	\$3,005.43
2014 Executive	272	\$633,457	\$2,328.89

Unemployment Expenses

Important Notes

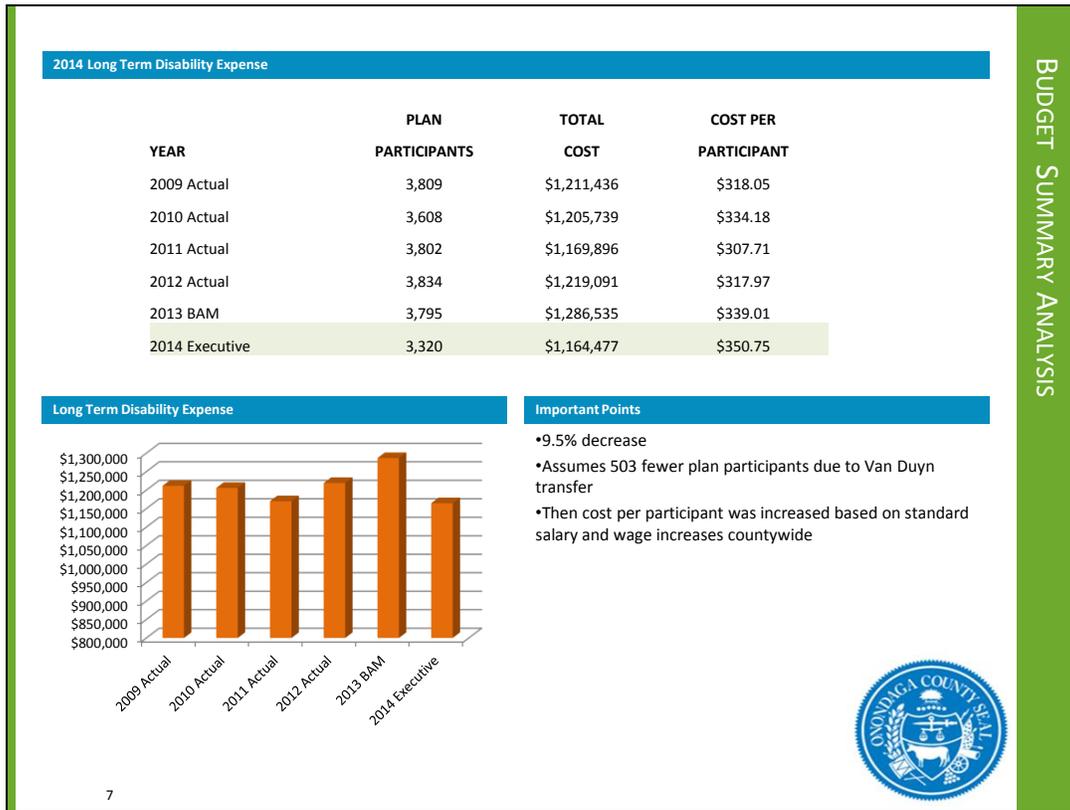
- Decrease of 4.6% over 2013 BAM based on 2013 Projections
- Also includes projected increase in claims due to Van Duyn Transfer



BUDGET SUMMARY ANALYSIS

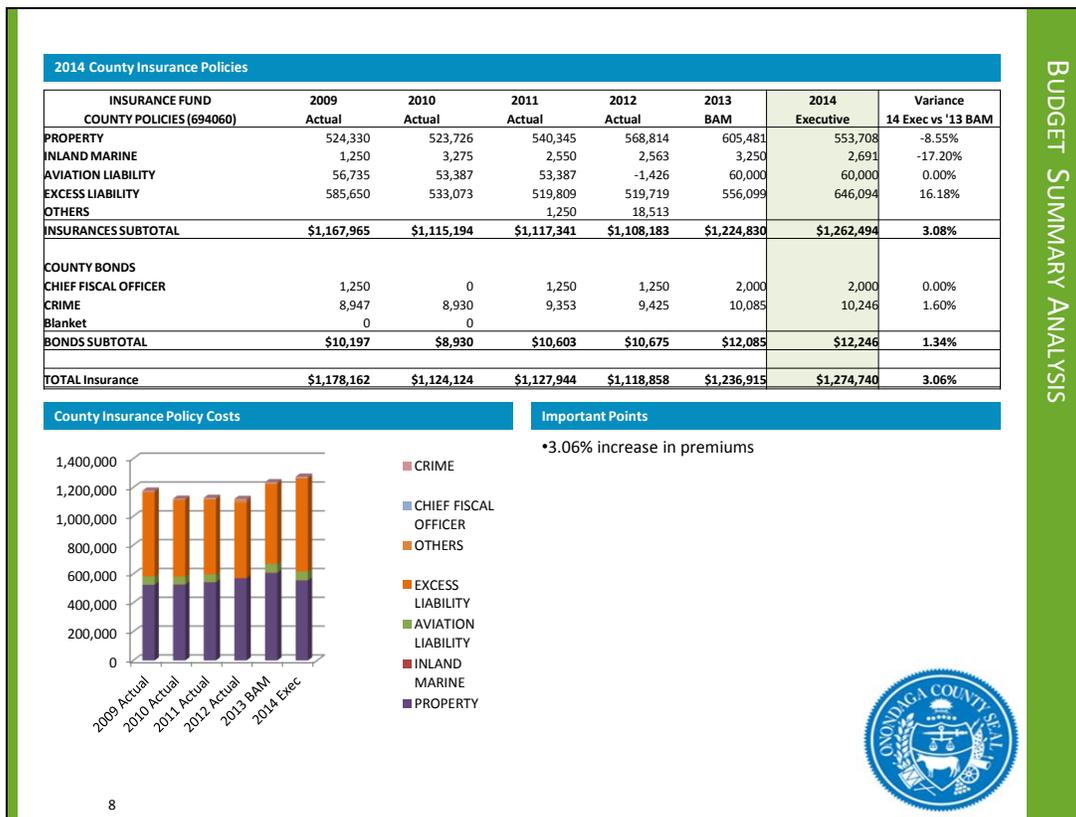
6

- Unemployment expenses – anticipating a drop of 4.6% from BAM – majority is due to where expected to be this year – don’t anticipate spending the \$664k in BAM
- Increased costs based on projection of number of people qualified for unemployment because of the Van Duyn transfer



BUDGET SUMMARY ANALYSIS

- Long term disability – big drop almost exclusively from transfer of Van Duyn, 503 fewer plan participants
- Slight increase based on salary and wage assumptions made countywide



BUDGET SUMMARY ANALYSIS

- Slight shift between property and excess liability
- Approx. 3% increase year over year

2014 Insurance Fund Professional Services							
INSURANCE FUND	2009	2010	2011	2012	2013	2014	Variance
PROFESSIONAL SERVICES (694080)	Actual	Actual	Actual	Actual	BAM	Executive	14 Exec vs '13 BAM
OnPoint Administration	1,603,623	1,681,592	1,678,801	1,844,282	1,991,615	1,931,827	-3.2%
POMCO Retiree HL/ Ret Billing/Flex Spending	233,659	230,161	274,141	313,076	500,062	457,601	-8.7%
Disease Management			-	89,939	500,000	382,658	-23.5%
All Other Health Benefits Administration	68,954	67,019	98,262	114,328	305,860	225,683	-67.6%
Independent Medical Exams	700	-	-	7,322	16,800	17,304	3.0%
Safety & Loss Prevention Training	(1,359)	17,400	12,604	11,798	31,454	33,185	5.5%
Elevator Inspection Services	19,660	16,560	23,485	23,380	14,134	24,000	261.0%
Unemployment Administration	8,000	12,000	8,000	10,738	17,683	16,377	-9.1%
Workers' Compensation Administration	183,000	123,500	244,000	293,818	778,086	446,505	-86.3%
Dental Plan Administration			137,339	137,091	171,613	142,790	-18.1%
TOTAL	\$ 2,116,237	2,148,231	2,476,631	2,845,772	4,327,307	3,677,930	-18.2%

Important Points

- Care Management Implementation in 2012
- \$770,000 in carryforwards included in 2013 BAM

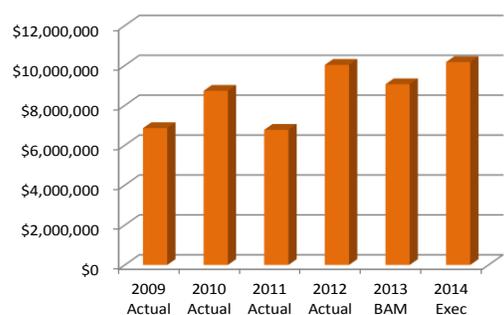


BUDGET SUMMARY ANALYSIS

- Professional services – large amount of carry forwards in BAM
- 2012 started implementation of care management program through Nurture

2014 Workers' Compensation Breakdown							
	2009	2010	2011	2012	2013	2014	Variance
	Actual	Actual	Actual	Actual	BAM	Executive	14 Exec vs '13 BAM
TOTAL CLAIM PAYMENTS	6,816,629	8,671,611	7,124,599	9,747,069	8,591,352	9,649,681	12.3%
NYS ASSESSMENTS	927,237	1,252,155	1,344,319	1,266,376	1,365,000	1,419,600	4.0%
LESS NYS RECOVERIES	(885,391)	(1,193,821)	(1,694,907)	(984,718)	(900,000)	(900,000)	0.0%
TOTAL OPERATING EXP.	\$6,858,475	\$8,729,945	\$6,774,011	\$10,028,727	\$9,056,352	\$10,169,281	12.3%
ADJ TO LT ACCRUAL	(\$2,527,425)	\$3,976,013	\$2,727,291	\$496,718	\$0	\$0	N/A
TOTAL	\$4,331,050	\$12,705,958	\$9,501,302	\$10,525,445	\$9,056,352	\$10,169,281	12.3%

Workers' Comp (total operating expenses)



Important Points

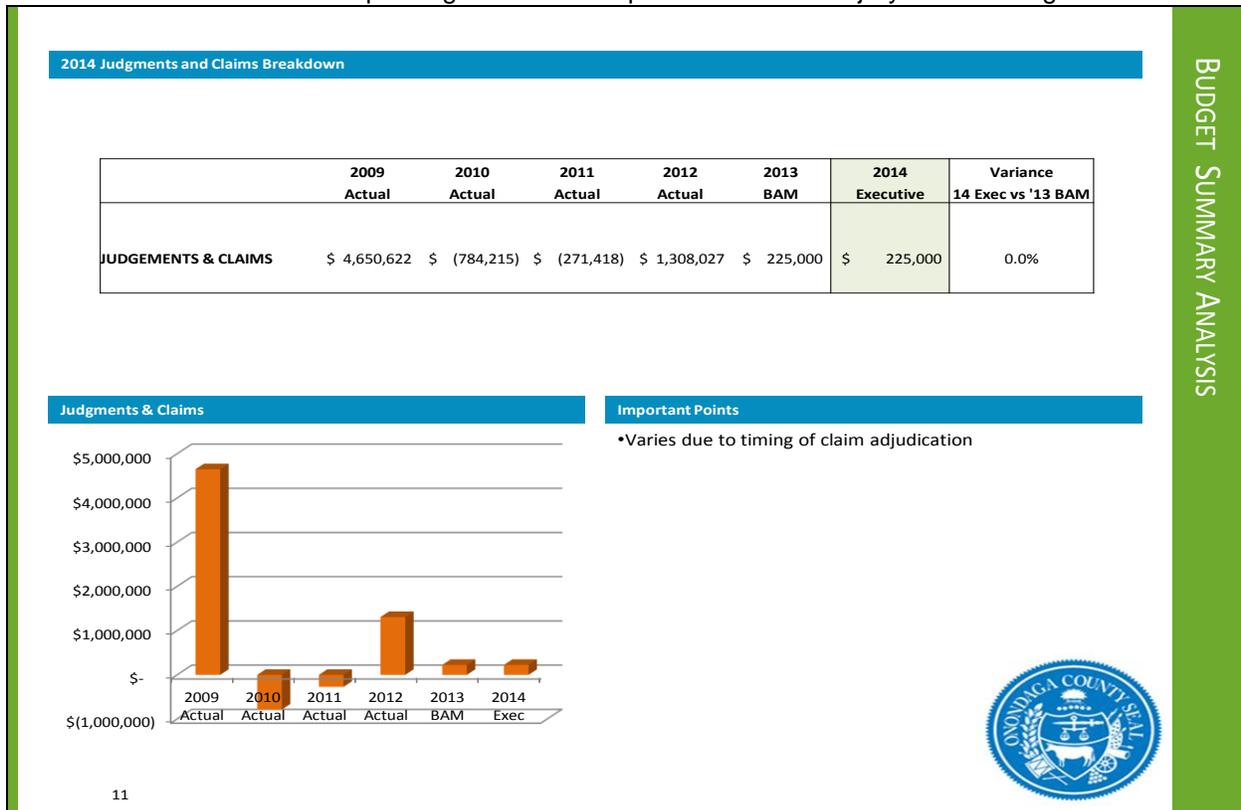
- Three year average cost of new Van Duyn cases removed
- Increase in State AWW to 803.21/week
- Large increase in approved settlements since 2012, this equates to long term cost savings



BUDGET SUMMARY ANALYSIS

- Affected by Van Duyn transfer – Van Duyn is the most expensive department for workers comp cases
- Won't see all costs drop away – large amount of legacy costs – took 3 year average of only new claims seen in Van Duyn and reduced it – approximately \$1.2 million

- Increase in 2014 due to aggressively pushing for settlements since 2012
- 2011 actual for NYS Recoveries– quite high and then drops due to second injury fund winding down



- Varies on when a claim is adjudicated

Chairman McMahon asked what the savings per year are for risk management by not having Van Duyn on the books anymore. Mr. Morgan said that there are a lot of moving pieces; there are savings entwined throughout the insurance world, but there are still liabilities that will be there for quite some time.

In answer to Chairman McMahon, Mr. Dean said that they are projected to come in lower than the \$85,505,000 projected for 2013 employee benefits. He can provide a full insurance fund projection for 2013.

Chairman McMahon said that the budget was plugged with \$6 million in insurance fund balance and asked what the remaining balance is. Mr. Morgan said that the fund balance at the end of 2012 was \$12 million; depending on how it ends this year, it could be left with \$6 million assuming we end at budget.

Chairman McMahon asked what other miscellaneous revenue are. Mr. Dean said that is the RDS subsidy, which is tied to Medicare Advantage. He referred to slide #5, \$2.8 million savings on expenditure side is not exactly accurate. In reality, we are losing the revenue, but the savings on the expense side is \$2.8 million plus \$1.2 million (loss in revenue). The savings listed is the net, \$2.8 million. Mr. Morgan said that in essence we are losing the subsidy because we have shifted those retirees to Medicare Advantage. Mr. May said that the County was getting a rebate for prescription drug purchases and now the rebate is applied to our prescription drug costs.

Mr. Jordan asked if the use of the \$6 million from fund balance will create a problem for future budgets. Mr. Morgan said that approximately \$2 million is used in fund balance in insurance fund. The growth in this area, and how it hasn't kept pace with the national growth, has built that fund balance up significantly over the past several years. They believe it is appropriate to use a large amount of that fund balance at this point in time, in lieu of letting it continue to get higher and higher. Mr. Jordan asked if it will impact the 2% cap limitation. Mr. Morgan said that it is same concept as the general fund balance, but to leave \$12 million sitting there, really isn't the right answer either.

Mr. May noted that with the human services reorganization, employee benefits portion is moving to Personnel Dept. – management of the plans; the management of risk per se is going to stay within the Finance Dept. He

asked for detail on the lineation of responsibility; also will the same responsibility apply in respect to risk management in correctional health. Mr. Morgan said that employee benefits is not his area of expertise. Mr. Troiano has always worked closely with him in terms of benefits administration. As they move towards the restructuring, along with the implementation of PeopleSoft, which allows for the administration of benefits in payroll out of Personnel Dept., it made sense to move that benefit function to Mr. Troiano. However, Mr. Dean is not an insurance expert, he is a financial analyst. Finance's role will still be heavily on the financial side to support Mr. Troiano. Mr. Troiano and his staff will be responsible for the day-to-day operation of benefits and the maintenance of the various vendors utilized in that area, but in no means will they be stepping away from the financial support that they provide to the insurance fund. Mr. Morgan said that in regard to the risk, workers comp, safety and loss, that piece will still be retained under him. They will continue to work closely with the insurance broker, Bob Bratek, as well as Mark Stanczyk, in terms of workers comp, and safety and loss programs. To try in fold in correctional health, there is probably no one better to talk about it than Mr. Dean. Mr. Dean was heavily involved in the initial RFP done a few years back, as well as the one that was just released and will be awarded soon. Mr. Morgan said his department is there to provide the financial expertise and analysis to give the decision makers the information they need to make the best decision. Moving forward, they will look to mitigate the risk in the correctional health area by going to a managed care approach. Mr. May asked if risk management/financial analysis can be considered one in the same. Mr. Morgan indicated that it can be; in terms of risk management on the employee safety/workers comp side, it is less financial analytics. It is putting boots into the department, working with departments to make sure they have safety plans in place and are training their employees properly. The goal is to drive down the cost. Mr. May said that departmentally, from an independent fund standpoint, we have people within departments focused on safety. For the 2014 budget, there is a request for a new position to focus on safety. In keeping with the whole theme of things that are happening, he questions if from a risk management standpoint, a safety standpoint, and a countywide benefits standpoint, if we are better off having some of these resources centralized and deployed into departments as needed. It makes him reluctant to fill positions when there is a theme out there to try to centralize, in very sensible way, some responsibilities that will add economies and benefits to the county. If those measures are taken and are effective, the back end benefit is savings. Beyond savings, people won't get hurt when they get to work. Mr. Morgan said that it is a point well taken; Mr. Bratek works well with the major departments that have the most exposure, i.e. WEP, Facilities Management, DOT. He has done an admirable job in working with the folks that are embedded in departments, wherein part of their job is related to safety. It hasn't been an area that has been discussed in terms of centralization; the departments have the expertise of the work they do. It is certainly something that can be investigated and looked at going forward. Mr. May said that if managing the risk, you must understand what all of the risk is.

In answer to Chairman McMahon, Mr. Morgan said there will be a competitive process in 2014 for health and dental contracts for 2015.

Mr. Kilmartin referred to pg. 6 of handout, unemployment expenses, and asked if the increase in claims is related to Van Duyn. Mr. Morgan indicated that it is. Mr. Kilmartin noted that there is a big spike in claims, but the amount paid is going down compared to last year. Mr. Dean said that in the last few years for unemployment, the federal government has tinkered with amount of time that someone can stay on it. It was murky when the budget was put together last year; there is some variance in the benefits per claim line. For the projection for this year, there is already a better glimpse of where the year will end up and how much the individual benefits per claim are going to cost. That is what next year is based on. Also, they added on however many folks were thought to get unemployment based on the Van Duyn transfer.

Mr. Kilmartin asked what health insurance fund balance covers – what kinds of claims or issues can it be utilized for. Mr. Morgan said that it is used to reduce the charge to departments for benefits – for health, dental, prescriptions. Gross costs are determined and projected based on where spending is seen; departments are charged out for those costs. Typically, from year to year, some level of fund balance is used. Mr. Kilmartin asked what the traditional amount is that has been used over the past 4 or 5 years. Mr. Morgan said that he will provide it. Mr. Dean said it is variable; in 2011 we may have used \$500,000; last year \$1.7 million. Mr. Morgan said that it varies depending on how the year ends, based on what was projected. To let fund balance build and build, isn't an appropriate use of it.

COUNTY GENERAL, OTHER ITEMS - pg. 3-44: Steve Morgan, CFO; Don Weber, Director of Real Property Tax Services, Tara Venditti, Deputy Director of Management & Budget; Joan Ferrara, Financial Analyst

Mr. Morgan:

- Includes funding for CVB, Erie Canal Museum, OHA, County memberships and dues, Village Infrastructure Fund
- 695700 acct. includes \$5,825,000 for: Village Infrastructure Fund - \$4 million; CVB - \$1.78 million; Centerstate CEO \$25,000; Syracuse Nationals - \$22,500
- 695560 acct.: OHA - \$158,555 - an increase of \$13,500. An additional \$75,000 of ROT surplus is proposed to support OHA as the continue assuming responsibility for operating the St. Marie Museum. OHA has raised the same amount is funding as a match in 2013, which allowed for the initial \$75,000 payment. After 2014 OHA is expected to operate without the additional ROT support
- 659570 acct: Erie Canal Museum, \$60,005
- 694100 All other – Countywide memberships and dues for NYS Association of Counties, County Executive's Association, audit fees for County's Deferred Savings Plan, and other countywide expense
- 668720 Transfer to Grants - \$500,000 support for Greater Syracuse Property Development Corp. (land bank). After it went into operation last year, the City began a more aggressive collection of delinquent taxes – knowing at end of tax foreclosure process, they could rely on the land bank to take ownership of properties and get them on the tax rolls. Collections are up approximately \$825,000 over last year through August. The revenue to that land bank is in the form of a grant, which will help the land bank board to ensure that properties brought to the them are put back on the tax rolls in a timely fashion
- 590005 – ROT revenue required to fund CVB, OHA, & Erie Canal Museum
- 590030 – monies collected from 401B Plan – cover the cost of plan audits
- 590057 – right offs for stale-dated checks

Chairman McMahon asked what the allocation of \$25,000 for Centerstate CEO is for. Mr. Fisher explained that this funding is the fourth year in a row to fund the County's participation in a regional marketing fund. A policy decision was made several years ago for the County's Economic Development Department to focus more on retention than on attraction. Attraction is done by Centerstate CEO. This contribution is towards a multi-county marketing fund that is used to support the attraction efforts that Centerstate CEO does. The County gets a report for them every year, which includes what the money was used for and the results of the program. Chairman McMahon asked if the other participating counties in the region contribute \$25,000 to this also. Mr. Fisher said that they don't. Onondaga County is one of the larger, if not the largest, in the 12-county region that Centerstate covers. Onondaga County pays more than the smaller counties.

Chairman Knapp referred to the local dollars, \$4 million for VIP, \$500,000 for land bank, leaving \$68,416 and asked what that is for. Mr. Morgan said that it is the expenses in the all other expense line; there are few miscellaneous revenues that offset it.

Mrs. Rapp asked why the 2013 BAM was so much higher in contractual expenses. Mr. Morgan said that \$2 million was appropriated in fund balance for the transfer of Van Duyn.

Mr. Kilmartin asked about the transition of Van Duyn and asked if any issues are seen. Mr. Morgan said that they are on track to for the transfer to take place. There will be some unanticipated expenses and anticipated expenses related to payout of employees' terminal leave. The full years' worth of expenses at Van Duyn was budgeted to account for some spikes in expenses that may be unanticipated. Ongoing, there will be retiree health care costs for years to come and debt costs. Mr. Kilmartin asked to be provided with some detail of the unanticipated costs that have been seen in the recent weeks and months so the legislature can be prepared for the end of the year. Mr. Morgan said that right now the hope is to live within the overall budget and will need to move things around in different line items.

Oncenter Revenue Fund, pg. 3-47

The fund created to account for Oncenter operations. Budgeted at \$2.745 million, it includes \$1.5 million for the OnCenter subsidy including the SMG management fee, \$250,000 for capital improvements, and \$995,000 for Facilities Maintenance and legal support.

In answer to Chairman Knapp, Mr. Fisher said that management agreements establishes the capital reserve fund, but it makes it clear that each year's appropriation is subject to legislative appropriation. It is not

necessarily, what they will spend, but it is what they will be given. If they don't spend it, they will start to accumulate extra funds for the year when there is more of that expense than required. So far, not much of a reserve has been built up.

County Wide Taxes, pg. 3-50 - Mr. Morgan:

This page depicts estimates of property tax, sales tax, and anticipated use of fund balance incorporated into the 2014 budget.

The first line item includes the proposed property tax levy, adjusted by estimates of unpaid current year taxes and payments of delinquent taxes. The estimates for deferred and uncollectable taxes as well as prior year tax collections, are based on historical data. It is anticipated that there will be approximately \$11.6 million of deferred and uncollectable taxes and \$7.6 million of prior year tax collections in the 2014 budget. Proposed support to the land bank is \$500,000 of the estimated increase in prior year tax collections.

The property tax levy is \$140.9 million, is exactly the same as the 2013 levy. This levy amount does not cover the cost of state mandates that taxpayers are required to pay. In fact, we are short approximately \$30 million, which has to be made up with a portion of our sales tax distribution. A grand total of \$400.7 million of local dollars is budgeted in the 2014 general fund budget. Where the local dollars go were detailed during the CE's budget presentation.

Non Real Property Tax Items is the \$251.8 million estimate of sales tax revenue. It is estimated that 2013 sales tax collections will finish 2.5% higher than 2012 actual collections. This budget assumes sales tax growth of 2.75% above our estimate for 2013.

The last line is the \$4.5 million required in fund balance to balance the 2014 budget.

Chairman McMahon asked what the actual 2012 number was for sales tax. Mr. Morgan said that the actual gross sales tax for 2012 was \$320.4 million; the 2013 budget was adopted at \$327.8 million and projecting gross to be at \$328.4 million; the executive budget is at \$337.4 million. Growth is roughly 2.3 - 2.5% year over year. Chairman McMahon asked if historically the 4th quarter is a strong quarter; Mr. Morgan said that he believes it has been and can provide historical data.

Chairman McMahon said that the real property tax collection in the City of Syracuse has been much better. He referred to an article in the newspaper, wherein Sheldon Ashkin, City of Syracuse, had said that the County had received about \$3 million more in tax collections. He questioned if the numbers projected are a little conservative. Mr. Morgan said that they looked at what the actual prior year collections were for January – August of this year compared to last year, which is what they estimates were based on. Mr. Morgan said it is not known how much of that growth is related to collection efforts. Mr. Fisher said that Mr. Ashkin referred to current year collection, which are up, and delinquent collections. No assumptions are being made about current year because the county gets that money eventually, writes off about 2% of it. The County budget is just delinquent tax.

Chairman McMahon referred to the County holding towns and villages harmless. He asked if year in and year out a property gets behind, and the town wanted to demolish the property, can the town make the decision to go demolish it and put that cost on the tax bill – meaning the County would have to pay for demolition without really approving it. Mr. Weber said “yes”; there is a process that has to be followed – has to go through the Codes Dept. There are not a large number that happen each year. Chairman McMahon said that his recommendation would be that the County put some controls in place to not allow any more demolitions until there is a contract with the land bank, because they can then go and handle it for us. Mr. Fisher suggested that the legislature may want to think about when a town leaves a property that may be vacant on the tax rolls, the County makes the town whole, even if they are not collecting taxes. The legislature can move that property to the land bank, where it is tax exempt, where the County isn't making the towns whole for it anymore. Chairman Knapp said that it is not just demolition of the property, but also upkeep.

Chairman Knapp asked if we are doing better on county-wide tax collections. Mr. Morgan said that the collection rate in the towns is around 96%. Mr. Weber said that there were about 3,900 properties that went to

advertising last year; this year it was a little over 4,000. Last year it was a total of \$13.8 million; this year it is approximately \$15 million.

Interfund Transfers, pg. 3-53 – Mr. Morgan:

These are simply the transfer of general fund dollars into OCC, the Road Fund, Library and so forth. It is the local dollar portion of those budgets. These items were reviewed during the review of the budgets for Transportation, OCC, Library, and Community Development. Instead of seeing local dollars on their bottom lines, the local dollars are in interfund transfers

The debt service portion is the amount needed to cover debt for OCC and Oncenter complex.

590041 Revenue is college chargeback revenue used to offset OCC debt and is being budgeted at \$500,000.

Interdepartmental revenue on line 590060 is the offset to indirect costs, which is prepared by the Comptroller's office.

Chairman Knapp asked if the revenue charge back for OCC debt offset is up or down. Mr. Morgan said that they typically use \$500,000 in this area to offset the costs.

Debt Service, pg. 3-56 – Mr. Morgan

This reflects countywide debt service including WEP, Water and the General Fund. The 2014 budget includes gross debt service payments of \$53.6 million, up \$6.3 million from 2013. Increases in gross debt payments are primarily for Transportation, Facilities, Parks, and IT related projects. Net debt service expense charged to operations is up \$4.6 million after use of RBD, Debt Service Fund Balance, surcharge revenue, and college chargebacks.

Transfers from the General fund into the debt service fund were mitigated by using \$6 million of RBD, including approximately \$340 thousand of interest rate subsidy payments for bonds sold under the ARRA Law, allocating \$500,000 from our college chargeback collections to partially offset OCC debt, and recognizing \$2.7 million in surcharge revenue from our land line and wireless surcharge to help mitigate the debt service cost associated with the radio project at 911.

Chairman McMahon asked what Van Duyn is number is. Mr. Morgan said that it is \$628,000. **Chairman McMahon asked to be provided with the actual balance on the debt associated with Van Duyn.**

Countywide Allocations, pg. 3-59 – Mr. Morgan:

This depicts a number of budgetary items:

- All Other Expenses - the estimated \$1.9 million cost of college chargeback for County residents attending a community college outside Onondaga County. The amount paid to each county is based on how much the county subsidizes its community college. We basically hold that county harmless from the local cost of one of our residents attending their college.
- Expected cost of tax certiorari settlements - \$200,000. This is the estimated payment back to residents who successfully challenge their assessment and are due a refund of improperly assessed County tax.
- \$85.6 million - sales tax revenue the County shares with the City and schools.

In the revenue section, the \$9.3 million in "Other Real Property Tax Items" consists of two items:

- PILOTS of \$2.9 Million
- \$6.4 million of interest and penalties on delinquent taxes.

The 590050 Interest and Earnings account is investment income; investable balances earn an estimated .3% return in the 2014 budget.

In answer to Chairman McMahon about investments, Mrs. Ferara said that there really aren't a lot of options. Earlier this year interests rates were still going down; it was decided to budget .3%. They seem steady now, and have seen a little uptick. Originally the .1% on money market were crazy; the banks won't give any CDs for jumbo CDs, i.e. \$10 million. She said that probably an extra \$100,000 could be added here.

Chairman McMahon asked if conversations occur with presidents of banks to discuss the percentages, as these are tremendously valuable accounts. Mrs. Ferara said that they speak to the bank representatives-- there is a government bank representative from each of the local banks, and the County tries to do business with many of them. Chairman McMahon said that on the private side, the banks have premier clients. He would hope that the banks are recognizing that the County is above the premier client. He feels there is a lot of leverage with these banks. Mrs. Ferara said that some banks are looking for deposits because their loan demand isn't there.

Mr. Kilmartin said asked if any analysis has been done with what products the banks have and how the County might be able to modify its use of cash flow to try to fit within their models. Mrs. Ferara said that the environment has really changed in the past several years. The County used to go out and get competitive bids for CDs – were always above the curve when able to that. There is really no appetite now for large dollar amounts or smaller dollar amounts. She can try to go out there, and noted that there is a new program, CDRS - \$250,000 CDs because then they don't need to collateralize it. All County deposits are collateralized, which dips into the banks profits. Mr. Kilmartin said it might be interesting – instead of doing a \$10 million transaction, it might be doing many \$100,000 increments. It allow the county to stagger all of the products so as not to short ourselves for cash flow, but capture a half point or two.

Chairman McMahon asked if the \$2.9 million in PILOT payment revenue is essentially the County IDA. Mr. Morgan said that it includes the PILOTS entered at the town level and the City PILOT payments to the County. Chairman McMahon said that he feels it is ridiculous that the County doesn't get to vote on PILOT agreements when the city approves them. He asked who signs off on them. Mr. Fisher said that the County doesn't have any legal authority over PILOTS. There are situations, i.e. DestiNY where the County Executive has to sign something else and the legislature passed resolutions, which resulted in the prepayment of \$60 million, which generated a significant amount of PILOTS each year. It goes to Economic Development and CNY Regional Development. Chairman McMahon said that when he was on the Common Council, he understood the City needs some sort of sign off from the County on the PILOT deals. Mr. Weber said that he thinks it is only true if the County is not going to get its proportionate share of the PILOT agreement. Chairman McMahon asked if the County did a PILOT in the City, would it need an agreement from the City. Mr. Fisher said that it depends on the type of PILOT. He referenced a consent PILOT 2 years ago with Anheuser Busch. Because there wasn't a project associated, the IDA couldn't do it by themselves. They needed the legislature, the school board and the town to vote. When there is a project associated, he thinks the IDA has broad latitude to do it without other legislative authority.

Mrs. Rapp asked for clarification - if the County IDA did a PILOT in the city, the City would not have to sign off on it. Chairman McMahon said that his understanding is that if it is a project, and the IDA has programs that are 10 and 15 year PILOTS, and they want a PILOT that is different, then it would have to go back to the Common Council. If the IDA offers certain programs within those programs, then it doesn't need to.

Mrs. Rapp referred to the sales tax to other governments, noting that this is the end of the 3-year sales tax agreement. She asked how much of it is going to the City and how much to other places. Mr. Morgan said that starting this year, basically the whole 1% goes to the city; it is \$85.5 million; a very small portion goes to the school districts. .

FINANCE, pg. 3-120:

Mr. Morgan presented the following:

I'm here today to present the Finance Department budget, including the Division of Management and Budget, newly created Division of Fiscal Operations, Finance Administration, and general countywide accounts.

With me at the table are Tara Venditti, the Deputy Director of DMB, Don Weber, the Director of Real Property Tax Services, and Emilie Tisch, who is the budget analyst for the budget office.

I'll start with Finance Administration, which is on page 3-120 of your book.

Finance Administration

This unit has a number of distinct responsibilities.

It collects delinquent taxes and other revenues owed to the County, and then manages those funds until they are needed to pay bills.

As a part of our tax collection responsibilities, we also run an installment program for the repayment of back taxes and, as the last step in the enforcement process, we auction tax delinquent property.

The CIP for this year includes borrowing authorization of \$600,000 to support a new delinquent tax collection software application. This project will provide for the standardization and modernization of property tax collection software across all taxing jurisdictions along with the modernization of current delinquent tax collection software utilized by Onondaga County Finance Dept. for tax collection and enforcement.

The Finance Department also administers the real property tax system in Onondaga County, maintaining tax maps on behalf of the City and all of the towns, preparing assessment rolls, and tax bills, and providing expert advice and guidance to area assessors.

The Finance Department is also charged with issuing and managing debt authorized by the Legislature. Joan Ferrara handles that, along with managing our cash.

With our stable finances we've maintained our strong credit rating—one of the best ratings of any unit in government in the United States.

The proposed budget to support those functions is \$2.4 million—with \$1.1 million in direct expenditures and \$1.3 million in indirect appropriations.

Our personnel costs—salaries and fringe benefits—represent slightly more than 66% of the entire Finance budget. The 641010 line is increasing due to step increases.

Most of the rest of this budget goes for expenses tied to our tax enforcement programs—to advertise delinquent properties and the auction, pay for title searches and process serving fees, and so forth.

Looking at the larger accounts, the 694080 line is the same as the adopted this year, with \$19,000 used to maintain our on-line tax and assessment system and \$4,000 for process serving fees.

The 694100 line goes to pay for tax sale and tax auction legal notices, and to title search expenses.

And the 694130 line pays for copier costs.

Revenues are also generally in line with this year's levels except for interest on investments which continue to struggle.

I can go through these very quickly.

The "non-real property tax" item is the Finance Department's charge to the Room Occupancy Tax for the collection and enforcement of the Room Tax. This is the same as 2013.

The 5900300 Account is primarily made up of fees charged to delinquent taxpayers to cover the administrative expenses of tax collection and enforcement—for the cost of legal ads, title searches, certified mailings and staff time we spend to collect back taxes.

The 590040 Account is the revenue we receive from towns, villages and school districts to maintain their tax rolls and print their tax bills. We charge them \$2 per parcel.

The 590050 Account is essentially a portfolio management charge by Finance for investing and managing the County's funds. The money comes from interest earned on those funds, and is used to offset the cost of the Finance Department's Treasury function.

The 590056, or Sales of Property Account, is the amount of money we receive from the tax auction in excess of the amount of taxes due. If, for example, we sell a property for \$1,000 that has \$800 of delinquent taxes on it, the \$200 excess is deposited into this account. The account also includes \$2,600 in tax map sales.

And last, the 590057 account contains fees for administering tax installment accounts plus wire transfer fees and unclaimed accounts. It also includes a charge to the Tobacco Securitization Corporation for costs we incur to administer the on-going administrative tasks of the securitization.

Our interdepartmental revenue account is our charge to WEP and the Water Board for preparing their tax bills.

I can take questions now before moving on to the Division of Management and Budget, which begins on page 3-127.

Mr. Jordan referred to 9500050 and noted the explanation states that it is a decrease of \$162,589 due to in part to a to changing calculation methodology, and asked what that is. Mrs. Ferrara said that it is the recovery of the department's charges for herself and two staff members that work for her. Last year, they didn't have the exact calculations in the budget; this is the accurate amount. She does not think it will be \$487,000 this year – it is inflated. When interest and earnings is received off the investments, it is first allocated to recover the costs of herself and the two staff members. Mr. Morgan said that some of the investment earnings are used to recover the cost of Mrs. Ferrara and her staff who are responsible for managing the cash investment balances. It is not something new – it has been done for year.

Chairman McMahan asked what the \$400 rental income is. Mrs. Ferrara said that it is the OTASC – when they first started the LDC, the County was asked to have a certain location to make it all legal – she has continued to do that on the bill to the County.

Mr. Kilmartin asked if all of the bank accounts are with one or many banking institutions locally. Mrs. Ferrara said “many institutions” – pretty much all of the local institutions that have a local presence, i.e. M&T, Key, Chase, Adirondack, Solvay. It is good to support the local banks, but also there has been competition. Once a certain relationship is established, she likes to continue it, as it is very difficult to change the vendor or payroll account.

Mr. Kilmartin asked if most of the accounts are very short term, constant drops of revenue and constant pull downs with heavy duty activity, or are some longer term, where funds are parked for a 12-24 months. Mrs. Ferrara said that some of them are transaction accounts such as welfare processing accounts, payroll, or vendors. Others have a lot of money in money markets, which are not transactional.

Mr. May asked what makes up account 590030. Mr. Morgan said that it is the fees charged to delinquent taxpayers to cover the expenses of collecting those taxes, cost of legal ads, title searches, mailings and the staff time spent to collect the taxes. It is a revenue used to support the Real Property Tax Division.

Mr. May asked which account is used to collect ROT; Mr. Morgan said that it is in the 590005 line.

Division of Management and Budget, pg. 3-127

The budget for the Division of Management and Budget supports both the Budget Office and the Office of Risk Management.

As you know, the Budget Office is involved in the preparation, monitoring, and enforcement of our now \$1.22 billion budget. We also prepare the County's six year Capital Improvement Plan.

The DMB budget is very simple.

Personnel and intra-governmental costs represent 99% of our total costs. The remaining 1% goes for supplies, travel and training, and a copier lease. The 641010 account is decreasing as a result of transferring the employee benefits employees to the Personnel Department as part of the proposed Human Services restructuring.

In addition, we are proposing to re-grade the Director of Risk Management to more accurately reflect the scope of work remaining after the benefit function is transferred. We are proposing to laterally transfer an existing employee into the position thereby saving the County the value of a grade 35 position.

We are also proposing to add two Project Coordinator titles to allow for flexibility as we move forward with the fiscal operation consolidation.

The budget supports 13 funded positions - 11 in the Budget Office and 2 in Risk Management.

If you have any question about the DMB budget, I'd be happy to take them now.

Chairman Knapp asked what the status is of transitioning the benefits side over to Personnel Dept. Mr. Morgan said that Mr. Troiano and himself have been partners in managing the benefits division since earlier this year. Depending on the decision of the legislature, they will look to move forward with making that transition as close to the first of the year as possible.

Division of Financial Operations, pg. 3-133

As you've previously heard, this division is being created to consolidate the fiscal operations of the human services departments being restructured in 2014. The longer term goal is to fold in the remaining department's fiscal operations over the next few years. A shared services approach to fiscal operations is long overdue and will provide a more consistent, effective, and comprehensive product. Maintaining a fiscal operation in each department is more costly, less flexible, and myopic. Our departments should be completely focused on service delivery; concentrating on their mission and achieving their goals not overburdened with fiscal responsibilities. This new division will support the departments and be managed by those with fiscal expertise committed to streamlining processes and maximizing available resources and funding.

I'm proposing to add a Deputy Director position to oversee this new division. The scope and complexity of the work the division will be responsible for warrants the title. Including this position, there is a total of 34 authorized positions proposed to be transferred; 30 of them funded.

This budget is also very simple with personnel and intra-governmental costs represent 99% of our total costs.

Mr. Jordan asked which positions are proposed to be created but not funded. Mr. Morgan stated that there are four: 2 account clerk 2's, an accounting supervisor, and an account clerk 3. They are really positions that exist in various departments; they are just picking them up and moving them. They are not creating new, unfunded positions.

Division of Purchase, pg., 3-202 - Sean Carroll, Director;

Mr. Carroll provided the following:

Mr. Chairman, members of the Legislature, I am pleased to present the Division of Purchase 2014 Budget. The 2014 budget reflects the continuing success of consolidation, the challenges of statutory obligations and the opportunities for automation. In addition to this presentation, written materials have been provided outlining these items in more detail. I would like to begin by acknowledging that none of the successes we have experienced this year would be possible without the hard work and dedication of my staff.

The Consolidation Program has saved Onondaga County taxpayers more than 1.7 million dollars across all participating municipalities, including an estimated cost neutrality for the County itself. I am happy to report that the savings being recognized by towns, villages and other municipalities are growing steadily. We have more than 35 municipalities in the County participating in our program with a to-date savings of more than \$370,000. The towns of Cicero, Clay, and the Village of North Syracuse have all saved more than \$10,000 each in just administrative costs. The investments of this Administration and this Legislature are paying dividends across the County. We look forward to working with each of you to identify other municipalities that can take advantage of these savings opportunities.

While you have heard general statements about the relaxing of mandated costs in some areas, in Purchasing the administrative rules and regulations continue to change more rapidly than ever. New changes to the Minority and Women Business program in Executive Law 15-A have nearly tripled the responsibilities of the unit. This is reflected in our budget with the addition of an administrative intern to offset the added compliance responsibilities. My office has been informed that the County Attorney's Office and the Chairman have begun the conversation about regular updates to the County Purchasing policies to reflect these new requirements, and we look forward to those conversations.

The most crucial of those discussion items is the new authorization for the County to use best value procurement. This legislation should be before you shortly for consideration. Best Value will lower the cost of purchasing products and services by using already established contracts and will allow us to consider the total life cost of our purchases.

As part of the ongoing PeopleSoft project, we will be replacing failing and outdated software, with the new asset management module. This will improve our capitalized asset reporting and our loss prevention policies and procedures. This automation will managing more than 14,000 fixed asset items and manage more than a million dollars per year recovered through surplus sales. The management and implementation of this automation is reflected in our budget with the addition of Materials Management staff.

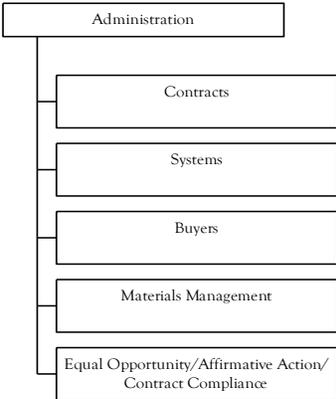
The Division of Purchase remains a successful, cost effective department. The savings and revenue generated by the Division has exceeded our expenditures over each of the last three years. We are responsible for procuring approximately \$100 million dollars of goods and services for the County alone, using less than 1% of the County’s personnel and budget.

This concludes the Division of Purchase 2014 budget summary. If you have any questions about our budget request, I will be happy to answer them.

Table of Contents	
Section 1:	General Department Information
Section 2:	Consolidation Savings Participants Future Planning
Section 3:	Statutory Compliance Executive Law 15-A changes Best Value 1991-391
Section 4:	Automation and Improvements



TABLE OF CONTENTS



Department Mission
 The mission of the Division of Purchase it to establish and deliver a uniform and standardized system for the procurement of all goods and services for Onondaga County in a timely and cost-effective manner. It is also the mission of the Division of Purchase to maintain a system of all fixed asset inventories, serving the county’s lost prevention needs and providing a method for re-distribution and proper disposal of all equipment and materials.

STAFF RECOGNITION

All of these accomplishments and the material included in this presentation are thanks to the hard work and dedication of the purchasing staff:

<u>Contracts Team</u>	<u>Buyers</u>	<u>Materials Managers</u>	<u>Admin Staff</u>
Karin Dromgoole	James Corbett	Mike Flaherty	Alyca Guy
Cindy Heck	Corey Larrabee	Tierza Judkins	Julie McCarthy
Stephanie Cunningham	Valerie Gould	James Jackson	Susan Bailey
	Mark Seigal	Jodi Reith	Tajuana Cerutti
		<u>Deputy Director</u> Andrew Trombley	



GENERAL DEPARTMENT INFORMATION

General Purchasing – Surplus

Month	Amount
January	\$104,095.00
February	\$67,467.50
March	\$67,470.00
April	\$57,028.00
May	\$71,885.50
June	\$137,955.00
July	\$11,193.50
August	\$65,853.00
TOTAL SALES	\$582,947.50

Baldwinsville Central School District
City of Syracuse
City of Syracuse - DPW
City of Syracuse Parks & Recreation
City of Syracuse Water Department
East Syracuse Minoa Central School District
Fayetteville-Manlius Central School District
Jamesville-Dewitt Central School District
Lafayette Central School District
Liverpool Central School District
Manlius Police Department

Marcellus Central School District
North Syracuse Central School District
Skaneateles Police Department
Solvay Fire Department
Syracuse City Police Department
Syracuse City Schools
Syracuse Housing Authority
Town of Camillus Highway Department
Town of Camillus Police Department
Town of Cicero Parks & Recreation
Town of Clay Highway Department

Town of Dewitt
Town of Manlius Highway Department
Town of Manlius Police Department
Tully Central School District
Village of Baldwinsville Police Department
Village of East Syracuse
Village of East Syracuse Fire Department
Village of East Syracuse Police Department
Village of Minoa
Village of North Syracuse
Westhill Central School District



GENERAL PURCHASING – SURPLUS

STATUTORY ISSUES

\$34,723,786 of the County's construction funds went to Minority & Women-Owned Businesses Enterprise achieving a combined goal of 15% participation. \$16,727,689 (7%) of the County's construction funds went to Minority-Owned Businesses and \$17,996,097 (8%) went to Women-Owned Businesses.

In addition to the continued success of the program, the 2012 Budget reflects increased MWBE recruitment and training. One of the strongest ways for a County to invest in economic development is to do business with local small businesses, particularly when owned by a generally underrepresented class.

Green Infrastructure Lewis Park
4 Bridges Rehabilitation
Acoustic Ceiling & Eyebrow Rigging Renovation
Arrowhead Lodge Terrace-Oneida Shores
Baldwinsville-Phoenix-Little Utica & Old Rte. 57
Bridge Painting
Camp Brockway-Pratts falls Chimney & Site Wall Rehab
Capital Improvements - Onondaga Lake Park/East Shore Trail
Civic Center Facilities Management Offices - HVAC
Civic Center Rooftop Equipment Access Hatch
Civic Center Telephone Room Air Conditioning
Clinton CSO Storage Facility
Clinton Street CSO Phase 2A Electrical Duck Bank
Construction of Dewitt Road #6 (North Street)
Construction to Morgan Rd. (Salina-Clay to Oak Orchard)
Costello Parkway Bridge Repair
County Office Building 5th Floor Renovations
County Office Building Penthouse AHU Replacement - HVAC
CSO 044 Conveyances
CSO Areas 022 & 045 Sewer Separation
Digester #1, #2 & #3 Roof Replacement
Downtown Architectural Lighting
Downtown Complex Masonry Restoration
Edward Kochian County Office Building Abatement & Demolition
Electronic Park Trunk Sewer Facility - Phase I
Electronic Park Trunk Sewer Facility - Phase II & Hopkins Road
Trunk Sewer Improvements
Federal Aide Project- They Will monitor
Fire Alarm System Control Panel
Furnish Vacant Lot Improvements
Gatewood Pump Station Improvements
General Construction - PSB, Justice Center Storefront & Doors
Green Infrastructure East Washington Street Green Corridor
Green Infrastructure East Water Street Pavement Removal
Green Infrastructure Green Roof @ Magnarelli Community Center
Green Infrastructure Green Roof @ Salina St. Post Office
Green Infrastructure Harbor Brook CSO 018 Wetlands Pilot
Treatment
Green Infrastructure Harrison St./OnCenter Parking Lot & Garage
Green Infrastructure Hughes Magnet School Parking Lot
Green Infrastructure 1-690 Downspout Disconnections
Green Infrastructure Improvements Syracuse City School District
Parking Lot

Green Infrastructure Leavenworth/Barker Park
Green Infrastructure New Storm Water Collection @ Westcott
Community Center
Green Infrastructure Public Libraries (5) Improvements
Green Infrastructure Seymour Academy Playground & Parking Lot
Enhancements
Green Infrastructure Skiddy Park & Sunnycrest Park
Green Infrastructure Sunnycrest Arena Parking Lot
Green Infrastructure to Geddes Street
Green Infrastructure Vacant Lot Bundle
Green Infrastructure Wadsworth Park
Green Infrastructure West Fayette Street Sewer Separation
Green Infrastructure West Onondaga Street Green Corridor
Green Infrastructure Westcott Green Corridor
Harbor Brook CSO 018 Compensatory Storage Facility
Harbor Brook Interceptor
Hazard Branch Library & Erie Canal Museum Green Roof
Highland Forest Skyline Lodge Deck
Highland Forest Skyline Lodge Deck
Hitchings Road (CR 151) West Branch of Onondaga Creek Bridge
Replacement
Improvements to Farmers Market Parking Lot
Improvements to Pearl St. Parking Lot
Improvements to Townsend St. Parking Lot
Install 16KW Photovoltaic System
Irongate, Maltage, Monterey & Woodard (Four Pumo Stations)
Jamesville Road Rehabilitation
John Glenn Pedestrian Bridge
Justice Center Fire Alarm Panel
Lake Improvement
Lakeside Force Main Replacement
Lemoyne Ave & Factory Ave Safety Improvements
Lower Harbor Brook CSO Conveyances
Lower Harbor Brook CSO Facility
Marina Replacement & Electrical Installation
Meadowbrook Limestone WWTP Chemical Unloading Station
Metropolitan Syracuse Wastewater Treatment Plant Grit Facilities
Metropolitan Syracuse WWTP Digester Cleaning & Miscellaneous
Repairs
Morgan Rd. & Liverpool Bypass Paving Improvements
Mulroy Civic Center Exterior Glazing Systems Replacement
Multifield Athletic Complex
MWB Farrell Pump Station Improvements

MWB Terminal Reservoir Water Storage Tanks
OCC Academic II
OCC Sidewalk Expansion
OCC/Onondaga County 911 Center A/C Upgrade
OnCenter Green Infrastructure Roof
OnCenter Meeting Room
Onondaga Boulevard Over Tributary to Harbor Brook Bridge Rehab
Onondaga County Edward Kochian County Office Building - 1st
Floor Renovation - Mechanical
Onondaga County Justice Center Storefronts & Doors
Onondaga County Metro Water Board
Onondaga County Public Library
Onondaga County Public Library Infrastructure Improvements - PH
I Abatement
Onondaga County Public Library Infrastructure Improvements -
Phase II
Onondaga County Public Library Mechanical Project
Onondaga County Zoo Stormwater Wetland & Cistern
Onondaga Lake Canal Trailways
Onondaga Lake Park Site Improvements/Skate Park & Griffin Curb
Raw Water Substation Improvements
Reconstruction 2012 War Memorial
Reconstruction of Thompson Rd (Dewitt - Cicero)
Rehab of Costello & Fremont Bridges
Rosamond Zoo Parking Lot & Entrance Re-design
State Fair Blvd Bridge
Van Duyn Home & Hospital - Van Duyn Entry Doors Replacements
Project
Van Duyn Home & Hospital Building S-1 Demolition
Van Duyn Home & Hospital Elevator Modernization- 7 Hydraulics
Van Duyn Home & Hospital Fuel System Upgrade
Van Duyn Sprinkler & Fire Alarm System Expansion
Wallie Howard, Jr. Forensic Science Building Exterior
Reconstruction
War Memorial Assembly Hall Balcony



GENERAL PURCHASING – COMPLIANCE

CONSOLIDATION

SAVINGS

July 1, 2011 - June 30, 2013 (24 months)

	County	City	SCSD	Towns and Villages	total gross savings
Personnel			\$506,250		
Commodity Volume discounts	\$445,000	\$185,000	\$110,000	\$335,000	
Administrative Savings		\$25,000	\$10,000	\$35,000	
Total	\$445,000	\$716,250	\$120,000	\$370,000	\$1,651,250
Expenses					total gross expenses
Personnel	436900				436900

QUALITATIVE SUCCESSES

Benefit	Example
Elimination of redundant public bids	Recently OGS has terminated contracts for police cars and large trucks. Onondaga County was able to issue one bid covering all municipalities generating pricing so competitive that many upstate Counties have also begun participating in the bid. The City was able to purchase 25 police cars from this bid, eliminating the need for redundant contracts. In fact, the County has eliminated more the 15 public bids the city used to issue, by combining requirements into a single bid.
Increasing time spent on primary functionality	It makes more sense for fireman to focus on training, modernized practices and firefighting then it does for them to stay let to prepare bid documents.
This consolidation allows for a consistent interpretation of general municipal law, uniform enforcement of policies, and reducing duplication on continuing education issues	In the last 2 years there have been 5 notable changes to General Municipal Law alone, including two separate changes to piggybacking rules each affecting GSA and other piggybacking opportunities. Centralized procurement allows us to centralized the information, state comptroller rulings and other statutory compliance documentation to minimize risk, while in the past this continuing education would have been required over and over again for each municipality.



Participants

**Onondaga County
Volume Savings, Administering contracting or Both**

Belgium Cold Springs Fire	North Syracuse Fire
Bridgeport fire	Onondaga community College
City of Syracuse	Onondaga Hill Fire
Clay fire Department	Phoenix Fire
Fairmont Fire	Plainville Fire
Fayetteville fire	Seneca River Fire
Fayetteville Manlius Central Schools	Skaneateles Fire
FOCUS Greater syracuse	Syracuse City Schoold District
Jamesville Dewitt Central Schools	Tauton Fire
Kirkville Fire	Town of Cicero
Liverpool Central Schools	Town of Clay
Liverpool Fire	Town of Dewitt
Lyncourt Fire	Town of VanEtten
Lysander Fire	Village of Camillus
Manlius Fire	Village of North Syracuse
Mattydale Fire	West Genesee Central Schools
Moyers Corners Fire	

**Other participating
Municipalities
(Volume savings only)**

Amherst Central Schools
City of Binghamton
Erie County
Genesee County
Lockport City Schools
Monroe Boces 1
Monroe Boces 2
Ontario County
Town of Hannibal



STATUTORY PRIORITIES

NYS Executive Law Article 15A: Imposes Minority and Women Business requirements on state funds used by the County. This year new requirements have been implemented regarding compliance on professional service contracts, and the process to request a waiver of requirements is becoming more rigorous. On many grants being received by the County we will also now be required to file utilization plans as if we are the vendor. Meeting these requirements can no longer be managed by one person effectively, and failing to meet these requirements puts millions of dollars in reimbursed or borrowed state money at risk.

Best Value: Passing best value legislation is a prerequisite for being able to leverage the even larger buying power through consolidation and piggybacking; and to reducing our per transaction costs in the Purchasing Department.

Best Value legislation allows the county to consider the quality of a product or service not just the price. It allows us to consider our experience with the vendor and other factors during award. This allows the County to truly get the best value or in other words the best product with the lowest full life cycle cost. Even with this new flexibility it requires us to document the standards vendors are held to, the evaluation criteria, and application to each vendor equally.

Revisions to Purchasing Policy: The County Attorney has begun discussions with the chairman of the legislature regarding the requirement to periodically review and update the local purchasing policy for the County. We look forward to these discussions as they move forward this fall.



STATUTORY COMPLIANCE

Automation and Process Modernization

The Division of Purchase continues to be a major stakeholder in design, implementation, training and front end user support for PeopleSoft.

Strategic Sourcing - This module will allow local vendors an additional mechanism to participate in public bidding and quoting, will eliminate paper processes and overhead costs in the department, eliminate repetitive and redundant tasks inherent in managing bids in multiple systems, increase consistency of language in documents and generally increase departmental efficiency. It will also expedite vendor management, and will open the door long term for electronically managing the vendor relationship including payments and invoicing.

Supplier Contract Management – This module will streamline and standardize the contract approval and execution process, creating transparency at all levels of contract execution as well as automating all of the require statutory approvals on contracts. Both this module and Strategic Sourcing, when fully implemented, will serve as the system of record for much of our records management requirements under the state education law, thus reducing or eliminating the need to maintain paper records.

Asset Management - This module will replace an aging and often failing standalone software to manage more than 14,000 fixed assets and their Onondaga County life through disposal or auction. This will streamline our financial reporting on capitalized assets and will help us modernize our loss prevention programs. The work involved I this project is reflected in our Materials Management Staff increase in our budget.

E-Pro: We are currently in the final stages of testing for the E-procurement (E-Pro) module. This implementation will streamline how front end users interact with the system from a procurement perspective, and also open up direct connectivity to vendor catalogs, which, coupled with Best Value legislation, will reduce the per purchase cost of contracts and daily purchases



Automation and Process modernization

Mr. Jordan referred to other participating municipalities that are listed in the handout, and asked if they are all purchasing off of our contracts. Mr. Carroll said that the way the State Purchasing Law is set up, once the contract is made available to other municipalities, municipalities outside the boundaries of Onondaga County can participate. They can't participate the way our municipalities can, in terms of Onondaga County supporting

them, but the prices that are being achieved are so significantly lower than what some other municipalities are getting, so they are piggybacking off our contracts. As the volume goes up, the prices go down. Mr. Jordan asked if these entities contact the vendor directly, place the purchase orders, write the checks, ect. Mr. Carroll indicated that they do.

Mrs. Rapp asked about the participation with the school districts. Mr. Carroll said that right now his department primarily provides contracts that they can buy off of.

Mr. May asked about staffing changes. Mr. Carroll said that Purchasing is subject to Executive Law 15A. Since the Human Rights Commission was rolled up, the compliance portion was rolled up into the Purchasing Division. It is the section of law that requires them to do minority and women business compliance on state funding. There are two major new changes to the regulations. It started with regulations applied to construction work, primarily applying to capital projects. Now all of the professional services that go into the projects, i.e. architects, engineers, attorneys, which are staffed to the projects, are subject to the same compliance standards. The County has begun being treated as vendor, when the State gives grant money. The County is now responsible for filing a variety of utilization reports and EEO reports when some departments accept grant money. It is not known what the long-term work load of it is, so it has been reflected in an administrative intern. The position appears in personnel, but the funding appears in the Purchase Division budget.

Mr. Carroll explained that the second position is a Materials Management Coordinator. Between the number of assets being managed, and the more than \$1 million in surplus sales, they are separate functions. When combined with the fact that they are planning to automate with the asset management function in PeopleSoft, which will be a very hands on, intensive process, it is clearly a job that should have been done by more than one person for several years.

Chairman Knapp asked what the print management contract is. Mr. Carroll said it was originally started as a project in two phases. The first was to look at how they were spending money on small desk top printers and to find a way curtail the costs in replacing them and ink. Many are inexpensive, but the upkeep is huge. It was an opportunity to reduce costs by going with one vendor, by driving almost all printing from a multi-function device. It is a contract that will need to be renewed. The second part of it is to look at what is being printed, and try to reduce the quantity.

Chairman Knapp asked when the copier contract is up. Mr. Carroll said that it will be out for RFP shortly. It has actually expired, but there were not any copiers that needed to be replaced over the summer. **Chairman Knapp asked to be informed on the status of the copier contract.**

PERSONNEL, pg. 3-187 - Peter Troiano, Commissioner; Lorraine Bissi Greenlese, Executive Assistant; Jennifer Wells, Director, Civil Service Admin.; Carl Hummel, Director, Employee Relations

2014 Annual Budget

Personnel Department

JOANNE M. MAHONEY, COUNTY EXECUTIVE
PETER TROIANO, COMMISSIONER

SEPTEMBER 25, 2013



Table of Contents



Section 1:	2013 Accomplishments 2013 Budget Review and Metrics
Section 2:	2014 Budget Overview
Section 3:	2014 Strategic Priorities
Section 4:	2015-2017 Strategic Priorities

Section 1



2

2013 Accomplishments

- Full engagement in the Genesys to PeopleSoft HRM platform conversion for payroll and human capital management.
- Managed and participated in compulsory interest arbitration proceedings involving OCSPA
- Conducted more than 250 physical agility tests for Police Officer candidates at the SRC Arena venue.
- Conducted preparations for and managed collective bargaining negotiations with CSEA, DSBA, OSCA, IUOE, NYSNA, and BTC.

Section 2



5

2014 Budget Overview

- **Staffing**
 - The reformation of the Personnel Department begins in 2014 with the transfer of ten positions (four from Employee Benefits Division, four positions that perform HR functions in the former Department of Social Services and 2 that perform HR functions in the former Department of Mental Health) via the Human services reorganization initiative. These strategic placements will align with the changes and enhancements in business processes brought on by the PeopleSoft HCM system implementation. It will also begin the placement of all HR responsibilities under one roof to enhance the utilization of skilled and experienced staff to perform this work across departments.
 - In addition, five Administrative Intern positions (all unfunded) have been added to the roster.
 - **101** - \$444,660 increase for 10 transferred positions.

- Reformed OnPoint health benefit plan design with the Onondaga County Health Care Coalition.



3

- Processed and obtained jurisdictional classifications and rule changes approved by New York State Civil Service Commission.
- Managed notice and outplacement activities for 400 employees affected by the transfer of ownership of Van Duyn Home and Hospital.
- Made presentations to municipal and school district employees as well as graduate and international student groups on public sector human resource topics.
- Conducted 10 Diversity Leadership Training sessions for Onondaga County Employees and community members using the NCBI model in cooperation with the Division of Human Rights.
- Participated in impact bargaining with CSEA over the transfer of Van Duyn Home and Hospital to new operator.

Section 2



5

2014 Budget Overview

- **Operations**
 - The reformation of the Personnel Department continues in the form of movement of over 20,000 personnel records from paper, fiche and film mediums to secure, electronic storage and retrieval capabilities so that both ongoing and historical employment records can be housed and accessed seamlessly within protected environments. Funds have been added to cover labor costs for this initiative.
 - **103** - \$5,000 (labor cost for scanning work).
 - **408** - \$7,000 (digital imaging for records on fiche and film mediums)
 - **413** - \$2,000 (license for digital scanning software)

2013 Budget Review and Metrics



4

- Projected to process over 6,000 examination applications.
- Anticipate \$120,000 to be collected in candidate application fees, employees ID card replacement fees
- Administered over 150 competitive civil service examinations.
- Extended electronic examination notifications to over 12,000 registrants.
- Anticipate 550 certifications of candidates prepared for recruitment to competitive positions.
- Will process 400 layoffs with transfer of Van Duyn Home and Hospital and more than 30 recall and preferred eligible lists will be established and maintained.
- Over 10,500 personnel transactions will be processed
- On target to maintain provisional appointment rate below 2%

Section 3 2014 Strategic Priorities



7

- Manage the transition and operation of the Employee Benefits Division from Risk Management to Personnel
- Conclude collective bargaining negotiations for six (6) Collective Bargaining Agreements that expire on December 31, 2012:
 - Central and Northern New York Basic Building Trades Council (24 employees)
 - New York State Nurses Association (89 employees)
 - Civil Service Employees Association, Local 834 (2,770 employees)
 - International Union of Operating Engineers Local 832S (37 employees)
 - Deputy Sheriff Benevolent Association (287 employees)
 - Onondaga County Sheriffs Captains Association
- PeopleSoft Platform
 - Conclude participation in the configuration and installation of People Soft HR/Payroll system
 - Management and administration of logistics for training for new system
- Continue to identify opportunities and implement initiatives to right size the work force through consolidation and outsourcing
- Implement the electronication of personnel records and documents

Section 4

2015 – 2017 Strategic Priorities



- Advance the reformation of the Personnel Department into a full service HR entity by directly performing and managing HR functions of all departments.
- Administer new collective bargaining agreements resulting from concluded contract negotiations
- Determine human resource management strategies and administration opportunities leveraged by People Soft HRM with respect to business processes staffing and information

Chairman McMahan asked about the status of Health Care Coalition in working outside of the traditional bargaining process to get concessions from the memberships, and the status of the five bargaining unit contracts. Mr. Troiano said that the Health Care Coalition completed a revamping of the OnPoint benefit design in the Spring. It is virtually ready to be implemented. However, the unions have reserved the right to ratify it, along with their contracts, which are under negotiations now. At the same time that the collective bargaining agreements are completed, the approval of plan design changes will be packaged together and will move forward at once. Chairman McMahan said that under the assumption that the unions ratify it, what does it do to cost savings on the health side. Mr. Troiano said that the cost savings on an annual basis could range from \$1.8 million to \$2.2 million. A lot of the costs savings are done on the basis of utilization. It is not necessarily in one year in terms of direct dollars coming back and forth. Co-pays might be applied differently, or different services positioned differently.

Mr. Troiano said that there are six contracts that are in the process of negotiations now – they are in various stages of bargaining. The seventh contract is with the Deputy Sheriff's Police Association, which is headed to compulsory interest arbitration, which will start at the end of October. Chairman McMahan asked if some of the recommendations from the Comptroller's audit are being worked on. Mr. Troiano said that they are.

The meeting was adjourned at 12:50 p.m.

Respectfully submitted,

DEBORAH L. MATURO, Clerk
Onondaga County Legislature