DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

JULY 9, 2014
10:00 A.M.

MEMBERS PRESENT

Jeff Haste, Chairman
Mike Pries, Vice Chairman
George P. Hartwick, III, Secretary

STAFF PRESENT

Chad Saylor, Chief Clerk; Marie E. Rebuck, Controller; Joseph A. Curcillo, III, Esq., Solicitor; Randy Baratucci, Director of Purchasing; Steve Libhart, Director of EMA; Dave Schreiber, Human Resources; Kay Lengle, Human Resources; Fred Lighty, Esq., Solicitor’s Office; Molly Zarefoss, Solicitor’s Office; Robert Burns, Director of Area Agency on Aging; J. Scott Burford, Deputy Chief Clerk; Steve Howe, Director of Tax Assessment; Andrew Zwally, Commissioners’ Office; Greg Schneider, Budget & Finance; George Connor, Community & Economic Development; Gary Serhan, Deputy Controller; Melody Osborn, Commissioners’ Office; Ruby Doub, Commissioners’ Office and Richie-Ann Martz, Assistant Chief Clerk

GUESTS PRESENT

Donna Kreiser, Tim Horstmann, Jay Wenger, Lou Verdelli, Tom Herman, Jim Roxbury and Barb Miller

MINUTES

CALL TO ORDER

Mr. Haste, Chairman of the Board, called the meeting to order at 10:11 a.m.
MOMENT OF SILENCE

Everyone observed a moment of silence.

PLEDGE OF ALLEGIANCE

Everyone stood for the Pledge of Allegiance.

APPROVAL OF MINUTES

There are several sets of Meeting Minutes that will be considered at next week’s Legislative Meeting.

EXECUTIVE SESSIONS HELD BETWEEN MEETINGS

Mr. Saylor reported that there were no Executive Sessions held between meetings.

PUBLIC PARTICIPATION

There was none.

DEPARTMENT DIRECTORS/GUESTS

A. Jay Wenger, Susquehanna Group Advisors; Lou Verdelli, RBC and Donna Kreiser and Tim Horstmann, McNees Wallace

1. Resolution #22-2014 Swap Council (**A Vote Is Requested 7/9/14***)
2. Dauphin County/2014 Swap
3. Ordinance #2-2014 (**A Vote Is Requested 7/9/14***)

Mr. Wenger indicated that there are a couple of actions that are before the Board today. One is a Resolution for Swap Counsel. The other is the Ordinance on the Swap that was discussed previously. This would be a Swaption. It would not become effective until a specific date and time in the future, probably four years out. The contract would be entered into with RBC and they would have a one-day option to exercise. The Bonds that have been associated to swap with are the Incinerator Bonds that the County guaranteed in December as part of the Lancaster acquisition of the Harrisburg Authority Incinerator Plan. The amount would be $24 million. The target is to generate at least $1 million of proceeds at the point this would be entered into with the target rate equal to the net borrowing costs on the Incinerator debt today. That is about 4%. The goal is to generate upfront proceeds with a very manageable and limited risk that this would be exercised. If it does, the County would be in a better cash flow position than it is today. This is a positive transaction with or without it being exercised. He is asking for approval today of an Ordinance. There is an Interest Rate Management Plan that sets some parameters. The County is not obligated to execute even if the parameters
are hit. The market is not there today. They do have one last look if the market gets to where the right proceeds can be generated at the right interest rate and one last opportunity to decide if the County wants to do it.

Mr. Haste asked if that is set up to call Mike Yohe.

Mr. Wenger indicated yes. This Ordinance is just authorizing them to get to a point where documents can be executed if it is the right thing to do. There is no obligation.

Mr. Hartwick stated that this just sets the targets by which it can be executed.

Mr. Wenger stated that the targets can be changed in the future if there is a reason to do so. These targets are suitable and reasonable.

It was moved by Mr. Pries and seconded by Mr. Hartwick that the Board enact Ordinance #2-2014, captioned as follows:

An Ordinance enacting an Interest Rate Management Plan with respect to the outstanding Lancaster County Solid Waste Management Authority Guaranteed Authority Bonds (Dauphin County Guaranty), Series B of 2013 and awarding, by private negotiated sale, a qualified Interest Rate Management Agreement (the “Agreement”) with respect to the same; covenantee to budget and appropriate the periodic scheduled amounts due thereunder and pledging the County’s full faith, credit and taxing power to the payment of such periodic payments; limiting the total and annual notional amounts and dates and maximum annual interest rates in the Agreement and covenantee to budget for termination payments; authorizing appropriate officers to take other appropriate actions in connection with the award and execution of the Agreement; taking actions to comply with the Requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”) and the regulations promulgated by the Commodity Futures Trading Commission (the “CFTC”) thereunder, including without limitation to appoint a designated qualified independent representative pursuant to the terms of the CFTC Business Conduct Standards for SWAP dealers and major SWAP participants with counterparties (the “CFTC Business Conduct Standards”) and all other actions necessary to comply with the requirements of Dodd-Frank and the CFTC Business Conduct Standards, including the execution of all necessary documentation; and repealing all ordinances inconsistent herewith.

Question: Mr. Haste – Aye; Mr. Pries – Aye and Mr. Hartwick – Aye; motion carried.

It was moved by Mr. Hartwick and seconded Pries that the Board adopt Resolution #22-2014, captioned as follows:

A Resolution of the County of Dauphin Commissioners, Dauphin County, Pennsylvania, appointing McNees, Wallace & Nurick LLC as the County’s Swap Counsel in connection with an Interest Rate Management Plan to be considered by the County as to the outstanding Lancaster County Solid Waste Management Authority Guaranteed Authority Bonds (Dauphin County Guaranty), Series B of 2013.
Question: Mr. Haste – No; Mr. Pries – Aye and Mr. Hartwick – Aye; motion carried.

B. Robert Burns, Director of Area Agency on Aging

1. Results of the RFP to outsource the Area Agency on Aging kitchen operation.

Mr. Burns reported on the results of the RFP process to consider outsourcing the Meals on Wheels kitchen. On May 5th, a formal RFP was issued to 8 providers. The intent in the RFP was to determine if there is an interest in the marketplace for a private entity to consider taking over the County’s home-delivered meals operation. One proposal was received from the Nutrition Group. It is a Pennsylvania corporation, located in Westmoreland County. They also operate a commissary in York County. The Nutrition Group has proposed a per meal rate of $4.93. This compares to the current rate of $7.37. Based on those numbers, if the County would contract for those figures, it would expect to realize an annual savings of approximately $300,000. Nutrition Group has been in business for about 40 years. They prepare and deliver meals each day to seniors in Adams, York, Lebanon, Lancaster, Cumberland and Franklin Counties. There is an interest in the private market in taking over the home-delivered meals operation. He is requesting that the Board consider at next week’s Legislative Meeting authorizing the release of a formal bid package where a formal bid would be solicited from any entity that was interested.

Mr. Haste stated he assumes there are nutritional standards included.

Mr. Burns indicated that it is regulated by the State Department of Aging. They put very strict guidelines and every individual meal has to be approved by the Department of Aging, as well as by a nutritionist.

Mr. Haste stated that in the counties mentioned, he assumes that they are all operated under those guidelines.

Mr. Burns stated yes.

Mr. Haste asked where their closest kitchen is located.

Mr. Burns stated that their kitchen is 21 miles from the Administration Building. It is in York County, just off of the Emigsville exit.

Mr. Haste asked if he could get a copy of the proposed bid package.

Mr. Burns indicated that he will see that he gets one.

Mr. Hartwick stated that only having one bidder is a concern. One issue that has been raised is the ability to have some level of competition in order to drive folks to keep the initial proposed savings that may be realized at a sustainable level. The severances
must be taken into account to ensure that level of competition. He is concerned that there is only one interested bidder at this point. The prices are 2 cents lower than surrounding counties. He doesn’t want someone coming in and making a low bid to buy the business, enter into some short-term deal and then jack up the rates, which would eliminate savings moving forward. The second concern is with the jobs of the folks. These folks may have some skill sets that may make it difficult to have them re-employed. If the Board chooses to move down this path, having conversations to ensure that there is some level of continuity from the delivery to the drivers to having those personal relationships with the volunteer organizations, which are the backbone of the Meals-on-Wheels operation. There are a lot of concerns that he has related to what the future costs are going to be, particularly with only one bidder.

Mr. Haste asked if the intent is to still use the volunteer delivery system.

Mr. Burns indicated that it is. In many of the counties that he mentioned, those counties also have a volunteer network.

Mr. Haste stated that is important. He does like that contact. The one potential bidder doesn’t bother him. There has only ever been one bidder for 20 years, PSSU and that is why the prices are out of line. His real concern is the quality and then the delivery of it. One of the benefits of the volunteer delivery system is the fact that those folks do it out of love. That is a good set of eyes and ears on the ground for the County. He wants to make sure that stays in tack.

Mr. Hartwick stated that the most recent example of that is the City case.

Mr. Haste indicated that when you have someone that is giving of their own time, they have a personal investment in it. It is not a job, it is a commitment. That is a great system that is in place to keep an eye on the seniors.

Mr. Hartwick mentioned that if the County had to pay for that service, it would be a lot more.

Mr. Pries asked about the State Department of Aging requiring all counties to outsource meal preparation as per the Federal law. Currently only three counties – Dauphin, Somerset and Philadelphia are doing their own kitchen in-house. He asked Mr. Burns to provide more details on this Federal law.

Mr. Burns stated that it is governed by the Older Americans Act. That Act clearly mandates that counties not provide direct services. For example, the County contracts with providers for many services such as in-home personal care where aides go into homes and care for people. Dauphin County doesn’t have its own employees do that. Other entities do that. Meals-on-Wheels is the exception to that in Dauphin County and those other two counties. Traditionally we have gotten a waiver from the State waiving that provision of the Federal law. From time-to-time, the State has told the County that
it needs to look at that, because it is not necessarily entitled to that waiver. He expects that issue will come up again.

Mr. Pries noted that by what Mr. Burns said combined with the fact that the County is paying a higher number than other counties it certainly makes this an opportunity to look into cost savings, as well as delivering more meals to the growing senior population in the future.

Mr. Saylor stated there are two options within the bid. One being to take over the business and the other to buy or lease the kitchen space and operate from there and what that would do with pricing. It is a separate building and it is designed to be a kitchen space. That may be reflected in the bid.

Mr. Hartwick asked if that was considered in the initial proposal.

Mr. Burns stated that it was discussed. The Nutrition Group has their own facility so he is not sure if they would be interested in that. It is probably worth putting it out there in case it would entice another vendor to make a bid.

Mr. Haste stated that there could be two bids out of this. Nutrition Group could do Meals-on-Wheels and then there could be a piece of property that could be leased out to someone else.

Mr. Burns stated conceivably.

Mr. Haste stated whoever might be able to come in and use that space.

Mr. Hartwick stated that he thinks what Mr. Saylor is suggesting is that if there is a provider who is going to be doing Meals-on-Wheels include using that kitchen space in a bid and then without it.

Mr. Haste stated that if they don’t do it why couldn’t someone else have that opportunity. There are a number of food providers around here.

Mr. Saylor stated that if the Meals-on-Wheels provider doesn’t use that facility then the question recurs as to what you do with that space.

Mr. Pries noted that at a previous meeting Tom Herman, the Union Representative, was here and he again asked in a public forum, because he has asked several times over the last two years, that Mr. Herman reach out to him about any items that exist that might fall into his category of concern. Mr. Herman indicated that he would, but as of today he still has not heard from him to sit down and chat about any of these topics.
HUMAN RESOURCES

Ms. Lengle asked if there were any questions on the Salary Board Packet. (There was none.)

Ms. Lengle asked for a vote on Item #3 in the Personnel Transactions Listing. The effective date on Change #13 should be July 21, 2014.

It was moved by Mr. Pries and seconded by Mr. Hartwick that the Board approve Item #3 listed on the Personnel Transactions Listing.

Question: Mr. Haste – Aye; Mr. Pries – Aye and Mr. Hartwick – Aye; motion carried.

The Personnel Packet will be considered at next week’s Legislative Meeting.

Mr. Saylor asked when the next hiring window is.

Ms. Lengle stated August 20 and 27.

PURCHASE ORDERS

Mr. Baratucci stated the Purchase Order Packet was distributed yesterday. There are a few minor corrections that need to be made on the budget issues. He asked if there were any questions. (There was none.) The Purchase Order Packet will be considered at next week’s Legislative Meeting.

Bid Award – Re-roofing of the Fort Hunter Gas Station

Mr. Baratucci reported that a bid was opened for the Fort Hunter Gas Station Re-roofing. Two bids were received. It is being recommended by Crabtree Rohrbaugh that the Commissioners award the bid to the low bidder.

It was moved by Mr. Hartwick and seconded by Mr. Pries that the Board award the bid for the Re-roofing of the Fort Hunter Gas Station to the low bidder, J. M. Young and Sons at a bid price of $53,600.

Question: Mr. Haste – Aye; Mr. Pries – Aye and Mr. Hartwick – Aye; motion carried

TRAINING PACKET

Mr. Saylor indicated that Item #5 needs a vote.
It was moved by Mr. Hartwick and seconded by Mr. Pries that the Board approve Item #5 of the Training Packet.

Question: Mr. Haste – Aye; Mr. Pries – Aye and Mr. Hartwick – Aye; motion carried.

ITEMS FOR DISCUSSION

There was none.

SOLICITOR’S REPORT – JOSEPH A. CURCILLO, III, ESQ.

Mr. Curcillo reported that everything on the report will be ready for next week’s Legislative Meeting.

CHIEF CLERK’S REPORT – CHAD SAYLOR

Mr. Saylor stated that he has nothing to report unless there are any questions of him. (There was none.)

COMMISSIONERS’ COMMENTS

There was none.

PUBLIC PARTICIPATION

Ms. Ruth Davis and Mr. Roy Smith were present at today’s meeting. They are representing Pennsylvania Counseling Services. Ms. Davis is the President and Mr. Smith is the CEO. They are here to answer any questions regarding a proposal that she thought made its way to the Solicitor’s Office. The Pennsylvania Counseling Services has been approved, by the Court, to purchase the Shimmel School, which is in South Allison Hill. They would like to put a treatment center there for drug and alcohol and mental health treatment. They haven’t settled on the building, but are going through the process of zoning. Since the building is in a KOZ they need to set up PILOT agreements with the County, School District and the City. They have done so with the City and the School District and now they would like to propose an Agreement to the County.

Mr. Haste asked if that is what is making its way to the Solicitor’s Office.

Ms. Davis stated yes. It has been presented to Mr. Howe and she believes Mr. Engle has it.

Mr. Curcillo stated that in speaking with Mr. Howe it seems like it is somewhere between Mr. Engle and himself.
Mr. Hartwick indicated that he is aware of the issue. Based upon what he understands on what the City and School District has done, in cases like this particularly with the School District being the largest portion of the real estate taxes, the County doesn’t supersede. The County will follow the lead of the local municipality. Based upon what the other local municipalities have done, traditionally this Board supports the local decision. Absent anything that is crazy he suspects that the Board will move in that direction.

Ms. Davis asked if the Board needed anything from her.

Mr. Hartwick indicated that he will look out for it and get it moved to the Agenda next week.

Mr. Tom Herman, the Business Agent with PSSU, representing the Area Agency on Aging, expressed concerns about the Commissioners’ interest in contracting out the kitchen services for the Area Agency on Aging. He urged the Commissioners to take a hard look at this. What you obtain on cost savings is often given up in the area of control. The Commissioners have an obligation to provide quality services to Dauphin County residents. With that obligation comes a responsibility to have input and direct access to the operations. If these services are contracted out, that obligation and ability is given up. The only thing that you have is the ability to fire the contractor. The contractor does the supervision. The County operates the kitchen with volunteers when they transport the meals-on-wheels to the elderly. He has concerns that volunteers would be used to make a for-profit company richer. This is wrong. The PSSU legal office is looking at the ramifications under the Fair Labor Standards Act. Once that information is received he will provide it to the Commissioners. While the contract language between the County and PSSU allows the ability to privatize the kitchen, he urged the Commissioners to take a look at the services that are provided to the citizens and also the obligation that the Board has to the employees. Those employees are probably the lowest paid of the employees that PSSU does represent. Folks often surrender wages in labor negotiations for benefits that help their families. He asked if these companies provide healthcare to their employees. He asked the Board to seriously consider everything when making the decision.

Mr. Pries stated that he is still waiting for his first meeting to talk to Mr. Herman about any item that is of interest to him or the folks that he represents.

Mr. Herman indicated that he has had some other things going on, but he will get in touch with him.

Mr. Roxbury indicated that he didn’t see the presentation for the Swap. He asked if the Ordinance was approved.

Mr. Haste indicated that it was.
Mr. Roxbury asked if he could have a copy of the presentations.

Mr. Hartwick stated that the Swap wasn’t approved, targets were set.

Mr. Haste indicated that it is in the Ordinance.

Mr. Hartwick stated that it is not moving forward unless it meets the targeted savings and benchmarks that are set forth in the Ordinance.

**ADJOURNMENT**

There being no further business, it was moved by Mr. Hartwick and seconded by Mr. Pries that the Board adjourn; motion carried.

Transcribed by: Richie-Ann Martz