Draft Minutes

Tompkins County Shared Services Panel

June 5, 2017

5:30-7:00 PM

Tompkins County Legislative Chambers

Members Present: M. Witmer, R.Dietrich, A. Rider, D.Scheffler, B. Goodman, E.Thomas, D. Fogel, D. Hartill, M. Petrovic, J.Mareane

Guest: Dr. Jeffrey Matteson, Superintendent, TST BOCES

Staff Present: R.Snyder (County Finance Director), Paula Younger (Dep. County Administrator), Marcia Lynch (County Public Information Officer)

Mr. Mareane opened the meeting at 5:30 PM.

Mr. Mareane introduced the Panel’s guest speaker, Dr. Jeffrey Matteson, Superintendent of the TST BOCES who was invited to discuss the Central Business Office (CBO) arrangement through which BOCES provides administrative or back office, services to its member districts on a contract basis. This type of back-office support has been identified as an example of shared services that could be provided to municipal governments by counties.

Dr. Matteson explained the goals of the CBO arrangement were to enhance the member district’s ability to focus on core tasks and to realize the efficiencies of scale in processing administrative functions. He said decreasing enrollment that makes it difficult for districts to perform all of their administrative functions at a high level, a shortage of people who can serve as school business officials, and ever-increasing auditing and compliance requirements have contributed to the need for a central entity to absorb those burdens.

He said the process began with in 2009 with the payroll function. Six districts participated, with all of their employees initially involved. The staffing is now down to 4 FTEs, resulting in a net savings and higher staff proficiency. While State aid is available for this kind of shared service, his goal is to have the services efficient enough to produce savings without such aid. The model is shared personnel at BOCES providing support to the districts. There are a lot of online and telephonic communications to districts. The repetitive nature of the work contributes to proficiency and efficiency. Money is saved through attrition. When the Districts have a vacancy, this is often the time when the district enters into a shared service arrangement. Alternatively, a district can join the service and the employee is shifted to the BOCES payroll, with attribution within BOCES ultimately producing savings.

Depending on the specific service, BOCES central services involve from two to eight or nine member districts. All districts have either a business manager or official (one has a shared business official). BOCES does Payroll, Accounts Payable, Tax Collection (including tax roll analysis, rate verification, bill preparation, distribution, etc. that make it a “one-stop shop”), treasury, claims auditing, and, for a couple, employee insurance benefit services. There is a growing demand for HR services (advertising, hiring, training, disciplinary process). To date, BOCES has not taken that on, but Dr. Matteson believes demand will soon grow to a point of its becoming involved in HR.

There is oversight via a CBO Administrator, with a committee of business administrators from the member districts providing oversight over the shared service.

Dr. Matteson said the keys for success are a common financial software (which is the biggest obstacle, but an important factor), all CBO personnel becoming BOCES personnel to ensure single oversight and accountability.

Savings come through efficiencies in the out years in the form of personnel savings and reduced training burdens that would otherwise be incurred by member districts as vacancies in these back-office areas occur. He noted that there are often up-front costs that must be incurred to realize these savings.

The challenges, particularly in claims auditing, come from different customs/procedures in the member districts. (Claims auditing means ensuring that all of the procedures required in the purchasing process have occurred.)

Ms. Thomas asked about how different personnel policies in member districts impact the ability to do payroll centrally. Dr. Matteson said the CBO needs to know all of the personnel/payroll policies, and also has each school business officer sign off on the payroll. Especially when a payroll begins to shift over, there is a learning curve that can take 6-9 months. The CBO’s role is well beyond that of an out-sourced payroll firm, like Paychex. Things that are unique to each District must be accounted for when the CBO manages the payroll. Ms. Thomas noted that the savings from attrition realized through this kind of process could be re-invested in other areas of the participating government.

Mr. Mareane asked whether there is a single payroll system used for all districts. Dr. Matteson said there is a single system (Wincap), which is key to the ability to centralized. The software was selected by consensus of the member schools. Although Wincap has features unique to schools, a recent review found that the system could work for any municipality.

Mr. Scheffler noted that unless a vacancy is held by the municipality, the attrition-based savings wouldn’t be achieved. Dr. Matteson agreed, but cited the recent paperwork required to comply with the ACA resulted in BOCES getting more clients as member districts found the additional work to be beyond their capabilities. BOCES then assumed the function, and charged districts for that work. Mr. Scheffler asked about responsiveness of the CBO; Dr. Matteson said that there are very few complaints about responsiveness. He credited a good network of officials who work together to solve problems quickly.

Mr. Snyder asked about the size of the CBO. Dr. Matteson estimated the total office at 14-16 people. Most have multiple assignments, e.g., to ensure separation of duties, one employee may do multiple tasks and serve as knowledgeable checks on others doing similar work. He noted that in small districts, the separation of duties requirement is often difficult to fulfill.

Mr. Mareane asked if BOCES provided executive oversight over the CBO, and if so, whether that creates any strains on other parts of the organization. Dr. Matteson didn’t feel that was a problem. He said that some employees do work in both the CBO and BOCES to maximize savings. Mr. Mareane asked whether there are known statutory or logistical barriers to BOCES doing a municipal payroll. Dr. Matteson said that common software is the logistical challenge, and noted that someone in the municipality would need to know about payroll to be able to coordinate with BOCES. He said seed money will be needed to get started. He also noted that having a highly trained financial and compliance staff is an important risk management step for participants.

Pricing for the CBO service depends on the circumstance of the specific service.

Ms. Younger asked if any potential shared services had been explored and rejected because the efficiencies weren’t as great as expected. Dr. Matteson said the State has looked at shared superintendents, and the track record hasn’t been good. He said that the HR service has been hampered by the difficulty in freeing-up a BOCES official to develop the system. He also said that BOCES is running out of space to house another CBO service.

Ms. Thomas asked how the claims audit function works. Dr. Matteson said that the process would begin with a purchase order with documentation to back it up. The documentation is sent via (school bus) currier to BOCES. The CBO people review to ensure all is order, and then it moves on for payment. BOCES encourages members to adopt similar procedures to maximize its efficiency.

Mr. Mareane asked about BOCES’ role in tax collection, including whether people can walk-up and pay their taxes. Dr. Matteson said that this happens rarely. Mr. Mareane asked if BOCES has the capacity to have people involved in school tax collection also involved in municipal tax collection in their “off season”. Dr. Matteson said when the tax collection staff is not involved in collection tasks; they are involved in other CBO activities. He is not aware of any statutory or regulatory prohibitions on BOCES collecting taxes on behalf of municipalities. He also said that BOCES now has the authority to provide printing services to municipalities. Ms. Rider said she has found that this option is much less expensive that alternative vendors.

Mr. Mareane asked if the CBO provides IT support for districts. Dr. Matteson said that BOCES has huge data operations that are handled by regional information centers. Those regional centers provide a lot of IT services, although the CBO has explored doing IT supports for member districts.

Mr. Mareane asked about how BOCES determines the charges to the districts. Dr. Matteson said they benchmark and analyze costs to provide the service via time studies.

Ms. Thomas asked whether some services may generate more savings to participating municipalities than others, and whether the approach should be one-at-a-time or all at once. Dr. Matteson said municipalities should start with one service that has the greatest likelihood of savings, methodically develop and implement and perfect, and then branch out over time.

Dr. Matteson was thanked for his presentation, and volunteered to follow-up in a future meeting by having the head of his CBO (Dave Pearson) join him.

Mr. Mareane asked for the Panel to approve the minutes of the May 2 meeting. The minutes were unanimously approved.

Mr. Mareane updated the Panel on follow-up actions taken since the May 22nd meeting, specifically:

* A work group comprised of Schelley Michell-Nunn, Amy Guererri, Judy Drake, Michael Murphy, and Martha Hubbard has been created to explore the TCCOG Training Academy concept and to identify a training curriculum that would best serve the needs of all municipalities in the County;
* A letter inviting input from all bargaining units of all Panel members has been written and is being circulated to bargaining unit leaders by Panel members;
* A discussion has occurred with a leading local bank about whether area banks can offer cash management expertise to municipal customers to help optimize earnings on the investments local governments are allowed to make (yes);
* Mr. Mareane, along with Don Barber and Cortland City Manager Mack Cook, has approached the State about recognizing the savings produced by the health benefits consortium. A conference call with State officials has been schedule for this week.

Mr. Petrovic asked whether the Consortium saves money when new members are added. Mr. Snyder said that most of the new members are very small. Savings are unlikely until a larger member enters.

Mr. Mareane asked the group to consider the general strategy that we should follow. He said he believes that there aren’t any “low hanging fruit” that produce large savings, which leads him to think that the Panel should focus on smaller initiatives, such as a centralized training program, that may not produce significant savings—but that if larger opportunities are discovered through this process, the Panel could stick together to more fully explore those possibilities. He said he is personally intrigued by the BOCES model, with either the County or BOCES providing certain central administrative services. He asked for the group’s opinion about this strategy.

Ms. Thomas agreed that the items discussed by Dr. Matteson were promising, but that need careful consideration to avoid doing it poorly. Mr. Snyder noted that services in Chemung and Elmira are being centralized. Mr. Mareane said that Onondaga has done purchasing. Mr. Goodman noted that this County did Assessment years ago, and that while there were likely initial complaints, it works very well now. Mr. Hartill cautioned that there are statutory limits on what counties can do that need to be observed.

Mr.Mareane asked about whether Code Enforcement should be among the things we look at. Ms. Rider said that her review of collaborative code enforcement found a number of barriers from the State, and that we should try to affect change. Mr. Goodman said the Town considered a joint Town-City code office, and found that code enforcement would be a county responsibility of towns didn’t take it on. He said he believes that towns are not mandated to provide code enforcement, and that the County has taken a role in Tioga County. Ms. Thomas asked whether, if a town dissolved, the County would be responsibility for taking on all the services formerly provided by the Town. Mr. Mareane asked if code enforcement should be among those things we should look at after the August deadline for the current report is due. There was some sentiment in looking at this, although with caution about overstepping the County’s bounds, the responsiveness of the service, and respecting local codes and preferences. Mr. Scheffler emphasized the point of how we need to be careful about not damaging programs that are now working well.

Ms. Thomas asked about whether there could be central administrative support provided by the County to town highway departments, especially in searching and applying for grant funds that could help improve local infrastructure. Ms. Rider agreed that this is a thought provoking idea. Mr. Mareane agreed to look into the idea.

Ms. Rider asked if tax collection, which seems to offer a more tangible benefit-cost proposition than most, could be looked at over the next few weeks. She said her budget has a separate line item for the cost of tax collection. Mr. Mareane said the County did a study several years ago that he would try to find. He said he has long believed that centralized tax collection would result in greater efficiencies, but at a cost of human contact. He said the clerks will not likely support the plan and have a strong voice. He suggested doing an objective analysis of potential savings, and then weighing those savings against the costs, including qualitative costs. He said after hearing from Dr. Matteson, it sounds like BOCES, rather than the County, is well equipped to take-on municipal tax collection. Mr. Scheffler said that there may be a law that says the local tax collector is supposed to act on behalf of the schools, and that we should look at whether it would be cheaper for the schools if the towns collected taxes for the schools.

Mr. Mareane suggested to the Panel that the 1st of the required public hearings be schedule on June 21st, as a part of the Panel’s next regular meeting. Initially, Mr. Mareane had suggested a special session on June 14th. All agreed that the hearing should occur on the 21st at the beginning of the next meeting.

Mr. Goodman noted that the six municipalities involved with the Cayuga Heights or Ithaca Wastewater Treatment Plan will get together in the next few weeks to talk about managing the wastewater treatment plans in an optimal manner that saves money for all participants, consistent with a 2003 agreement. This would represent a new savings. Mr. Mareane confirmed he will check to see if districts can participate. Mr. Goodman said the size of the endeavor made it unlikely that something can happen by August 1. He also noted that a Governor’s rep at a briefing in Syracuse wasn’t able to answer whether the creation of special districts, such as sidewalk districts, that would generate revenue via fees on all, including non-profits, thereby reducing property taxes. He said there are many types of special districts, including parks, that exist to support the cost of specific services. This needs follow-up.

Ms. Thomas said that NYSERDA funds exist to purchase back street lights and install low-energy bulbs that last longer than current bulbs and have lower maintenance expenses. She suggested a central approach to have a joint agreement to switch out the lights.

The meeting was adjourned at 7 PM.