

**AGENDA**

Joint Administrative Services Board  
January 28, 2013 1:00 p.m.  
Joint Government Center

**1. Call to Order.**

Determination of Quorum

Selection of Chairperson

Selection of Vice-Chairperson

Establishment of meeting calendar. Please consider the following:

Date	Time	Location	Topic(s)
02/25/13	12:00:00 PM	JGC	Health Ins, Budget, Technology
03/18/13	12:00:00 PM	JGC	Health Insurance, Technology
04/22/13	12:00:00 PM	JGC	Health Insurance, Technology
05/20/13	12:00:00 PM	JGC	Health Insurance, Audit, Technology
06/24/13	12:00:00 PM	JGC	TBD
09/23/13	12:00:00 PM	JGC	TBD
10/28/13	12:00:00 PM	JGC	TBD
12/16/13	12:00:00 PM	JGC	Director Evaluation, TBD
01/23/14	12:00:00 PM	JGC	Organization, Budget

**2. Approval of Minutes. (December 17 Minutes Attached pg. 2).**

**3. Update from Director:** Joint Technology Plan adopted by Supervisors. Consideration of plan by School Board in February. FOIA impact of anonymous tipline under review by County Attorney. No health insurance renewal received as yet.

**4. Zimbra and BoardDocs Pilots.** The Government has successfully used Zimbra for email, calendaring, and management of central address databases. The Schools have successfully used BoardDocs to develop and publish board agendas, minutes, and other documents for viewing by the general public. Each organization could potentially benefit by exploring each other's technology solution, and certain synergy benefits such as shared address databases, combined community calendars, shared training and a single source for board and commission documents would result. It is recommended that a limited number of users in each organization test, or pilot, the application they currently do not use to further discussion of the potential benefits of sharing these applications.

5. **Bright and RDA Upgrade Situations.** Both Bright and RDA are recommending upgrades, which it is expected will be mandatory in the near future. Neither would be necessary with the ERP system implementation, though the implementation timing could be tricky. Without the ERP the RDA code compliance will, at a minimum be required.

- A. Bright: Pay \$1,700 by January 31, or pay \$2,500 plus \$250 per user annually after January 31. Would gain a third party graphical interface to existing system.
- B. RDA: Pay \$32,000 for code compliance, graphical interface, and some increased functionality or pay \$4,000 for code compliance only.

6. **Response to John Staelin's Questions Regarding ERP System.** Please find responses to John Staelin's questions and concerns regarding the procurement of an ERP system which he presented to the JAS Board at this time last year.

7. **Response to David Weiss's Questions Regarding the Return on Investment of Joint Technology Plan Projects** (to be presented at the meeting).

8. **JAS FY 14 Budget.** Please find a proposal attached. This may be discussed, modified, and adopted for inclusion in the Board of Supervisors FY 14 Budget.

Joint Administrative Services Board  
December 17, 2012                      Regular Meeting                      1:00 pm

At a regular meeting of the Joint Administrative Services Board held on Monday, December 17, 2012 at 1:00 pm in Meeting Room C, Berryville Clarke County Joint Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

Members Present

Sharon Keeler; Chip Schutte; Michael Murphy; J. Michael Hobert

Members Absent

David Ash

Staff Present

Rick Catlett; David Baggett; Tom Judge; Lora B. Walburn

Others Present

George Archibald

1. Call To Order - Determination of Quorum

At 1:05 pm, Chairman Hobert called the meeting to order.

**Chip Schutte, seconded by Sharon Keeler, moved to approve the agenda as presented. The motion carried by the following vote:**

David Ash	-	Absent
J. Michael Hobert	-	Aye
Sharon Keeler	-	Aye
Michael Murphy	-	Aye
Charles "Chip" Schutte	-	Aye

2. Approval of Minutes

Chip Schutte, seconded by Sharon Keeler, moved to approve the November 26, 2012 meeting minutes as presented. The motion carried as follows:

David Ash	- Absent
J. Michael Hobert	- Aye
Sharon Keeler	- Aye
Michael Murphy	- Abstain
Charles "Chip" Schutte	- Aye

### 3. Joint Technology Plan.

*The attached plan includes modifications made at the November meeting. New information regarding the Energy Management System is included. The plan can be proposed for adoption at this meeting, and sources of funding for the ERP System can be discussed in advance of the FY 14 budget process.*

Tom Judge distributed the revised Joint Technology Plan. The Board reviewed the changes; highlights included:

- No Several small changes to the proposed plan budget.
- Energy Management System Extensions:
  - o Including Energy Management Coordinator Alison Teetor in discussions.
  - o Requested that section be edited to read monitoring for new high school only in connection with \$70,000 expenditure.
- Information Technology departments will provide direction on ERP and document management systems.

Chip Schutte, seconded by Mike Murphy, moved to accept the amended technology proposal plan. The motion carried by the following vote:

David Ash	- Absent
J. Michael Hobert	- Aye
Sharon Keeler	- Aye
Michael Murphy	- Aye
Charles "Chip" Schutte	- Aye

At 1:32 Mr. Schutte left required to leave the meeting for medical appointment.

### 4. Fraud Prevention Program.

*October's discussion of this topic ended with concerns regarding whether hotline tips and subsequent investigations were subject to disclosure under the Freedom of Information Act. Correspondence from*

the relevant state agency is attached. It appears that such information can be kept confidential, but legal opinion from the County Attorney is recommended.

Tom Judge provided an overview of previous discussion. There followed general discussion of the opinion provided by the FOIA Council Allen Gernhardt, Staff Attorney.

Mike Murphy, seconded by Sharon Keeler, moved to request the County Attorney review the issue on Page 22 and 23 of the December 17, 2012 Joint Administrative Services Board Packet and make a recommendation regarding guidelines to govern disclosure. The motion carried by the following vote:

David Ash	- Absent
J. Michael Hobert	- Aye
Sharon Keeler	- Aye
Michael Murphy	- Aye
Charles "Chip" Schutte	- <u>Aye</u> Absent

## 5. Budget Calendar

*Proposals are attached for discussion.*

Tom Judge reviewed the proposed FY2014 Budget Calendars for the School Board and the Board of Supervisors. The members of the Joint Administrative Services Board raised no objection:

### School Board:

FY 14 BUDGET CALENDAR		CCPS PROPOSAL	
<u>TYPE</u>	<u>ACTION</u>	<u>DATE</u>	<u>TIME LOCATION</u>
Finance	SB Finance Committee	Wednesday, December 05, 2012	11:30 AM 309 West Main
Staff	Staff Budget Discussions	Thursday, December 08, 2012	9:30 AM JW Middle School
Board	Public Comments at outset of Budget Process	Monday, December 17, 2012	7:00 PM New HS
State	Department of Education revenue estimate	Wednesday, December 19, 2012	4:00 PM JAS
Finance	SB Finance Committee	Wednesday, January 02, 2013	8:00 AM 309 West Main
Board	Presentation of Budget Issues	Tuesday, January 15, 2013	7:00 PM New HS
Finance	SB Finance Meeting	Wednesday, January 30, 2013	8:00 AM 309 West Main
Board	Superintendent Budget Proposal	Monday, February 04, 2013	7:00 PM New HS
Finance	SB Finance Committee with Supervisors invited	Wednesday, February 08, 2013	8:00 AM 309 West Main
Board	SB Worksession: Budget & Public Hearing	Monday, February 11, 2013	7:00 PM New HS
Finance	SB Finance Meeting	Wednesday, February 13, 2013	8:00 AM 309 West Main
Finance	SB Finance Meeting	Wednesday, February 20, 2013	8:00 AM 309 West Main
Board	SB Budget Adoption	Monday, February 25, 2013	7:00 PM New HS
Finance	SB Finance Meeting	Wednesday, February 27, 2013	8:00 AM 309 West Main
Board	SB presentation to Board of Supervisors	Tuesday, March 05, 2013	7:00 PM JGC
Finance	SB Finance Committee	Friday, March 08, 2013	8:00 AM 309 West Main
Finance	SB Finance Committee	Wednesday, April 10, 2013	8:00 AM 309 West Main
Board	SB reconciliation with Board of Supervisors adopted budget	Monday, April 15, 2013	7:00 PM New HS
Finance	SB Finance Committee	Wednesday, May 01, 2013	8:00 AM 309 West Main
Staff	Budget document production	Thursday, May 16, 2013	4:00 PM JAS



Board of Supervisors

FY 14 BUDGET CALENDAR

BOS PROPOSAL

Date	Time	Location	Event
Wednesday, January 16, 2013	02:00 PM	JGC	Staff Revenue Review
Tuesday, January 22, 2013	05:00 PM	JGC	Finance Committee: Revenue Review
Tuesday, January 29, 2013	05:00 PM	JGC	Finance Committee: Agency presentations
Monday, February 04, 2013	10:00 AM	JGC	Budget Worksession: presentation by County Administrator
Wednesday, February 06, 2013	08:00 AM	309 West Main	Finance Committee: School Finance invitation
Monday, February 11, 2013	10:00 AM	JGC	BOS Worksession: Direction to County Administrator
Thursday, February 14, 2013	05:00 PM	JGC	Finance Committee
Thursday, February 21, 2013	05:00 PM	JGC	Finance Committee
Tuesday, March 05, 2013	07:00 PM	JGC	BOS Worksession: SB presentation
Thursday, March 07, 2013	05:00 PM	JGC	Finance Committee
Monday, March 11, 2013	10:00 AM	JGC	BOS Worksession
Thursday, March 14, 2013	05:00 PM	JGC	Finance Committee
Tuesday, March 19, 2013	06:30 PM	JGC	BOS Worksession until final number
Tuesday, March 26, 2013	NA	Winchester Star	Advertise in newspaper.
Tuesday, April 02, 2013	NA	Winchester Star	Advertise in newspaper.
Wednesday, April 10, 2013	07:30 PM	JGC	Public Hearing
Wednesday, April 17, 2013	06:30 PM	JGC	BOS Worksession until final numbers; recess, then adopt budget and Appropriations Resolutions.

6. Benefit Waivers.

*Attached is information concerning benefit waivers, whereby an employee is paid some amount that encourages them to enroll in health coverage with a spouse, thereby reducing the total cost to the employer. This is presented for information only. If the board wishes to pursue the matter, more information can be obtained.*

Tom Judge briefed the Board on the various issues. He advised that he was not recommending initiating a benefit waiver at this time. Following discussion, the Board concurred.

Chairman Hobert asked Mr. Judge to bring the matter back to the Board at the end of 2013 for a review at that time or in the event he became aware of changes that would warrant a re-examination if there were changes.

7. Next Meeting

By unanimous consent, the Board changed the next regularly scheduled meeting from Thursday, January 24, 2013 to Monday, January 28, 2013 at 1:00 p.m. in Meeting Room AB at the Berryville Clarke County Government Center.

Miscellaneous:

Dr. Murphy asked to revisit the policy on payroll deductions.

Rick Catlett, Assistant Superintendent, queried Mr. Judge about payroll deductions for staff expressing concern that life insurance was no longer deducted pre-tax.

Tom Judge confirmed that life insurance was not pre-tax. He reminded that some years back the Joint Administrative Services Board had agreed not to process payroll deductions that did not have a direct tax advantage to the County.

Dr. Murphy suggested that the matter be reviewed to add clarity; further, a policy be developed confirmed and communicated to employees. Mr. Judge agreed to address the matter at a subsequent meeting.

Rick Catlett offered to provide Mr. Judge a copy of a notice provided by Horace Mann to individual employees.

#### Adjournment

At 2:02 pm, Chairman Hobert adjourned the meeting.

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Minutes Recorded and Prepared by: Lora B. Walburn



MEMORANDUM

TO: Joint Administrative Services Board

FR: Thomas J. Judge, Director

DT: 12/17/2012

RE: *Responses to Matters Raised by John Staelin*

Attached is John Staelin's memo from March 25 stating concerns over implementation of an ERP system in Clarke County. The purpose of the memo is to respond to these concerns where possible, while not ignoring that fact that the implementation of an ERP system contains risks which must be carefully managed to bring about the desired results.

- 1. We do not know what an ERP system would ultimately cost.** An industry vendor has since provided a quotation for the ERP system configuration described in the GFOA report. The quotation for software licensing, installation, data conversion, and training is \$550,309. The IT departments believe that no additional hardware would be required, but the Joint Technology plan includes \$50,000 as a contingency for hardware needs.
- 2. The payback is unclear.** A weakness of the GFOA report is that it makes a strong case for return on investment, while remaining mute on precisely where the savings would occur. Consultants frequently infer on sensitive subjects such as position eliminations to preserve their reputation for future clients. It is more "politically correct" for a consultant to note that productivity improvements will mean that fewer additional positions will be required in the future, rather than pointing to specific positions in the future. That said, the payback is a risk that must be managed. The report states that an additional IT staff will be required, but the reference to "two to four positions" could not be located under the recommended alternative.
- 3. We do not know who the winners and losers will be in the ERP Industry.** There has been a great deal of consolidation of local government ERP vendors. The major Tier II local government firms are Tyler Technologies (10,000 clients), New World Systems (1,000 clients), and Sungard Public Sector (1,500 clients).
- 4. Technology is changing rapidly.** Purchasing software that is not "future-proofed" is another risk that must be managed. Access by handheld devices, citizen access, cloud vs. server, open source vs. proprietary, best practices methods, are all issues that must be addressed. Also, as Mr. Staelin says, options must be kept open. Certain of our current systems are examples of software applications that have lagged behind widely adopted improvements. It is hoped that Joe May's effort to provide Clarke County assistance with this complex task is successful, and recent communications provide confidence that it will be.

5. **Clarke is too small to be a leader in the ERP area.** The obstacles mentioned at the VACO/VML meetings last year, and again during a survey of surrounding communities' plans, all revolve around the institutional resistance of Schools vs. Government, or Constitutional Officer independence, as the primary impediments to implementation of an ERP system. This led the IT Director of a large community to our east to state that Clarke County was far ahead of their community in achieving the political groundwork necessary to move forward. Apparently, size is a disadvantage in this regard. Clarke County's efforts at cooperation have, over many years, made it unusually qualified to take advantage of the benefits of an ERP system. There are issues of data ownership and access to be worked out, and there are policies and procedures that must be improved across organizational boundaries, but in general we can manage this situation more nimbly than larger communities, and may therefore become a leader in the area.

To: Clarke County Joint Administrative Services Board

Copies: Tom Judge

From: John Staelin

Subject: ERP Systems

Date: March 25, 2012

I am writing to explain my position regarding JAS's proposal to have the County purchase an ERP system. As you all know, I have voiced a variety of concerns in previous meetings about this issue. I felt it only fair that I summarize my views on paper.

My Concerns:

1. **We do not know what an ERP system would ultimately cost.** The estimates in The Governors Finance Officers Association Report ranged from \$400,000 to \$1,100,000 in "cash costs" plus \$125,000 to \$350,000 in "non-cash" costs. That is a huge range. I think it is important that the County get a better understanding of what the total cost is likely to be before it commits to implementing anything of this size.
2. **The payback is unclear.** The Governors Finance Officers Association Report said Clarke should experience productivity improvements from a reduction in non-productive time if an ERP system is implemented. However, the report also states that Clarke should not expect to see any staff savings (no reductions in positions). Further the report warned that unless staff is properly managed the predicted productivity savings will not be attained as employees tend to be slow to give up the systems they personally designed and use. Finally, the report predicts that the County would likely have to add two to four employees in its IT department unless a "hosted" ERP system is selected. Tom Judges' analysis predicts that the County may avoid hiring two people in the future if business activity increases. He may be right but we really should know more about what an ERP system could do for Clarke before we make any commitment.
3. **We do not know who the winners and losers will be in the ERP industry.** We will save a lot of money and hassles over time if we select a vendor that has lots of clients our size right here in Virginia. We will be able to share the cost of system updates as laws change and we will be able to adopt "best practices" from other jurisdictions of our size.

4. Related to all the above, **technology is changing rapidly**. Cloud computing is becoming much more popular. Handheld devices are being used in new ways. When we do go ahead with this, we need to make sure we adopt a flexible ERP system that will keep our options open as technology changes.
5. **Clarke is too small to be a leader in the ERP area**. We cannot afford to be on the bleeding edge of technology. We should be adopters of proven systems, systems used by more than a handful of counties/cities our size.

Having said the above I want to make it clear that I believe Clarke County will ultimately implement an ERP system and that JAS should continue to investigate this issue. Some possible next steps include:

1. Work with Treasurer's Association, VACo, VML or similar organizations to find out which jurisdictions in Virginia have implemented an ERP system and document the vendors and uses they selected. This would allow us to see which vendors are gaining a critical mass with jurisdictions of our size.
2. Create a list of all the different IT systems used here in the County, documenting in an abbreviated form what each system does.
3. Create a list of activities that are not automated today but which ideally should be automated in an ERP system.

The lists created in numbers 2 and 3 above will be crucial in evaluating and selecting ERP providers. Ultimately we will need to compare the functionality of any proposed system to the processes we complete today. That is the only way you will be able to know which current systems can be replaced by any proposed ERP system and which will have to stay. Without such data it will be virtually impossible to compute an ROI.

4. Decide if you have any technological demands at this time (e.g. Cloud computing vs. local or hosted computing).
5. Once you have the data above you can ask the vendors who seem to have "critical mass" here in Virginia to come in and give you a presentation. In that meeting each vendor should be able to give you a ballpark description of the cost of implementation as long as you have all the information described above.

I am sure you can think of other important tasks that need to be accomplished but I hope this gives you food for thought.

THIS IS BEING UPDATED

ROI

ERP System Implementation

12/17/12

Source: Joint Administrative Services

Assumptions:

1. Costs are the average of low and high from page 34 of the GFOA Report. Assumes applications on local server.
- 2 Total hours estimated to be saved from ERP implementation is 4500 annually (mid range GFOA Study, pg. 35)
- 3 4160 hours have been eliminated through Treasurer and Commissioner, leaving an additional 350 still to be saved.

	1	2	YEAR 3	4	5	6	Total
<u>DIRECT COST OF NEW ERP</u>							
Software License (HR, GL, Revenue, Documents)	165,065						
Professional Services	265,282						
Project Contingency	63,078						
Maintenance and Support	32,777	32,777	32,777	32,777	32,777	32,777	
Travel	82,532						
TOTAL	608,734	32,777	32,777	32,777	32,777	32,777	772,620
<u>COST AVOIDANCE (costs incurred if no ERP)</u>							
Commissioner Position*	42,195	42,195	42,195	42,195	42,195	42,195	
Treasurer Position*	36,810	36,810	36,810	36,810	36,810	36,810	
Additional Hours Estimated in GFOA Study	13,713	13,713	13,713	13,713	13,713	13,713	
Bright and XPERT Maintenance		18,250	36,500	36,500	36,500	36,500	
Revenue Modules to XPERT	60,000						
Forced XPERT Front-End Upgrade		15,000					
XPERT Module to Archive Finance Documents			15,000				
Personnel Module Training and Applicant Tracking	30,000						
TOTAL	182,718	125,968	144,218	129,218	129,218	129,218	840,560

ROI in approximately 5.5 years.

Notes:

\*These positions have been eliminated, but would need to be replaced when activity increases, unless technology is introduced that offers productivity improvements. XPERT offers some productivity improvement, but is not sufficient, and requires greater training and internal technical support.

\*\*It should also be noted that extension of XPERT does not include the breadth of modules, or technical capabilities (such as on-line payments, and time and attendance) available from the ERP System.

\*\*\*There is much debate about how much Software as a Service, aka SaaS or Cloud, would save. Studies reviewed indicate that over 5 years the costs of SaaS are approximately 75% of maintaining the software locally. This factor is expected to continue to decline, making SaaS progressively cheaper relative to local server operations. However, it has yet to be determined whether this option is feasible for Clarke County.

JAS FY 14 BUDGET PROPOSAL

1/24/2013

	<u>FY 11</u> <u>ACTUAL</u>	<u>FY 12</u> <u>ACTUAL</u>	<u>FY 13</u> <u>ADOPTED</u>	<u>FY 14</u> <u>REQUEST</u>	<u>VARIANCE</u>	<u>NOTES</u>
FUNC 12240 INDEPENDENT AUDITOR						
3120 PROFESSIONAL SERVICES	30,650	30,650	33,500	34,500	1,000	Held them for years, but new contract.
FUNC 12510 DATA PROCESSING						
3100 PROFESSIONAL SERVICES	1,600	-	-	-	-	
3320 MAINTENANCE SERVICE CONTRACT	23,092	24,181	24,500	26,100	1,600	Held them for years, but no more.
5540 TRAVEL CONVENTION & EDUCATION	-	-	-	-	-	
6001 OFFICE SUPPLIES	53	-	-	-	-	
8207 EDP EQUIPMENT	-	-	-	-	-	
12510 DATA PROCESSING	24,745	24,181	24,500	26,100	1,600	
FUNC 12530 FINANCE & PURCHASING						
1100 SALARIES - REGULAR	348,570	343,960	368,036	367,598	(438)	
1300 SALARIES - PART TIME	-	-	-	-	-	
2100 FICA BENEFITS	26,203	25,555	28,156	28,121	(35)	
2210 VSRS BENEFITS	33,030	38,971	42,913	42,862	(51)	
2300 HEALTH INSURANCE BENEFITS	27,670	26,577	27,895	25,044	(2,851)	10% increase but one dropped coverage
2400 LIFE INSURANCE	970	963	4,380	4,374	(6)	
2750 RETIREE HEALTH CARE CREDIT	-	-	4,085	4,080	(5)	
2800 OTHER BENEFITS	4,562	150	-	-	-	
3000 PURCHASED SERVICES	643	-	-	-	-	
3320 MAINTENANCE SERVICE CONTRACTS	143	-	175	-	(175)	
3500 PRINTING AND BINDING	-	-	-	-	-	
3600 ADVERTISING	-	196	-	200	200	
4300 CENTRAL PURCHASING/STORE	(1,360)	(1,292)	-	-	-	
5210 POSTAL SERVICES	2,837	2,688	2,850	2,800	(50)	One cent rate increase, but more EFT
5230 TELECOMMUNICATIONS	1,228	1,309	1,300	1,339	39	
5510 TRAVEL MILEAGE	174	620	100	700	600	
5540 TRAVEL CONVENTION & EDUCATION	821	1,320	800	700	(100)	
5810 DUES & MEMBERSHIPS	544	864	600	900	300	GFOA, IPMA-HR, ACFE, VAGP, Costco
6001 OFFICE SUPPLIES	8,484	2,209	3,000	3,000	-	
6012 BOOKS AND SUBSCRIPTIONS	220	159	230	200	(30)	Star, GAAP Guides
6014 OTHER OPERATING SUPPLIES	13	-	-	-	-	
8201 MACHINERY AND EQUIPMENT	-	-	-	-	-	
12530 FINANCE & PURCHASING	454,751	444,249	484,520	481,920	(2,600)	
TOTAL	510,146	499,080	542,520	542,520	(0)	