

Joint Administrative Services Board
March 28, 2011 Regular Meeting 12:00 pm

At a regular meeting of the Joint Administrative Services Board held on Monday, March 28, 2011, at 12:00 p.m. in the Meeting Room AB, Berryville Clarke County Joint Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

Present

Sharon Keeler, Emily Rhodes, Michael Murphy, David Ash, J. Michael Hobert

Staff Present

Warren Arthur, Holly DeHaven, Tom Judge, Donna Peake, Gordon Russell, Lora B. Walburn

Also Present

David Melbye, Robina Rich Bouffault, Ed Leonard

Call To Order and Determination of Quorum

Chair Emily Rhodes called the meeting to order at 12:07 pm.

Adoption of Agenda

By consensus, the agenda was adopted as presented.

Approval of Minutes

David Ash, seconded by Sharon Keeler, moved to approve the February 28, 2011 minutes as presented.

The motion was approved as follows:

Sharon Keeler	-	Aye
Emily Rhodes, Chair	-	Aye
Michael Murphy	-	Aye
J. Michael Hobert, Vice Chair	-	Aye
David Ash	-	Aye

Technology Update

Tom Judge provided a brief synopsis of the GFOA audit conducted with input from respective process managers and department heads.

David Melbye, Government Finance Officers Association [GFOA], was present to review the audit results. Highlights of comments include:

- Received a high degree of cooperation while conducting the study.
- Employees have a high degree of interest in the operations, as well as a high degree of interest in the outcome of the study.
- Operational issues discovered:
 - Systems that are not integrated with each other.
 - Data that does not flow across the organization.
 - Duplicate data entry.
 - Manual processes.
 - Lack of best practices.
 - All of these issues are common to governments.
 - Impact of these issues is not the same for every group.
 - Some groups, primarily Human Resources [employee records, applicant tracking, hiring, leave tracking], are struggling because processes are largely manual / lack automation.
 - Finance processes are relatively good but the systems themselves are not able to communicate with each other resulting in the creation of individual databases.
 - A large part of the functions for both County and Schools occur on individual desktops, which poses some risks in the ability to gather and analyze data.
 - Purchasing systems are okay but the processes take too much time, too much manual effort and are paper based.
 - County wide employees are dealing with a lot of challenges.

Dr. Murphy joined the meeting at 12:14 pm.

- Next Steps: Alternatives and Recommendations
 - Alternative 1: Stay with current systems and do the best possible to deal with issues internally.

- Status quo will not get the job done; will not scale to what needs to be done: integrated data, streamlined process, automated processes, best practices, good governance solutions.
- Alternative 2: Stay with current systems but make invests. Upgrade technology, do some process re-engineering, work with an outside consulting firm, and generally try to attack the “low-hanging fruit” or environment optimization.
 - Optimizing approach has limits and sizeable risk asking the locality to commit to the current environment. Currently, the AS 400 system in use has been discontinued by IBM and will not be viable for more than a few more years. [IBM is migrating customers to an I Series platform.] An open source platform would expose the County to considerable risk without the level of desired integration.
 - This approach, while there would be some benefit through process improvements made with a re-engineering effort, it would not achieve the desired level of vision.
- Alternative 3: “Best of Breed” strategy to replace systems and processes one function at a time getting the best available systems and use technology to tie together for data process integration.
 - While this approach would get the County to the desired vision, there are some concerns:
 - Requires a significant amount of technical skills and resources to tie the disparate systems together.
 - County does not have sufficient IT staff or the ability to hire a firm with the required skills for an extended period of time to build the interfaces and perform maintenance operations at the same time.
 - Due to project length, lose of momentum has proven problematic to other governments using this approach.
 - This approach does not cost less than an ERP system.
 - Some of the best financial systems are already part of ERP systems.
 - This approach does allow governments to spread cost out over a longer period of time.
- Alternative 4: Pursue Enterprise Resource Planning [ERP] solution that supports all business functions for a given government with a single database, a single set of business processes used in providing integration and access.
 - Alternate 4 is GFOA’s recommended approach.
 - Phase in the ERP:
 - First, implement core financials providing for data integration, process integration and automation.
 - Second, implement the HR/payroll side; this piece would have the greatest impact in the elimination of manual process.

- Third, expand the ERP and start tie in to GIS, student information systems, as well as other applications.
 - The key to success for an approach like this is to find a firm and a package that share the same vision and understand that integration of both data and processes and automation are priorities. They must also understand that funds are limited.
 - Since the selected vendor will be a long-term partner, the County should focus on vendor relationship, as well as software for the County will rely on the vendor for support of the package, as well as future vision.
 - Approximate project cost is \$1MM to \$1.5MM spread out over one to three years.
 - Post implementation support costs would not start until after go live.
- Other Recommendations:
- Creation of a central IT function within Joint Administrative Services:
 - Provides a single point of support for the common functions across the County and the Schools.
 - Systems are not the same for schools and county and each have unique applications. Retaining a school-specific systems analyst role and a county-specific business systems analyst role is recommended.
 - Schools have a higher number of devices and users but load for help desk needs is not always the same. If combined under Joint Administrative Services, resources could be allocated to wherever the need was greatest at a particular point.
 - IT Staffing Levels:
 - Current staff lacks time to investigate use of new technologies or long-range planning; and when done, it is done at the expense of maintenance activities.
 - IT is just keeping its head above water.
 - IT is in constant maintenance mode.
 - If it is decided to pursue ERP, the need to hire additional IT will be even greater.
 - Add at least two positions.
 - Establishment of a leadership role / point of contact that understands priorities and systems and can see the vision is critical.
 - Critical to implementation are the “doers”, or technical positions, that will get the job done.
 - Other roles could be contracted for the ERP side of implementation.
 - Document Management:

- Considerable risk in the amount of paper within the organization, how paper is stored, different ways paper is stored around the organization, ability to retrieve and how it is moved.
- Shore up how paper and documents get managed to reduce risk exposure.
- Questions, Answers and Comments: The following are highlights of points brought forth during this phase of the discussion:
 - David Ash:
 - Clarke County is the smallest jurisdiction of the 50 to 70 locations audited by GFOA.
 - Larger jurisdictions that have implemented shared IT have experienced drawbacks in cultural issues, elections, differences in missions, and differences in vision.
 - Committed executive leadership is a key element to success; and if it is not there, don't bother – it is not going to work.
 - Vice Chairman Hobert:
 - Audit report well done and realistic.
 - Budget and cost a major factor for the County.
 - Overall, many technological needs were not addressed; specifically educational technology for the schools.
 - Personnel needs confusing and difficult to comprehend. County is understaffed in both sectors in addition to the technology needs.
 - Joint Administrative Services Board must present to the respective governing body a vision that makes sense; a vision that it is clear and concise. Further, there must be budgetary clarity.
 - While recommendations under Alternate 3 did not include replacement of the Brite system that is becoming obsolete, ERP would have the modules for property tax and would integrate without building interfaces. System replacement costs will require additional research.
 - GFOA has not recommended ERP in all cases. Audits have found that some organizations simply need to improve business processes.
 - Typical population ranges for GFOA audited organizations are 30,000 to 100,000.
 - GFOA has only worked with a few jurisdictions with populations below 20,000.
 - Technology is a sizeable investment particularly for the smaller jurisdictions; and in some jurisdictions that lacked funds, GFOA has recommended process improvements, software discontinuation and maintenance reduction.
 - Tom Judge:
 - Audit took a broad look and involved a lot of people;.

- GFOA gave each approach credibility and provided pros and cons.
- Payback is variable.
- Good overall process.
- Makes a clear and compelling business case.
- Dr. Murphy:
 - From GFOA's work in the area of governance, successful organizations:
 - Have a shared mission, a commonality of purpose typically they focus on a few key things such as service levels at appropriate costs; cost savings from existing programs; or providing improved services.
 - Go slow starting with a few critical systems and add to it over time.
 - Organization should think about adding IT to the mix of shared services now while recognizing that there are differences and be prepared to meet them.
 - Structuring under Joint Administrative Services is the suggested method for the County.
 - Shared services have political and cultural ramifications with which some organizations are not prepared to deal.
 - Difficulties arise with shared services at the elected-position level where organizational changes, such as elections and/or changes in leadership, can have an impact and cause focus changes.
 - Alternative 3 is simply "selective shopping" that will require some level of determination specific to system integration.
 - Process changes should be incorporated during implementation.
- Gordon Russell:
 - Audit on the mark
 - Valid assessment
 - Reflected the needs of the County.
- Implementation: Mr. Melbye provided the following input:
 - Implementation will be a completely separate project.
 - Process mapping and analysis of current systems are key to a successful project.
 - Seek best practices and challenge implementation vendor to get the best process.
 - Incorporate process improvement at the start of the procurement stage and include this as a key element in the RFP.
 - Vendors have best practices worked into the software.
 - Design the technology process with the vendor working as a team to focus on process improvement.

- Hosted Solutions: Mr. Melbye provided the following input:
 - Can be viable and more organizations are looking at this option.
 - Processes are dictated with no modifications.
 - Governments have found the inability to modify the most difficult issue.
 - Initial cost is lower; but over the long term, cost is higher. Outlay lower but subscription costs add up over time.
 - Recommend study of ERP, as well as hosted solutions.
 - To compare costs, develop a 5-year and 10-year model.
 - Hosted solutions usually provide a back up connection to a data center to address emergencies, disaster recovery. While data centers are very secure, access can be difficult.
 - Data mirroring is typically performed by the vendor.

- Concluding Comments:
 - Both hosting and add-on vendors will push the high cost of ERP's; however, it is a complicated and confusing market.
 - Hardware cost was not included in the GFOA estimate since it is not considered a significant cost and pricing can change dramatically.
 - The County should determine if internal hours are going to be charged to the capital project. Internal costs could be low if the vendor does most of the work; however, if employees are taken from their current roles, the cost could be significant.
 - Order only the systems that are needed and lock in the price up front.
 - The vendor is a key element in a successful project.

On behalf of the Board, Chair Emily Rhodes thanked Mr. Melbye.

Mr. Melbye expressed his appreciation for the opportunity to meet with the Board assuring that he would be available via telephone or email to answer additional questions.

Health Insurance Renewal

Tom Judge summarized the FY2012 health insurance rates advising that April 1 was the deadline for notification to Local Choice.

David Ash, seconded by Michael Murphy, moved for adoption "Be it resolved that the schedule of health insurance rates for FY2012 be adopted as presented." The motion was approved as follows:

Sharon Keeler

- Aye

Emily Rhodes, Chair - Aye
 Michael Murphy - Aye
 J. Michael Hobert, Vice Chair - Aye
 David Ash - Aye

FY 12 Monthly Health Benefit Rates

Source: Joint Administrative Services

Effective 7/1/2011

A. Plan Rates	Cost	Employer	Employee	Employer FY 12 Share	Employer FY 11 Share
KA 250 Plan Option					
<i>Regular Full Time</i>					
Single	475.00	405.19	69.81	85%	85%
Dual	879.00	442.21	436.79	50%	50%
Family	1,283.00	645.50	637.50	50%	50%
<i>Transportation, Food Service & Other</i>					
Single	475.00	341.89	133.11	72%	72%
Dual	879.00	373.13	505.87	42%	42%
Family	1,283.00	544.66	738.34	42%	42%
KA 500 Plan Option					
<i>Regular Full Time</i>					
Single	441.00	405.19	35.81	92%	92%
Dual	816.00	442.21	373.79	54%	54%
Family	1,191.00	645.50	545.50	54%	54%
<i>Transportation, Food Service & Other</i>					
Single	441.00	341.89	99.11	78%	78%
Dual	816.00	373.13	442.87	46%	46%
Family	1,191.00	544.66	646.34	46%	46%
TLC High Deductible (\$1,200)					
<i>Regular Full Time</i>					
Single	363.00	363.00	.00	100%	100%
Dual	672.00	413.01	258.99	61%	61%
Family	980.00	601.45	378.55	61%	61%
<i>Transportation, Food Service & Other</i>					
Single	363.00	306.29	56.71	84%	84%
Dual	672.00	348.49	323.51	52%	52%
Family	980.00	507.50	472.50	52%	52%
B. Account Contributions					
<i>Regular Full Time</i>					
TLC Health Savings Account Contribution (single)		42.19			
TLC Health Savings Account Contribution (dual)		29.20			
TLC Health Savings Account Contribution (family)		44.05			
<i>Transportation, Food Service & Other</i>					
TLC Health Savings Account Contribution (single)		35.60			
TLC Health Savings Account Contribution (dual)		24.64			
TLC Health Savings Account Contribution (family)		37.17			
C. Total Employer Cost Per Group Health Member					
<i>Regular Full Time</i>					
Single Health		405.19			
Dual Health		442.21			
Family Health		645.50			
TLC Single Health & "HSA"		405.19			
TLC Dual Health & "HSA"		442.21			
TLC Family Health & "HSA"		645.50			
<i>Transportation & Food Service</i>					
Single Health		341.89			
Dual Health		373.13			
Family Health		544.66			
TLC Single Health & "HSA"		341.89			
TLC Dual Health & "HSA"		373.13			
TLC Family Health & "HSA"		544.66			

Note: Where two employees are married, and they together opt for either a dual or family option, the employer will pay two times the single employer contribution for the plan option selected.

METHOD:
 Force TLC employee single contribution to zero.
 Proportion other rates to percentage contributions from prior year.
 Force 250 employer contribution to same as 500 contribution.
 Force "HSA" contribution so total employer equal across plans.

Occupational Medicine

Dr. Murphy requested the addition of discussion specific to occupational medical services for the Clarke County Public Schools. He put forth that he would like to further investigate occupational medical services for incidents such as spitting, biting, MRSA, HIV, workers compensation, drug testing, etc. He stated that once the data was collected he would arrange a meeting with Mike Legge, Purchasing Director, to begin the RFP process. Dr. Murphy advised the Board that he would like to have a vendor in place by August 1.

Members of the Joint Administrative Services Board offered no objection to his request.

Tom Judge suggested contacting the City of Winchester or Warren County to secure examples of similar RFP's. He further suggested contacting the Health Department about available services. Mr. Judge informed the Board that the matter did not need to come back to them for action.

Next Meeting

The next meeting of the Joint Administrative Services Board is scheduled for Monday, April 25, 2011 at 12:00 noon in Meeting Room AB of the Berryville Clarke County Joint Government Center.

Adjournment

At 1:45 pm, Chair Emily Rhodes adjourned the meeting.

Minutes Recorded and Prepared By:
Lora B. Walburn