

AGENDA

Joint Administrative Services Board

May 23, 2011 12:00 p.m.

Joint Government Center

1. Call to Order.

Determination of Quorum

2. Approval of Minutes. (April 2011 Minutes Attached).

3. Report from Director. Treatment of Joint Services Fund in Annual Financial Report. Treatment of Multi-year appropriations in Annual Financial Report. Certain after-tax deductions inadvertently handled via payroll deduction.

4. Technology Matters.

A. *Outstanding issue:* After looking into 9 communities, Staunton has been selected as a comparable example of the changes we are contemplating. The Board will need to review their calendars once again and propose feasible dates because June 10 and 17 will not work for Staunton. All JAS members, as well as John Staelin, have indicated interest in this visit. Questions to pose will continue to be gathered until a few days before the meeting, then shared with Staunton in advance of the meeting.

B. *Update:* Loudoun continues to evaluate its ERP proposals. Winchester had a public discussion last week regarding its need to update its administrative systems. Prince George's County, Virginia recently awarded a contract for implementation of an ERP system. *e. interim action.*

5. Virginia Retirement System Deferred Compensation Plan. There are no exit fees for leaving Nationwide. Fixed account earnings would be adjusted for leaving mid-term. Loudoun County left Nationwide due to high fees. NACO staff justifies higher fees in terms of the robust services it offers.

Options:

A. Stay with Nationwide.

B. Leave Nationwide. Add VRS. Transfer all balances to VRS.

C. Add VRS. No new contributions to Nationwide, but balances can stay.

D. Add VRS. Employees must choose Nationwide or VRS.

E. Add VRS. Only existing Nationwide members can continue contributions.

6. Next Meeting.

April 25, 2011 Joint Administrative Services Board
Regular Meeting 12:00 pm

At a regular meeting of the Joint Administrative Services Board held on Monday, April 25, 2011, at 12:00 p.m. in the Meeting Room AB, Berryville Clarke County Joint Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

Members Present

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

Members Absent

Michael Murphy

Staff Present

Tom Judge

Also Present

Ed Leonard

Call To Order and Determination of Quorum

Chair Emily Rhodes called the meeting to order at 12:08 pm.

Adoption of Agenda

By consensus, the agenda was adopted with the addition of a request by Joint Administrative Services for a supplemental appropriation.

Approval of Minutes

David Ash, seconded by Sharon Keeler, moved to approve the March 28, 2011 minutes as presented. The motion was carried as follows:

Sharon Keeler	-	Aye
Emily Rhodes, Chair	-	Aye

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

Update from Director

Updates given by Tom Judge include:

- Turn over in Payroll and Benefits: Karen Shade's last day was Thursday, April 21; and Sally Sheckels, previously employed in the Office of the Commissioner of the Revenue, assumed that position beginning Monday, April 25. Some level of training was possible that should ease the transition.
- OPEB [other post employment benefits] actuarial study may be necessary due to the line of duty act. The line of duty act will require the County to provide coverage of health insurance benefits for employees if killed or injured. Whether the study is needed for the current fiscal year has yet to be determined. An actuarial study would determine the liability that the County would have so it could be put on the annual financial report as a liability as required by generally accepted accounting principles. The cost of the study will be approximately \$7,000 per year.
- Account structure modification for Maintenance was identified in the RDA report as a potential to reduce the need for auxiliary accounting by the Maintenance Department. Discussion has begun to determine the importance, costs and practicality of tracking /accounting by building for such items as utilities, maintenance contracts, labor, etc.
- Multi-year capital appropriations: Auditors have only included the annual appropriations in the audit report. In this circumstance, with continuing appropriations for projects such as the high school, in the report, it appears to show that expenditures exceed the appropriation. Auditors have recommended booking with notation. GFOA opines that there is no standard practice to account for multi-year appropriations. Mr. Judge suggested booking the combined appropriations in the annual report showing the true available balance in the capital project but include a new table that shows how much was spent in the prior years and expenditures in the current year to clarify the issue.

Technology Update

Tom Judge informed the Board that the Board of Supervisors Finance Committee had reviewed the GFOA report. The recommendation from the Committee was to find and visit with a similar sized community in Virginia with an ERP system to seek cost, benefits and process recommendations. Mr. Judge put forth that the closest he had been able to find was Isle of Wight County; and while they have implemented a system, they are about double in size and have not implemented all the modules. He advised that he would continue to search.

Vice Chairman Hobert put forward that it might also be useful to visit a locality that is using a "best of breed" system.

In response, Mr. Judge said that Gloucester might be a good candidate noting that they organize all their data in a single location; and while they are open to departmental applications, data must integrate with all other systems. He further advised that the Loudoun County IT Director is willing to address the Board at their next meeting concerning that county's effort to implement an ERP system noting that they are in the RFP stage.

Next Steps:

Chair Rhodes expressed support for site visits. She contributed that her husband has been involved in developing and implementing several ERP's with college boards and similar institutions. She opined that from all that she has heard this is the best way to go; and while it will cost more up front and implementation may cause employees more discomfort during transition, the systems currently in place for the county and schools are so cumbersome and archaic that the benefits of a new system would soon be realized.

Vice Chair Hobert put forth review and establishment of best practices. He also put forward consideration of evaluation of "cloud" computing. He also questioned the proposed ERP budget asking that it be clarified. Mr. Hobert informed the Board that he had spoken with Delegate Joe May about this issue in an effort to enlist aid on a state level to generate a path for the smaller communities.

David Ash suggested looking at small area businesses that have implemented similar systems. Chair Rhodes offered to check on possible contacts.

Sharon Keeler, Treasurer, confirmed that this August IBM ceases to support the AS400 server currently used in her office. Tom Judge contributed that the estimated replacement cost was approximately \$26,000.

Deferred Compensation Plan.

Tom Judge explained the current tax deferred retirement program offered by the County. He advised that there has not been significant participation over the years with only 25 employees currently contributing and 18 of those are contributing \$100 or less per month. He asked the Board to consider the plan offered by the Virginia Retirement System as an alternative to Nationwide for the following reasons:

- a) The fees are significantly lower.

Comparison of Nationwide and VRS Deferred Compensation Fees

Program Manager	FUND	Mutual Fund Fee	Program Fee	VRS Fee*	Fee on \$20K Balance
ING	VRS S&P 500 Index Fund	0.02%	0.18%	8	48
Nationwide	SEI S&P 500 Index	0.30%	0.95%	0	250
ING	Long Term Growth Fund	0.05%	0.18%	8	54
Nationwide	NW Inv Dest Mod Aggr Svc	0.88%	0.70%		316

* VRS Fee is per participant

- b) It can be offered to both government and schools and, though each board would need to approve a separate agreement, it could be administered as a single plan.
- c) The Governor proposed providing this plan to all State and Local employees as an alternative to the VRS defined benefit plan. The General Assembly rejected this, but it is expected to be reintroduced.
- d) The options provided are highly diversified, and employees can access VRS for all their retirement planning.

Following discussion, by consensus, the Board instructed Tom Judge to develop further information and recommendations for consideration at the May meeting including follow up on whether there will be a charge to disengage.

Pay-Out Annual Leave

Tom Judge informed the Board that as a result of the recent turn over in Joint Administrative Services they would be paying out approximately \$5,000 in annual leave that, having significantly trimmed his departmental budget due to funding constraints, threatened his ability to fund operations. He stated that he would be proposing that Joint Administrative Services avail itself of prior year savings to fund this one-time, unexpected annual leave payout.

Vice Chairman Hobert moved to support Joint Administrative Services in moving forward with this supplemental appropriation. The motion carried by the following vote:

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

Next Meeting

The next meeting of the Joint Administrative Services Board is scheduled for Monday, May 23, 2011 at 12:00 noon in Meeting Room AB of the Berryville Clarke County Joint Government Center.

Adjournment

At 1:16 pm, Chair Emily Rhodes adjourned the meeting.

Minutes Recorded by: David Ash
Prepared By: Lora B. Walburn

Questions to Pose in Advance

(the goal is to learn whether ERPs are effective for smaller governments, not to review the specifics of this government's application choice)

1. How much did it cost?
2. Did it meet expectations?
3. What process was used to implement the system?
4. What problems arose in implementation?
5. How much staff time did it take to implement?
6. Is your system Schools Interoperability Framework (SIF) compliant?

Attendees:

Emily
Mike Hobert
Mike Murphy (if schedule permits)
Dave Ash
Sharon Keeler (if schedule permits)
Tom Judge
Gordon Russell
John Staelin

John availability is:

May 25-30

June 9-23 other than 13th and 21st.

Mike Hobert prefers:

Fridays, and most Wednesdays

Business



Corporate computing

Online reputations in the dirt

SAN FRANCISCO AND TOKYO

Serious glitches at Sony and Amazon have revived worries about the risks of handling data online

THEY are two of the biggest names in technology and each is grappling with a huge and highly embarrassing debacle. On April 26th Amazon's finance chief, Thomas Szkutak, said the firm was still trying to get to the bottom of a glitch that caused numerous websites it hosts for other businesses to crash or run painfully slowly during the previous week. The same day, Sony of Japan revealed that names, addresses, passwords and possibly credit-card details of 77m accounts were stolen when hackers gained access to the network it runs in 60 countries for its PlayStation online-gaming system, as well as for Qriocity, a service offering music, films and television shows.

The two cases are different, but each has, in its own way, revived worries about the safety of storing and processing data over the internet—worries that have largely faded since the web's early days, as countless individuals and companies have come to find that the benefits of doing things online greatly outweigh the risks. The two crises have also raised questions about the speed and quality of information provided by tech companies when confronted with systems failures.

Details of what happened at Amazon Web Services, which offers computing services and data storage over the internet "cloud", were still emerging as we went to press. But it seems that a serious problem in a data centre in northern Virginia trig-

gered an outage that affected some of the firms using that centre's infrastructure, including Foursquare, a social-media company, and a number of other prominent start-ups. Some data seem to have been lost permanently. Amazon irritated its corporate customers with the vagueness of its early updates. Keith Smith, the boss of Big-Door, a gaming firm, complained in a blog post that these seemed to have been written by lawyers and accountants "rather than by a tech guy trying to help another tech guy."

That is a black mark against a company that prides itself on being among the world's most customer-centred. But none of this means the shift to cloud computing is about to go into reverse. Indeed, Forrester, a research outfit, reckons that the global market for cloud services could grow from \$41 billion last year to \$241 billion by 2020. One reason for this is that the savings that can be won by shifting computing to the cloud remain compelling; another is that Amazon-style snafus have been rare.

Yet another is that managing one's own network is hardly a guarantee of reliability. Ask Sony, whose online-gaming system, albeit delivered through the cloud, is hosted on its own servers. Services were suspended on April 20th after an intrusion was detected, but Sony then took almost a week to admit the risks to users' personal data. The company insisted it had taken this long for it to realise the seriousness of

Also in this section

66 Reforming company taxes

68 American hospital takeovers

68 Honda's troubles

70 Areva and Japan's nuclear crisis

70 A boost for green power in Japan

72 How to advertise in Nigeria

74 Schumpeter: A \$300 idea that is priceless

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the threat. But this claim was met with scepticism; and Sony's failure to encrypt all of its customers' data may bring it lawsuits and regulatory penalties.

Sony's slowness at warning customers is particularly damaging because it comes just as new versions of high-profile games such as *Mortal Kombat* and *Portal 2* are being released for both the PlayStation and its rival, Microsoft's Xbox 360. This was "really bad timing", says David Abrams, the chief executive of Cheap Ass Gamer, a gaming-information provider in Tokyo.

Sony's outage also interrupted third-party services delivered over its network, such as some of Netflix's online film rentals. Netflix also uses the Amazon data centre that went on the blink, but avoided any problems as a result of this. The secret of its relative resilience is what the company calls its "Rambo Architecture". Among other things, this means designing different parts of its system—say, the bit that recommends videos and the bit that lets users search for them—so they function independently of each other, making it less likely all will keel over at once. The firm also uses software it designed itself called "Chaos Monkey", which randomly simulates failures in its cloud-based systems to see how robust they are.

Some firms bring in specialist advisers to plan, test and manage their technology set-ups in the cloud. Michael Kirven, the boss of BlueWolf, one such advisory firm, says that because Amazon and other providers have made it so easy for companies to shift their services to the cloud, some customers have been lulled into thinking they don't need the same amount of back-up protection as they would elsewhere. But as this week's events amply demonstrate, although the benefits of doing things online still greatly outweigh the risks, it often pays to be paranoid. ■