

MINUTES

FINANCE COMMITTEE MEETING

June 10, 2015 - 12:00 p.m.

Kane Co. Emergency Services Training Facility/Search & Rescue Building
30 West Airport Drive, Kanab, Utah

MEMBERS IN ATTENDANCE

Commissioner Dale Brinkerhoff, Chair
Commissioner Mike Dalton, Vice-Chair
Commissioner Dell LeFevre
Commissioner Doug Heaton for
Commissioner Jim Matson
Commissioner Victor Iverson

REPRESENTING

Iron County Commissioner Representative
Beaver County Commissioner Representative
Garfield County Commissioner Representative
Kane County Commissioner Representative
Washington County Commissioner

OTHERS IN ATTENDANCE

Bryan Thiriot
Allison McCoy, via telephone
Gary Zabriskie
Diane Lamoreaux

Five County Association of Governments
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Five County Association of Government

Commissioner Dale Brinkerhoff, Chair, called the meeting to order and welcomed those in attendance. Commissioner Doug Heaton, Kane County, is representing Commissioner Jim Matson, Kane County Commissioner Representative. It was noted that a quorum of members was present for conduct of business.

Commissioner Dale Brinkerhoff led the group in the Pledge of Allegiance.

I. MINUTE APPROVAL - MAY 13, 2015

Chairman Dale Brinkerhoff, Chair, provided one correction on page three, item #C, to read Ms. Allison McCoy, not Mr. Allison McCoy.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER VICTOR IVERSON, TO APPROVE MINUTES OF THE MAY 13, 2015 MEETING OF THE FINANCE COMMITTEE WITH THE ONE NOTED CORRECTION. MOTION CARRIED BY UNANIMOUS VOTE.

II. FY 2016 BUDGET - APPROVAL OF REMAINING FRINGE BENEFITS

A. MEDICAL AND DENTAL INSURANCE COVERAGE

Ms. Allison McCoy, via telephone, referenced information on pages 8-9 of the packet outlining the proposed Medical and Dental insurance coverage for the upcoming fiscal year. Staff is recommending to continue insurance coverage provided through the Select Health, Select Med Plus plan. This was a topic of discussion at the last

Finance Committee meeting where no formal decision was reached. It is proposed that dental coverage be provided by Total Dental Administrators for the upcoming fiscal year. This is a change from previous coverage because the premium amounts are lower and the plan provides 100% coverage for preventive dental care as opposed to the current coverage at 80%. Total savings from dental coverage is \$6,236. Ms. McCoy explained that employees will be required to contribute an additional \$50.00 each month toward their premium for a total of \$25,800. Total employee participation for medical coverage will be \$150.00 monthly. Administrative funds from the various grants will pick up the difference of \$20,213 (3.5%) without impacting program delivery. Committee members noted that in the future employees may have to contribute a larger portion toward the premium. Bryan Thiriot explained that last year health insurance costs reflected a savings of \$50,000 with some changes in coverage.

Commissioner Dale Brinkerhoff mentioned that he will be entertaining discussion and additional conversation at a later Finance Committee meeting to examine the option of self-funded health insurance for all of the counties, including the public health department, behavioral health, and Five County. Establishing a self-funded health insurance for all of these entities as a group may be beneficial to everyone. This would be similar to the system utilized by Kane County. Kane County should be able to provide substantial guidance in examination of this option. Commissioner Doug Heaton explained that Kane County utilizes an underwriter to take care of stop loss with a catastrophic rider that covers costs at some point. The premium has remained constant over the past three years that Kane County has been self-insured. The county has been able to hold down costs and bank the profit. Even though last year had high usage in terms of insurance, the county was still able to make this work. Employees use a card similar to that provided by any insurance company. Kane County has also been able to contribute \$3,500 each year into each employees HSA account that can be accumulated. If these funds are not utilized, eventually they would be lost. These funds have been provided to offset the high deductible costs for employees. Commissioner Heaton indicated that this has been very profitable for Kane County thus far.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER VICTOR IVERSON, TO APPROVE THE MEDICAL AND DENTAL COVERAGE RECOMMENDATIONS FOR FY 2016. EMPLOYEES WILL PAY AN ADDITIONAL \$50.00 TOWARD THE PREMIUM FOR MEDICAL INSURANCE COVERAGE. THE MOTION CARRIED BY UNANIMOUS VOTE.

B. FY 2016 COST-OF-LIVING ADJUSTMENT (COLA)

Ms. Allison McCoy reported that a 2% cost-of-living adjustment has been built into the FY 2016 budget. It is proposed that the COLA be distributed utilizing the same formula as last year (current salaries times 2%, divided by the number of employees) to reach a set monthly amount to each employee. The set monthly amount for last year was \$75.00. Using the same formula, the set monthly amount for FY 2016 for a 2% COLA would be \$60.00 per month for each employee. Grant funds can be adjusted without impacting deliverables that are provided. Commissioner Dale Brinkerhoff mentioned that the Indirect Cost Allocation Plan rates increased this year to 13.5% and it would be difficult for grant funding to continue to absorb these increases without an impact to deliverables. It was also mentioned that county

representatives could not be more generous with Five County AOG employees than they are with their own county employees. Commissioner Dell LeFevre noted that the private sector employers are not offering increases to their employees either. Commissioner Dale Brinkerhoff indicated that Iron County did not provide a COLA for their employees. Commissioner Mike Dalton reported that Beaver County provided market adjustments to employees that ranged from zero to 9%, depending upon the position. It was also mentioned that a 2% COLA was provided to Five County AOG employees last year as well. Commissioner Doug Heaton reported that Kane County conducted an analysis of other county and private sector positions to determine if wages being paid by the county were inline with other entities. It is more difficult to obtain private sector information than county because this is publicly posted. Once federal wages are thrown into the mix it becomes more complicated because of the higher pay rates. Another issue with comparing wages is longevity of employees. In the end, Kane County ended up with increases in pay for a large number of employees. Discussion continued regarding the fact that a COLA is applicable to all employees and not based on performance. Commissioner Dale Brinkerhoff and Commissioner Dell LeFevre reported that positions have been cut in both Iron and Garfield counties. Commissioner Victor Iverson explained that it is important to create a culture where employees feel like they are part of a team. Washington County has contracted with Dennis Green, a consultant, to work with department heads as a leadership coach. This has been very beneficial for the county to foster better leaders. In moving forward, the discussion should be how to make the Five County Association of Governments organization fantastic moving into the future. There may be another plateau that can be reached in the future. It is important to see progress from one year to the next and consistent increases should not be expected year to year.

Ms. McCoy indicated that the COLA for part-time hourly employees is prorated. There are currently 57 employees at Five County, including part-time. There are approximately 45-46 full-time employees.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER VICTOR IVERSON, TO APPROVE A 2% COST-OF-LIVING ADJUSTMENT FOR FIVE COUNTY EMPLOYEES AS PER PROPOSED FORMULA FOR DISTRIBUTION.

Discussion continued regarding the COLA, including amounts provided by other counties. Commissioner Doug Heaton indicated that Kane County employees received a 1.7% COLA and Dell LeFevre reported that Garfield County employees received a 1% COLA. Commissioner Dale Brinkerhoff noted that Iron County did not approve a COLA this year. Ms. McCoy indicated that the social security index is 1.7%.

MOTION WAS AMENDED BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER VICTOR IVERSON, TO APPROVE A 1.7% COST-OF-LIVING ADJUSTMENT AS PER PROPOSED FORMULA FOR DISTRIBUTION TO EMPLOYEES. MOTION CARRIED BY UNANIMOUS VOTE.

C. PAY FOR PERFORMANCE SYSTEM IMPLEMENTATION

Mr. Gary Zabriskie referenced information provided on pages 10-13 outlining proposed revisions to the Five County Association of Governments Policies and Procedures Manual to incorporate a pay for performance system. Pay increases are not automatic and they will be subject to budgetary limitations. He pointed out several typos and corrections in the draft document that was provided. Page two of the draft document includes performance categories. Step increases could be variable upon the recommendation of the Deputy Director(s) and Executive Director, with the final approval by the Finance Committee. The policy will include wording that increases may be provided as a one time performance reward for projects, i.e., exceptional work performance where commendations are provided from a funding agency in terms of the quality of a specific document such as the Hazard Mitigation Plan; employees stepping up to assist with additional work load as specific circumstances such as illness, leave of absence, etc. necessitate covering other work assignments. This will provide some flexibility for the Executive Director to present recommendations to the Finance Committee. Committee members indicated that performance reviews must be approached very seriously and not just rubber stamped by department heads. Work performance must be documented for each employee.

Commissioner Doug Heaton commented that in his view the Five County AOG is tasked with questionable programs provided by federal and state agencies. A very good employee may stretch resources to serve 100 individuals rather than the normal 50 individuals and this creates an environment of entitlement in giving away money that is obtained from unwilling participants. Doing an exceptional job in disbursing funds creates a more dependent society. Private intervention is needed to solve many of these problems. Commissioner Victor Iverson agreed that the Five County AOG is in a strange spot in terms of the programs that they administer. Employees need to work toward leveraging programs with other community based programs. Mr. Gary Zabriskie reported that case managers, who work with elderly clients, leverage services from volunteers to assist in meeting their clients needs. This lessens the cost to tax payers by being able to keep these individuals in their own homes rather than institutionalized settings. He shared another example where VITA clients who utilize the free income tax service are encouraged to save a portion of their refund. Commissioner Iverson responded that it is important for staff at Five County to define their goals in promoting self-sufficiency and not merely disburse funds. Commissioners reiterated that the Executive Director must take charge of performance evaluations by asking department heads very difficult questions to make sure that good evaluations are completed or the pay-for-performance system is useless.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER DELL LEFEVRE, TO TABLE THE PAY FOR PERFORMANCE SYSTEM IMPLEMENTATION AND PROPOSED CHANGES TO THE FIVE COUNTY ASSOCIATION OF GOVERNMENTS POLICIES AND PROCEDURES MANUAL. STAFF IS INSTRUCTED TO MAKE REVISIONS FOR PRESENTATION AT THE AUGUST FINANCE COMMITTEE MEETING. MOTION CARRIED BY UNANIMOUS VOTE.

Mr. Gary Zabriskie indicated that he would revise the draft policy revisions with a goal of making the policy more objective and less subjective. Language should include that recommendations to the Finance Committee from the Executive Director must be very specific, clearly state the reasons, and include backup documentation. Commissioner Mike Dalton explained that the goal is to reward those employees that do exceptional work and to not reward employees that provide only satisfactory work. Mr. Zabriskie noted that the current policies and procedures manual at Five County AOG indicates that an employee who receives a satisfactory rating is eligible to receive a merit increase. The policy needs to be changed to reflect the new evaluation process and pay-for-performance system.

III. FY 2015 BUDGET REVISIONS

Ms. Allison McCoy referenced FY 2015 budget revisions included on pages 14 through 45 of the packet. It was noted that the majority of cost centers did not require budget revisions. Revisions were reviewed as follows: **1) Aging Waiver Services--** Revenue increased in the amount of \$30,502; **2) H.S. Transportation Planning--** Revenue increased \$5,000 from local participation and state contracts increased \$5,400; and **3) Transportation Planning--** State contracts reduced \$5,000 and an additional \$6,038 was provided from carry over funds. Mr. Bryan Thiriot mentioned that Ms. McCoy has shifted all programs to submission of monthly reimbursement requests and this has helped significantly with cash flow. Staff recommends approval of FY 2015 budget revisions.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER VICTOR IVERSON, TO APPROVE FY 2015 BUDGET REVISIONS AS DISCUSSED AND PRESENTED. MOTION CARRIED BY UNANIMOUS VOTE.

IV. FY 2016 BUDGET REVIEW AND ACCEPTENCE

Ms. Allison McCoy referenced the FY 2016 budget beginning on page 46 of the packet. It was noted that the budget decreased by \$807,975 from the FY 2015 budget. One change made in the FY 2016 budget breaks out five programs that have previously been listed under the special contracts cost center. The aging division programs are really growing and the Community and Economic Development budget includes the Hazard Mitigation Plan. The Mutual Self-Help program and Rural Foster Grandparent program programs were relinquished, and the Retired Senior Volunteer Program contract was not approved for continued funding. The Mutual Self-Help program funds were not carried over into the FY 2016 budget because Five County is completing the homes under construction by the end of June or first part of July. The closeout of this program was reflected in the final budget revisions for the FY 2015 budget. The Rural Foster Grandparent program will continue through September, 2015 and all of the match requirements to the AOG have been waived for this program. Committee members acknowledged that they had reviewed the budget, but they do not really understand or have adequate knowledge regarding many of the programs administered by the AOG. Commissioner Dale Brinkerhoff instructed the Executive Director to obtain a one page summary report from each department director outlining the programs administered in their division. This should include a concise summary of the program goals, how, why, etc. and a general overview of the program. Suggestions that could be considered for implementation would also be helpful. Board members need to be able to determine why programs exist and what each program provides. These summaries need to be submitted by August 1st, compiled, and forwarded

to Finance Committee members prior to the August 12, 2015 meeting in Panguitch. Staff needs to be informed that if the Committee does not receive a program summary, that particular program will be eliminated from the AOG budget. Department heads should see this as an opportunity to tell a story about their programs, whether they are federally or state mandated, etc. Committee members requested more in-depth information for the Weatherization program including a history from 2011 to present, who solicits applications, who approves applications, how monies have been spent, number of projects that are still serving the needs of constituents. Contracting out the work to private contractors may provide a savings. In the past, a number of homes were demolished after weatherization improvements had been made and this was very troubling to elected officials. The Finance Committee would like to know who makes decisions about spending funds and the return on those improvements. In addition, the committee is requesting a detailed report regarding the HEAT program. Bryan Thiriot indicated that programs such as Weatherization would likely be passed to another agency if Five County did not administer the program. Ms. McCoy noted that the FY 2016 budget must be submitted to the Utah State Auditor's office, but the budget can be revised moving forward.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER DELL LEFEVRE, TO APPROVE THE FIVE COUNTY ASSOCIATION OF GOVERNMENTS FY 2016 BUDGET AS PRESENTED. A SUMMARY OF PROGRAMS TO BE SUBMITTED BY DEPARTMENT HEADS AND/OR PROGRAM COORDINATORS FOR FINANCE COMMITTEE REVIEW. MOTION CARRIED UNANIMOUSLY.

V. WEATHERIZATION PROGRAM PRO FORMA REPORT

Commissioner Dale Brinkerhoff indicated that this agenda item was covered in previous discussion. The intent of the Finance Committee is to receive a lot of very specific information regarding the Weatherization Program for discussion at the August 12, 2015 Finance Committee meeting.

VI. FIVE COUNTY COMMUNITY FOUNDATION NON-PROFIT UPDATE

Mr. Bryan Thiriot reported that the solicitation permit is much more detailed than anticipated. Commissioner Jim Matson has provided numerous documents from the 501c3 nonprofit to the attorney for review. The current task is to identify the tax exempt status from the Internal Revenue Service. Staff is suggesting that the name for this nonprofit organization be titled "Five County Community Foundation". At this point, the Association of Governments cannot receive donated funding pledged from United Way Dixie without having a nonprofit 501c3 organization in place. This will also provide an avenue for other Senior Corps and Aging programs to solicit private donations and to sponsor fund raising events to support their programs. Match funding is required for Senior Corps and various programs that are administered by the AOG.

MOTION WAS MADE BY COMMISSIONER DELL LEFEVRE, SECONDED BY COMMISSIONER VICTOR IVERSON, TO MOVE FORWARD WITH THE NAME "FIVE COUNTY COMMUNITY FOUNDATION" FOR THE 501C3 ORGANIZATION IN SUPPORT OF THE FIVE COUNTY ASSOCIATION PROGRAMS. MOTION CARRIED UNANIMOUSLY.

Commissioner Doug Heaton questioned whether the 501c3 would be available to accept and channel donations to other organizations. Commissioner Mike Dalton indicated that this is the intent of Five County to accept donations on behalf of county projects such as the American Lands Council.

VII. PUBLIC LANDS

Mr. Gary Zabriskie reported that the Division of Housing and Community Development Division, Rural Planning Group (RPG), has submitted an application to the Permanent Community Impact Fund Board requesting funding for county resource management plans. All applications previously submitted by each Association of Governments were placed on hold pending a decision regarding the appropriate means of distributing the funds to counties. The application will be heard during the June 11, 2015 PCIFB meeting under the suspend and fund option. The Division of Housing and Community Development will work with the Public Lands Policy Coordination Office (PLPCO) to develop a means of distributing funds to counties for this planning effort. Some counties will likely receive more than \$50,000 and others less, depending upon the amount of work that will be required on their resource management plans. Funding from the Permanent Community Impact Fund Board will provide the match funds that are required in the legislation that was passed during the legislative session. Commissioner Victor Iverson reported that PLPCO does not fully understand what was passed into law and it has not been determined how much assistance will be provided to counties. Therefore, Washington County decided to press forward in writing their plan. Applications have been solicited, reviewed and an individual has been hired by Washington County who will utilize the Kane County Plan example to lead in writing the Washington County Natural Resource Plan. In addition, the county planner has been promoted to assist in this endeavor.

VIII. OTHER BUSINESS

None.

The next meeting of the Finance Committee is scheduled for August 12, 2015 in Panguitch prior to the Steering Committee meeting, which will need to be scheduled to begin at 2:00 p.m.

Being no further business, the meeting adjourned at 1:45 p.m.