

MINUTES

FINANCE COMMITTEE MEETING April 12, 2017 - 12:45 p.m. The Heritage Center, Green Room 105 North 100 East, Cedar City, Utah

MEMBERS IN ATTENDANCE

Commissioner Mike Dalton, Chair
Commissioner Jerry Taylor, Vice-Chair
Commissioner Dale Brinkerhoff
Commissioner Jim Matson

REPRESENTING

Beaver County Commission Representative
Garfield County Commission Representative
Iron County Commission Representative
Kane County Commission Representative

MEMBERS NOT IN ATTENDANCE

Commissioner Victor Iverson, Excused

Washington County Commission Representative

OTHERS IN ATTENDANCE

Bryan Thiriot
Gary Zabriskie
Allison McCoy
Jo Seegmiller
Diane Lamoreaux

Five County Association of Governments
Volunteer

Commissioner Jerry Taylor, Chair, called the meeting to order at approximately 1:45 p.m. and welcomed those in attendance. It was noted that a quorum was present to conduct business.

I. MINUTES - REVIEW AND APPROVE - JANUARY 11, 2017

Commissioner Jerry Taylor presented minutes of the January 11, 2017 meeting for discussion and approval.

MOTION WAS MADE BY COMMISSIONER DALE BRINKERHOFF, SECONDED BY COMMISSIONER JIM MATSON, TO APPROVE MINUTES OF THE JANUARY 11, 2017 MEETING AS PRESENTED. MOTION CARRIED BY UNANIMOUS VOTE.

II. FY 2018 BUDGET

A.&B. FRINGE BENEFIT PACKAGE & COST OF LIVING ADJUSTMENT

Ms. Allison McCoy referred to page five of the meeting packet containing the proposed FY 2018 fringe benefits for the Five County Association of Governments. Contribution amounts for Social Security and Utah State Retirement remain the same as 2017. Health Insurance premiums for EMI, Utah Local Governments Trust and TDA increased 9%. Premium costs prior to employee share are as follows: **1) Employee Coverage-- \$594.60; 2) Employee + Spouse-- \$1,474.25; 3) Employee**

+ Child-- \$1,099.88; **4) Employee + Children--** \$1,143.28; and **5) Family Coverage--** \$1,999.03. Staff is proposing to keep the employee contribution for health insurance at 11% of the premiums. The cost for Worker's Compensation and unemployment insurance decreased slightly. The salary deferral program remains the same for 457, 401K and IRA programs which are voluntary to post-1995 employees. Pre-1995 employees (Jo, Janeil, Curt) receive 1.25% match to 401K. Employees receive 12 paid holidays as well as vacation and sick leave as per AOG policies and procedures. Pay for performance increases are considered on a case-by-case basis upon recommendation of the executive director. Staff is proposing a 2% cost-of-living adjustment as an actual percent of salary for employees. The breakout of premiums for EMI, TDA (dental) and Utah Local Governments Trust (vision) were also provided separately.

Commissioner Dale Brinkerhoff reported that Iron County has commissioned an insurance committee comprised of employees, the human resource representative, business and community representatives to examine and compare government versus private sector insurance benefits and costs. Board members reminded staff that each year there is discussion regarding distribution of cost-of-living adjustments and the need for an equal dollar amount to be distributed to each employee. All employees are valued equally and this is more equitable to maintain the spread between higher and lower salaries. The COA also helps employees to absorb participation in their health insurance premiums. Board members questioned the impact that fringe benefit increases would have on deliverables. Ms. McCoy explained that applications submitted for various programs would be adjusted to reflect increases in fringe benefits with no impact on deliverables. It was pointed out that 40% of the budget for aging covers case managers who are considered to be deliverables. There was considerable discussion about vision and dental not being considered a part of the medical insurance coverage but optional for employees. Board members indicated that county employees can opt in or opt out for dental and vision coverage. Each year a brokerage firm examines costs for various insurance carriers such as Select Health, EMI, Blue Cross, etc. Insurance quotes from other companies were much higher than EMI. Commissioner Mike Dalton commented that Beaver County had to switch to EMI because premiums for Select Health increased dramatically. Commissioner Jim Matson commented that it is difficult to blend compensation packages for employees without impacting deliverables.

Mr. Bryan Thiriot provided a handout outlining programs administered at the AOG that would be impacted under the proposed budget introduced by President Trump. Many programs such as EDA, CDBG, CSBG, HEAT, Weatherization, Americorps, Foster Grandparent, and Senior Companion would be eliminated and funding for aging programs would be cut 14%. This is under the proposed budget that will be debated by the House and Senate. It was also noted that Congress has until April 28th to pass a continuing resolution for current year funding.

Board members asked staff to prepare a preliminary budget based on 2017 figures. The Finance Committee will need to meet again to discuss the preliminary budget prior to the June meeting where the 2018 budget is approved. The group needs to see actual figures to determine the impacts of increased insurance premiums and a cost-of-living increase.

C.&D. COUNTY PARTICIPATION & LEGAL COUNSEL

Ms. Allison McCoy referenced page seven of the packet outlining the need for increased county participation. Washington County has informed the AOG that they will no longer be able to provide legal counsel. As such, staff is proposing that the county contribution from each county increase from \$15,000 to \$20,000 annually. Current county contributions are set as an equal amount from each county. Commissioner Mike Dalton questioned why smaller counties would be required to pay as much as larger counties when the Southwest Utah Department of Health contributions from counties are based on a per capita allocation for services provided to constituents. Commissioner Jim Matson commented that partnerships are working well under the current contribution levels. Board members expressed concern with increasing county contributions to be held in a pot to cover potential legal expenses because at some point these funds could be moved over to the general fund. Commissioner Dale Brinkerhoff suggested that the county contribution remain at \$15,000 and staff approach Washington County to pressure continued support with legal counsel. It was pointed out that the bulk of services provided by the Five County AOG are in Washington County, and it also benefits Washington County to have the bulk of AOG employees located in the St. George office. Commissioner Mike Dalton mentioned that he would be more comfortable in signing a Memorandum of Understanding that each county would contribute 1/5 of the cost for legal services as necessary on a case-by-case basis.

Mr. Bryan Thiriot reported that the AOG had to engage legal counsel to review a transportation contract. Snow, Jensen & Reese has provided an engagement letter for consideration of the Finance Committee to charge \$250.00 per hour for legal services. This was solicited as a sole source contract not to exceed \$20,000.

MOTION WAS MADE BY COMMISSIONER JIM MATSON, SECONDED BY COMMISSIONER DALE BRINKERHOFF, TO APPROVE USE OF OUTSIDE LEGAL COUNSEL OF SNOW, JENSEN & REESE ON AN AS NEEDED BASIS. MOTION CARRIED BY UNANIMOUS VOTE.

E. INDIRECT COST ALLOCATION PLAN

Ms. Allison McCoy referenced pages 8-15 of the packet containing the Indirect Cost Allocation Plan for FY 2018. This rate is calculated using the current year ending (2016) audit total amount for salaries and fringe benefits divided by allowable administrative costs. The rate for FY 2018 is 12.93%, an increase from 12.61% in FY 2017.

MOTION WAS MADE BY COMMISSIONER MIKE DALTON, SECONDED BY COMMISSIONER DALE BRINKERHOFF, INSTRUCTING STAFF TO PREPARE A PRELIMINARY FY 2018 BUDGET BASED ON AN 11% EMPLOYEE CONTRIBUTION FOR HEALTH INSURANCE PREMIUMS, 2% COST-OF-LIVING ADJUSTMENT TO BE DISTRIBUTED WITH FORMULA UTILIZED FOR PAST FIVE YEARS, COUNTY PARTICIPATION TO REMAIN AT \$15,000, AND APPROVAL OF THE INDIRECT COST ALLOCATION PLAN AND RATE OF 12.93%. MOTION CARRIED BY UNANIMOUS VOTE.

It was determined that the Finance Committee will meet on May 30, 2017 in Cedar City at 10:00 a.m. to review and discuss the preliminary budget.

F. TRAVEL POLICY REVISIONS

Ms. Allison McCoy referred to information contained on page 19 of the meeting packet and noted that staff has changed the proposed mileage amounts since the information was distributed. Staff is proposing that mileage rates for a private automobile (when NO AOG car is available) to be reimbursed at \$.45 per mile and private automobile rates (when AOG car IS available, but not used) to be reimbursed at \$.35 per mile. Other items on the travel policy are as set for meals and lodging. The out-of-state meal rate for dinner is slightly higher than the in-state rate. A handout was provided outlining the motor pool validation that would include funds for repairs to older fleet vehicles and funds to lease three new cars.

MOTION WAS MADE BY COMMISSIONER JIM MATSON, SECONDED BY COMMISSIONER MIKE DALTON, TO APPROVE THE TRAVEL POLICY TO BE EFFECTIVE JULY 1, 2017. MOTION CARRIED BY UNANIMOUS VOTE.

III. FIVE COUNTY COMMUNITY FOUNDATION UPDATE

Mr. Bryan Thriot reported that staff is working with the attorney and state of Utah to renew the charitable solicitation permit for the Five County Community Foundation. Once this has been finalized, filings for the Five County Community Foundation with amended bylaws will be submitted. This will hopefully be an action item on the May 30, 2017 Finance Committee meeting agenda. A meeting of the Five County Community Foundation will be scheduled to immediately follow the Finance Committee meeting.

IV. COMMUNITY FIRE PREVENTION PLANNER POSITION - FINANCIAL UPDATE

Ms. Allison McCoy referenced a FY 2017 budget for the Community Fire Prevention Planning contained on page 20 of the meeting packet. She reported that there is a budget shortfall for this program in the amount of \$6,308 on an annual basis and \$3,154 on a semi-annual basis. The state of Utah is contributing \$75,000 for two years, at which time counties have agreed to fund the position. The short fall comes from the cost for health insurance and travel expenses. Board members asked why a realistic budget was not developed based on the amount of funding that would be available from the state of Utah. The amount of funding was established early when discussion of this position was addressed. Staff noted that the state of Utah is not willing to provide additional funding. Board members indicated that this program needs stand on it's own merit without additional cost to counties.

MOTION WAS MADE BY COMMISSIONER JIM MATSON, SECONDED BY COMMISSIONER DALE BRINKERHOFF, TO ABSORB ANY COST OVERRUN IN THE COMMUNITY FIRE PREVENTION PLANNING FROM THE CURRENT COUNTY CONTRIBUTION WITH NO ADDITIONAL COUNTY FUNDS. MOTION CARRIED BY UNANIMOUS VOTE.

V. **MOTION AND ROLL CALL VOTE TO ENTER INTO CLOSED SESSION TO DISCUSS PERSONNEL MATTERS**

No action required.

VI. **MOTION AND ROLL CALL VOTE TO COME OUT OF CLOSED SESSION**

None.

VII. **ACTION ON PERSONNEL MATTERS**

This agenda item will be included on May 30, 2017 meeting agenda.

VIII. **ADJOURN**

Being no other business, the meeting adjourned at 2:15 p.m.

DRAFT