MINUTES

EXECUTIVE COMMITTEE WORK SESSION MEETING
May 31, 2013
St. George, Utah

MEMBERS IN ATTENDANCE	REPRESENTING
Commissioner Jim Matson, Chair	Kane County Commissioner Representative
Commissioner Mike Dalton	Beaver County Commissioner Representative
Commissioner Dale Brinkerhoff	Iron County Commissioner Representative

OTHERS IN ATTENDANCE	
Bryan Thiriot	Five County Association of Governments
Scott Leavitt	Five County Association of Governments
Jo Seegmiller	Five County Association of Governments
Diane Lamoreaux	Five County Association of Governments

MEMBERS EXCUSED	
Commissioner Clare Ramsay	Garfield County Commissioner Representative
Commissioner Denny Drake	Washington Co. Commissioner Representative

I. CALL TO ORDER

Commissioner Jim Matson, Chair, called the meeting to order and welcomed those in attendance. It was noted that a quorum was present for the conduct of business. Commissioner Clare Ramsay asked to be excused and Commissioner Denny Drake has a doctor appointment and it may be possible that he will participate via telephone.

II. PLEDGE OF ALLEGIANCE

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

III. OPENING REMARKS

Commissioner Jim Matson noted there were no remarks and proceeded with agenda items.

IV. DISCUSSION OF FY 2014 BUDGET

Mr. Scott Leavitt briefly reviewed the FY 2014 budget beginning with the Consolidated Budget covering the period July 1, 2013 through June 30, 2014. He noted that the majority of the cost centers have remained fairly consistent between the previous fiscal year and the proposed budget for the upcoming year. There has been some decrease in the contract pass through, mainly in the HEAT program because of the loss of the crisis funding. Under this program, payments are made directly by the state of Utah to utility companies. In the past, the AOG held a contract to provide crisis funding payments. This portion of the program will now be provided at the state level. The draft budget being presented includes the 2% cost of living adjustment as per previous approval with a even payment to all

employees. Staff has also included a 3.5% across the board merit increase into the draft budget as well as the 6.5% increase in health insurance costs. All merit increases are based on employee performance.

V. & VI. DISCUSSION OF FY 2014 FRINGE BENEFIT AND 2014 MERIT COMPENSATION

Mr. Leavitt explained that staff had a discussion with the insurance broker to examine the possibility of establishing health savings accounts. The broker is encouraging the AOG not to switch to HSA's at this point because of the Affordable Health Care Act that will be coming online. Committee members indicated that the total increase to employees including the cost of living adjustment, merit increase and the increased cost for health insurance would total 11%. Discussion followed in terms of employees absorbing a portion of the increased cost of health insurance. Mr. Leavitt explained that the increase in health insurance started at 12%. However, staff was able to negotiate that amount to 6.5% by increasing the employee out-of-pocket and co-pays. Commissioner Mike Dalton indicated that this would seem reasonable that employees are covering their portion of the increase.

Commissioner Mike Dalton stated that Beaver County could not afford an 11% increase for their employees. Commissioner Dale Brinkerhoff was in agreement. Commissioners Dalton and Brinkerhoff were not in favor of approving an across the board merit increase. Commissioner Jim Matson pointed out that the AOG needs to be able to remain an effective organization that is competitive in terms of salaries offered to maintain a qualified workforce. His only concern would be that this may impact the organization's ability to be competitive and deliver services to clients. Staff responded that services delivered by the organization would not be impacted in any way relative to decisions made today. Commissioners explained that they have nothing against any of the Five County employees, but it is hard to approve benefits for AOG employees that cannot be afforded to county employees. Ms. Seegmiller explained that merit increases, which are based on employee performance, were provided last fiscal year but were frozen the previous year. Committee members expressed that increases should be based on the job responsibilities rather than performance because it is already expected that employees perform their job. Members also stated that the organization appears to be competitive based on the number of applications received for the Executive Director position opening. It was also pointed out that private sector employees do not get merit increases. It was the consensus of Commissioners to allow Bryan Thiriot to bring forth employees on an individual basis that he feels should be considered for an increase based on responsibilities.

Commissioner Dale Brinkerhoff also questioned the 1.25% elective payment into the 401k program and favored elimination of this benefit. Ms. Jo Seegmiller explained that this benefit was previously provided to employees who moved from the contributory to non-contributory retirement system. This move saved the AOG a substantial amount and the Board offered this benefit to employees that made the change. The AOG has also elected to pay the entire portion of retirement premiums for employees. Mr. Scott Leavitt mentioned that new employees participate in an entirely different retirement tier as opposed to other employees. Ms. Seegmiller provided information regarding this benefit and the number receiving a contribution into their 401k. There are five employees and the total payment is $288.00 each month. Commissioner Brinkerhoff indicated that he is okay with this amount, but would like this to be a topic of discussion for the next fiscal year budget.

MOTION WAS MADE BY COMMISSIONER DALE BRINKERHOFF TO CONTINUE PAYMENT OF THE 1.25% CONTRIBUTION TO THE STATE RETIREMENT SYSTEM FOR A SELECT NUMBER OF EMPLOYEES AS PER DISCUSSION, TO NOT APPROVE AN ACROSS THE BOARD MERIT INCREASE FOR ALL EMPLOYEES, AND TO ALLOW THE EXECUTIVE DIRECTOR TO PRESENT EMPLOYEES ON AN INDIVIDUAL BASIS FOR CONSIDERATION OF AN INCREASE. MONIES PROGRAMMED FOR MERIT INCREASES SHOULD REMAIN IN THE BUDGET TO COVER COSTS AS WARRANTED TO EMPLOYEES. MOTION WAS SECONDED BY COMMISSIONER MIKE DALTON AND CARRIED BY UNANIMOUS VOTE.

Mr. Scott Leavitt pointed out several cost center costs of interest in continued budget discussion.

IV. DISCUSSION OF FY 2014 BUDGET

Mr. Leavitt reviewed budget increases, explained how many contracts operate on different fiscal years, and have overall contracts that cover a two to three year period of time. He noted that additional time has been allocated for the Executive Director with the change in leadership and need for Bryan to spend more time in this cost center. Other employees funded in the administrative cost center include Jo Seegmiller and Scott Leavitt under the accounting technician category, and Diane Lamoreaux and the receptionist, in the secretary category. Other cost centers provide funding for these employees as well. An Excel spreadsheet was shown which includes time allocations for employees. Committee members requested a copy of the printout of allocations as an area where they would like to become more actively involved. Mr. Leavitt also pointed out that a single audit is conducted every year and presented to the Steering Committee during the November meeting. In addition, state agencies audit specific programs each year. Staff typically provides mid-year budget revisions and a three-fourths year review to the Executive Committee. Committee members requested that quarterly presentations be provided.

Other items of interest included: 1) **Community Services Block Grant (CSBG)--** This cost center had $19,000 that was not spent during the previous fiscal year and the state has allowed this amount to be rolled forward into next year's budget. This program will experience changes as it is moved from a block grant program to a merit system based on performance; **2) Home Energy Assistance Target (HEAT)--** As explained earlier, crisis funds have been eliminated from the FY 2014 budget to reflect a decrease in funding; **3) Foster Grandparent Program--** This program includes an amount for stipends paid to volunteers. New national regulations include a requirement for fingerprinting. Because of this requirement, the amount paid in stipends has been decreased. As volunteers begin serving, the stipend amounts will increase; **4) Rural Foster Grandparent Program--** This was a startup program initiated during the last fiscal year. The program started late in the year and the full amount of funds in this cost center could not be expended. The new budget reflects more realistic budget amounts; **5) New Choices Waiver--** This budget is based on billable case management services to assure that the needs of clients are being met; and **6) St. George Down Payment Program--** The contract amount has been decreased from the previous year to $100,000. However, the City has provided additional funds in past years above the contracted amount.

Mr. Scott Leavitt indicated that the FY 2014 budget will be presented to the Steering Committee at the June 12th meeting in Kanab. A public hearing will be conducted to solicit input from Steering Committee members and the public. Ms. Diane Lamoreaux noted that typically there has been an Executive Committee meeting to discuss and approve budget revisions for the FY 2013 budget as well as to review the FY 2014 budget that will be presented to the Steering Committee. Mr. Bryan Thiriot also indicated that a representative of USDA Rural Development has also requested time to present information on the Mutual Self Help Program that was briefly introduced during the May Executive Committee meeting held in Panguitch. Therefore an Executive Committee meeting will be held beginning at 10:00 a.m. Mr. Thiriot also indicated that the new executive director of the Utah Department of Transportation has requested to be on the Steering Committee agenda.

The commissioners complimented Scott Leavitt on the budget presentation, effort and preparation to provide education to the committee. Continued discussion in terms of Select Health and the percentage increase resulted in a consensus to stay with the plan as presented with the AOG covering the increased premium cost for this fiscal year. Committee members asked that a discussion of the health insurance and HSA consideration be brought back to the committee next year.

VII. EXECUTIVE COMMITTEE AND STAFF BUSINESS

Mr. Bryan Thiriot reported that in changing the bank accounts at Wells Fargo, it will require the signature of two Board members. Staff is proposing that Commissioner Jim Matson and Commissioner Dale Brinkerhoff satisfy this requirement. Mr. Scott Leavitt indicated that he will be implementing a new formula for allocation of rent to better reflect all cost centers. Commissioners asked about the type of accounting software utilized by the AOG. It was noted that the system is a custom solution program developed by a local CPA. This system is working very well in being able to comply with the state transparency website. At the request of the CFO, changes have been made over the past year to integrate Excel spreadsheets into the software. This is working very well in terms of breaking out time allocations.

VIII. CLOSED SESSION

Commissioner Jim Matson indicated a closed session was not warranted. However, this will be included as a standard agenda item to accommodate any business pertinent to a closed session.

MOTION WAS MADE BY COMMISSIONER DALE BRINKERHOFF TO ADJOURN.

The meeting adjourned at 12:40 p.m.