

PERSON COUNTY BOARD OF COMMISSIONERS

MAY 20, 2013

MEMBERS PRESENT

OTHERS PRESENT

Jimmy B. Clayton

Heidi York, County Manager

Kyle W. Puryear

C. Ronald Aycock, County Attorney

B. Ray Jeffers

Brenda B. Reaves, Clerk to the Board

Frances P. Blalock

David Newell, Sr.

The Board of Commissioners for the County of Person, North Carolina, met in regular session on Monday, May 20, 2013 at 9:00 am in the Commissioners' meeting room in the Person County Office Building.

Chairman Clayton called the meeting to order, led invocation and asked Vice Chairman Jeffers to lead the Pledge of Allegiance.

DISCUSSION/ADJUSTMENT/APPROVAL OF AGENDA:

A **motion** was made by Vice Chairman Jeffers and **carried 5-0** to add an additional Closed Session per General Statute 143-318.11(a)(5) to consider the acquisition or lease of real property to the agenda and to approve the agenda as adjusted.

RESOLUTION OF APPRECIATION:

Chairman Clayton read and presented a Resolution of Appreciation to Person County retiree, Debra Pergerson.

May 20, 2013

RESOLUTION OF APPRECIATION

WHEREAS, Debra Pergerson has served the people of Person County during her tenure as a Administrative Support Specialist in the Inspections Department; and

WHEREAS, Debra Pergerson has served the citizens of Person County with honor, integrity, sincerity and dedication, providing accurate, concise services for thirty-seven years, September 1976 – March 2013; and

WHEREAS, Debra Pergerson has earned the respect and admiration of all who have known her and worked with her throughout her career; and

WHEREAS, the County of Person recognizes the many contributions Debra Pergerson has made to the County and offers her sincere best wishes for her retirement.

NOW, THEREFORE, I, Jimmy B. Clayton, Chairman of the Person County Board of Commissioners, do hereby extend this Resolution of Appreciation to Debra Pergerson for continually striving to make Roxboro and Person County a better place to live and work.

Adopted, this, the 20th day of May, 2013.



Jimmy B. Clayton
Jimmy B. Clayton, Chairman
Person County Board of Commissioners

Attest:

Brenda B. Reaves
Brenda B. Reaves, NCCCC, CMC
Clerk to the Board

May 20, 2013

QUARTERLY SAFETY AWARD:

County Manager, Heidi York reminded the group that the Person County Safety Committee implemented a safety recognition program whereby each quarter, a county department will be awarded a Certificate of Safety and Health Achievement for exemplifying dedication to the health and safety of employees at the work site. Ms. York noted this is a competitive award based on established criteria including: attendance at county trainings, reporting accidents in a timely manner, submitting accident investigation forms, reporting hazards, performance on facility inspections, and emergency procedures testing and other outstanding safety acts.

Ms. York recognized the Health Department, the third recipient and county department to earn the Person County Government Safety Award. Ms. York highlighted that the Health Department not only serves the well-being of public but places special emphasis on health and safety of its employees. The various clinics and programs present the potential for accidents, exposure to hazards and injury. Hazards include biological exposure to blood samples, injuries while performing well or septic inspections and the potential for incidents during home visits or during travel to worksites. Through safety initiatives are in place within the department which is led by Kim Griffin, Laboratory Supervisor, and with the aid of the Person County Safety Officer, OSHA and the NC Department of Labor, the department is committed to providing a safe work environment for staff and public. Ms. York stated the Person County Health Department is currently preparing for their recertification for Public Sector Star Site. The department was initially certified in November 2010 by the NC Department of Labor in recognition of the commitment to maintain a healthy and safe work environment.

Ms. York presented the certificate and plaque with the Health Department's name listed to the Health Department Safety Committee. The plaque hangs in the hallway outside the County Manager's Office and the Commissioners' meeting room. A newsletter article will be in the county newsletter and submitted to the local paper to highlight the outstanding measures of the county department. In attendance receiving the award were the Health Department's Safety Committee members Tibby Rose, Christy Clayton, Adam Sarver, Kim Griffin, Margaret Hicks and LeighAnn Creson.

Person County Government Quarterly Departmental Safety Award

Certificate of Safety & Health Achievement

Health Department

presented to

on

May 20, 2013

for the Quarter of
January—March 2013

In recognition of the exemplary work and dedication to Person County Government, providing outstanding contributions to safety with an emphasis on providing your employees a safe and healthy work environment.



Heidi York
Heidi York, Person County Manager

Jimmy B. Clayton
Jimmy Clayton, Chairman of Person County
Board of County Commissioners

SAFETY IS NO ACCIDENT

May 20, 2013

PUBLIC HEARING:

FINANCIAL GRANT INCENTIVE FOR PROJECT P90X ESTIMATED AT \$531,385 OVER SIX YEARS:

A **motion** was made by Commissioner Blalock, and **carried 5-0** to open the duly advertised public hearing for the financial grant incentive for Project P90X estimated at \$531,385 over six years.

Economic Development Director, Stuart Gilbert stated the business interested in relocating to Person County and county officials were in the process of further discussing Project P90X financial grant incentives noting the business contact respectively requested for the public hearing to be continued to the Board's June 17, 2013 meeting.

A **motion** was made by Vice Chairman Jeffers, and **carried 5-0** to recess the public hearing for the financial grant incentive for Project P90X estimated at \$531,385 over six years until June 17, 2013 at 9:00 am.

PUBLIC HEARING:

FINANCIAL GRANT INCENTIVE FOR PROJECT LINE5 ESTIMATED AT \$1,074,290 OVER TEN YEARS:

Economic Development Director, Stuart Gilbert stated the business interested in establishing a new operation in Person County and county officials were in the process of further discussing Project Line5 financial grant incentives noting the business contact respectively requested for the public hearing to be continued to the Board's June 17, 2013 meeting.

A **motion** was made by Vice Chairman Jeffers, and **carried 5-0** to recess the public hearing for the financial grant incentive for Project Line5 estimated at \$1,074,290 over ten years to June 17, 2013 at 9:00 am.

INFORMAL COMMENTS:

There were no comments from the public.

APPROVAL OF MINUTES:

A **motion** was made by Commissioner Blalock, and **carried 5-0** to approve the minutes of April 29, 2013 and May 6, 2013.

May 20, 2013

OLD BUSINESS:

ZONING ORDINANCE PERTAINING TO NONCONFORMING AND ACCESSORY USES:

Assistant County Manager, Sybil Tate stated at the Board's April 1, 2013 meeting, the Board approved changes to 101-2 and decided to make no changes to 102-1 of the Zoning Ordinance. The Board instructed staff to gather information from other counties regarding zoning regulations of accessory units. Ms. Tate noted the Board discussed the option of allowing accessory structures to be located five feet from any property line – front, side and rear and requested management to bring back recommendations for sections 60-5 and 60-6.

Ms. Tate highlighted a chart comparing Person County's existing accessory use regulations and the proposed changes to the accessory use regulations from the Planning Board with other counties noting at the bottom of the table, staff has listed the least restrictive options from any of the ordinances reviewed.

Ms. Tate recommended all of the least restrictive options, except the setback requirement for accessory structures located in the front yard. Instead, staff recommends decreasing the setback requirement to 25feet from front property lines and increasing the requirement to 40feet for properties on NC and US highways. The Person County Zoning Ordinance requires a 40foot setback for dwellings on NC and US highways and a 25foot setback from other right-of-ways.

County	Distance from side and rear property lines (60-5)	Distance from principal structure (60-5)	# of accessory units allowed (60-6)	Allowed in the front yard? (60-6A)
Person (current)	5ft	5ft	3 accessories for 3 acres, 1 additional accessory for every acre over 3	No
Person (proposed by Planning Board)	5ft	5ft	3 accessories for 3 acres, 1 additional accessory for every acre over 3	Yes, on lots 5 acres or larger, at least 50 ft from street right of way, 25 ft from side property line
New Hanover	5ft, if no greater than 600 sq ft	5ft, if no greater than 600 sq ft	N/A (no limit)	Yes, if does not exceed 50 sq ft and houses well or pump equipment
Scotland	10 ft from sides , 30 ft max in rear	N/A (no limit)	N/A (no limit)	Yes, if 30 ft from front property line

Franklin	5ft, maximum bldg. size is 720 sq ft for lots under 1 acre (distance and building size increase as lot size increases)	10 ft	Limit is based on sq ft allotment	Yes, in lots of 5 acres or more, 200 ft from right of way
Granville	10 feet, 20 feet from right-of-way	N/A (no limit)	N/A (no limit)	Yes, in lots over 10 acres, 25 ft from property line, 100 ft from right of way
Vance	10 ft	10 ft, 30 ft from other accessory structure	1 per .45 acres, for each additional .45 acres another accessory bldg. is allowed; must be 30ft apart	Yes, if less than 50 sq ft and houses well or pump equipment
Chatham	Must meet standard setbacks of 25 ft from side and rear property lines, if open car port it can be 10 ft	N/A (no limit)	N/A (no limit)	Yes, it must be 40 ft from front property line, 25 ft from sides and rear
Least Restrictive Option	5 ft	N/A (no limit)	N/A (no limit)	Yes, if 30 ft from front property line

It was the consensus of the Board to consider adopting the least restrictive accessory use language as outlined below as presented by Ms. Tate:

- i. **60-5.** Unless otherwise specified in this ordinance, accessory buildings may be allowed within five feet of rear and side yard lot lines. ~~provided they are five feet or more from the main structure.~~
- ii. ~~**60-6.** Unless otherwise specified in this ordinance, every principal building hereafter erected or moved shall be located on a separate lot and in no case shall there be more than one principal building and three permitted accessory buildings on all lots under three acres. There shall be allowed one additional accessory building for every acre over three acres. Industrial operations located in the GI district shall be exempted from this provision.~~
- iii. **60-6A.** Accessory structures may be placed in the front yard, if at least 25ft from the front property line. For lots located on NC and US highways, accessory structures may be placed in the front yard, if at least 40 feet from the front property line.

Chairman Clayton expressed his desire for existing structures to be grandfathered for compliance versus situations arising where a parcel was split and an existing structure would not meet the ordinance requirements.

County Attorney, Ron Aycock noted language could be added to the ordinance specifying uses to be grandfathered.

It was the consensus of the Board for the County Attorney to propose language for inclusion in the Zoning Ordinance related to existing structures.

Commissioner Blalock raised concerns that section 101-7(b) mandating a deadline for restoration to begin and be completed. Ms. Tate suggested item b to read: If the use is a one-family dwelling, restoration shall be permitted.

101-7 A nonconforming structure or a conforming structure devoted to a nonconforming activity that is damaged by any casualty to an extent more than 60 percent of its assessed value, based on County Tax Assessor records, shall not be restored except as follows:

- a. As a conforming use.
- ~~b. If the use is a one-family dwelling, restoration shall be permitted, provided such restoration is begun within six months of the casualty and completed within 24 months of the casualty.~~
- c. For structures except a one family dwelling, restoration of a nonconforming structure shall require approval by the Board of Adjustment. A site plan according to Section 80 will be required. In approving such permit, the Board will consider the stated purpose for establishing the zoning district in which the structure is located, the uses in the area immediately surrounding the structure in question, particularly the other nonconforming uses, and the hardship which would result from a denial of the Conditional Use Permit. The permit shall include conditions as to time for repair to be completed and any other conditions deemed necessary to carry out the intent of this section of the ordinance.

Ms. Tate stated she would incorporate the changes as requested by the Board as well as obtain proposed language from the County Attorney related to existing structures to bring back in final form for the Board's consideration for approval.

NEW BUSINESS:

COUNTY EMPLOYEE HEALTH BENEFITS PLAN FOR FY13-14:

County Manager, Heidi York stated each year the County's Human Resources Department works through Thompson-Allen Insurance of Roxboro and new to the county this year is Scott Benefit Services from Raleigh acting as the county's brokers to determine an employee benefits plan which is fiscally feasible and addresses the needs of the county's workforce. Ms. York stated the process takes many months of negotiating noting the County currently spends approximately \$2,461,193 on employee health benefits per year.

Ms. York explained the NC League of Municipalities has welcomed counties to participate in their insurance pool this year. The Human Resources Department sought a quote from the League to determine its competitiveness with the proposals through Thompson-Allen and Scott Benefit Services. Ms. York stated the League's proposal addresses the priorities of the workforce and would allow Person County to begin transitioning to a self-funded benefits program, which the majority of NC cities and counties are now moving toward, without becoming fully self-funded. Ms. York noted staff has created a partially self-funded plan which keeps control of escalating benefits costs. Ms. York stated the City of Roxboro is adopting a very similar plan with the League as well. In addition the League will provide wellness benefits to employees that are aimed at reducing employees' overall medical costs and in turn, reducing the county's insurance claim rates.

Ms. York stated Mr. Phillip Allen of Thompson-Allen Insurance and Mr. Bryan Bickley of Scott Benefit Services has requested to present their recommended plan to the Board. Ms. York stated she offered the same opportunity to the League of Municipalities to which they have representatives available to present their plan to the Board as well.

Ms. York asked the Board to receive the presentations and set the employees' benefits plan for FY13-14.

Mr. Phillip Allen of Thompson-Allen Insurance, Mr. Bryan Bickley of Scott Benefit Services and Mr. Baker Freiberg of Coventry Health Care of the Carolinas presented the following health benefits plan to the Board:



Person County Government Executive Summary

Thank you for allowing Coventry Health Care of the Carolinas (Coventry) to offer a proposal to manage the medical benefits for Person County Government (the County) employees and their dependents. We have carefully reviewed the current benefits and the requirements in the RFP. We have also reviewed a revised proposal from the League of Municipalities: the alternate plan under consideration. Coventry is uniquely qualified to offer the attached fully-insured proposal for the County to truly manage health costs through a combination of proven cost management tools, support of tangible wellness strategies, and a provider contracting unit cost position that offers value for member out-of-pocket expense and stability for plan renewals and benefit design integrity. The key components of our proposal are as follows:

Experience/Local Focus

Coventry Health Care of the Carolinas is headquartered in Morrisville, NC. Our leadership and Account Management teams are proximal to Person County. The team assigned to Person County is outlined below:

Tracy Baker, CEO (ultimate executive contact for any area of the partnership)
Peter Chauncey, COO (responsible for implementing overall strategic initiatives)
Dan Barco, MD – Medical Director (will lead all medical management strategies/initiatives)
Esther Watson, VP Medical Management (will lead day-to-day medical management activities)
Jim Bostian, VP Network Management (consulting service around custom network designs and performance based models)
Jeff Kiser, VP Sales & Marketing (sales leadership)
Baker Freiberg, Strategic Account Executive (sales/strategy contact)
Robert Rabb, Strategic Account Manager (primary contact for service)
Jo Kautzman, Customer Service Lead (dedicated to Person County)

Robert Rabb will be your dedicated Strategic Account Manager. He has over 14 years experience with Coventry and is the lead service contact for Duke University. Robert was the dedicated Strategic Account Manager for the County from 2008-2011.

We offer local engagement with the County and we understand the importance of local decisions and resources. Coventry also offers direct experience with future design concepts articulated in the RFP – including patient centered medical home / value based contracting models.

Coventry Health Care of the Carolinas has experience working with both government entities and large employer groups. Coventry currently works with numerous groups that fit that description, including Duke University / Duke Health System, Johnston County Government, Johnston Health and Alamance County Government.



Coventry's experience/performance in delivering health benefits for the County from 7/1/2008 – 7/1/2011 is important to highlight. Coventry's model allowed the County to maintain the benefit plan integrity and experience consistently low single digit renewals (0%, 5%, 1%, and 4%) for the entire period. Subsequently, the current model has resulted in the significant erosion of benefits and dramatically higher medical cost increases (37%, 17%). The key drivers include the atypical coverage of services like bariatric surgery and infertility courses as well as lesser scrutiny around case management and disease management. Coventry's track record of delivering superior cost management capabilities coupled with engagement of local providers as outlined in this summary are key components of our proposal.

Medical Management

Coventry offers best in class medical management expertise and focus. With the ability to apply a broader list of services requiring authorizations, local case management and onsite/telephonic facility concurrent review, we are best equipped to implement the level of management required by the County. Coventry will collaborate with the County to select the desired level of management. It is important to stress that a carrier must have experience in true medical management to offer a spectrum of choice for a client.

Patient Centered Medical Home Model

Through a partnership powered by Duke Medicine, Coventry has recently introduced its Carelink product in a seven-county area in the Triangle: Person, Alamance, Orange, Durham, Granville, Vance, and Wake counties. The Carelink-Duke Medical Home design offers a comprehensive network of providers serving the primary, maternity, specialty care and inpatient/outpatient facility needs of members throughout the seven-county service area. Between Duke Medicine and the other community providers, the network includes nine hospitals (including Person Memorial: a Duke/LifePoint managed hospital), more than 250 primary care practice locations and more than 650 specialty practice locations. A Medical Home provider directory is included as part of our proposal. This network can also be referenced through our website: www.chccarolinas.com.

Designed around the patient-centered medical home health care delivery model, the innovative Carelink plan rewards providers for value rather than volume, resulting in improved quality and cost savings for employers and employees.

The Carelink-Duke Medical Home plan is managed, administered and serviced entirely by Coventry Health Care of the Carolinas. Duke Medicine and other community providers serve as the engine for the plan. Coventry's information systems supplement Duke Medicine's comprehensive, seamless and system-wide medical records technology for an unprecedented level of secure data sharing and coordination that will enable the delivery of higher quality care at a lower cost. Performance measures include:

- Identifying and filling patient "gaps in care" such as:
 - Preventative services (immunizations, screenings, etc.)



- Lab tests, prescriptions and other important services for patients with chronic conditions
- Reducing inpatient readmissions by providing timely outpatient follow-up after hospital discharge
- Reducing emergency room visits by expanding physician office hours and providing outreach to patients to provide necessary care
- Prescribing generic drugs when appropriate

The Carelink benefit allows subscribers to choose from two different provider network options: Medical Home or Traditional. The option selected defines the provider network, some benefit plan rules, and the premium. Premiums for the Medical Home options are approximately 9%-10% less than for the Traditional option. The subscriber selection remains in effect for one year. In the Medical Home option, members are encouraged to select a primary care physician (PCP) from the medical home network. The PCP leads a team of health care professionals who provide care through all stages of wellness, health and illness to connect employees and businesses with optimum quality and cost results. There are significant benefit advantages for members to receive services within the medical home network. The Traditional option delivers the entire Coventry Health Care of the Carolinas network.

Coventry and Duke are proud to offer the Carelink-Duke Medical Home product as an option for the employees of Person County Government. We have included two brochures with additional information on the Carelink product for your reference, as well as a document that helps visualize the provider network options.

While our financial proposal for this option delivers premiums up to 10% lower than any other proposal under consideration, Coventry understands that given the renewal timeline and the desire for the county to educate employees, the option will be given greater consideration during the 2014 renewal. The key message is that Coventry and the providers in the community do have a plan in place that the County can access when comfortable.

Wellness Strategy

County members will have access to Coventry's wellness program, Coventry WellBeing. This program begins with a Health Risk Assessment (HRA) that is completely confidential and takes about 20 minutes to complete online. After members complete their HRA, they will receive a report that lets them know how well they are doing with their healthy habits. Based on the results of each member, personalized wellness programs will be prioritized for each member to address areas in need of improvement. Examples of coaching programs include weight management, tobacco cessation, stress management and physical activity. There are tools within the wellness program for each member to track their progress, as well as additional discount programs, health news and resource libraries. Further, with the assistance of the Strategic Account Manager, Coventry can coordinate on-site biometric screenings and flu-shot clinics. We coordinate with our vendor partners and they file claims to Coventry.



Flexibility / Reporting

One of Coventry's strengths involves flexibility. We are able to build and administer a custom platform to fit customer needs. This platform can involve alternate levels of medical management deemed appropriate to control medical plan expenditures, and custom reporting.

Included in our proposed rates is a commitment to standard and custom reporting. Coventry will dedicate appropriate resources to meet the reporting needs of the County. This reporting strategy includes: traditional claims and utilization reports, ad-hoc and drill down reports, provider profiling reports, risk stratification reports, and access to HEDIS® data and CAHPS® survey information. Coventry firmly believes that most standard reports lead to questions that can only be answered through additional drill-down reports. The dedicated Strategic Account Manager will be charged with the review of the standard reports, the interpretation of these reports, and accessing internal resources to build any required custom reports. Our goal is to make sure that Person County is aware of the cost drivers and understands how they can influence cost control.

Evaluation of League of Municipalities Revised Proposal

Typically, Coventry does not offer a comparison to a competing plan consideration, but in this circumstance the risks to the County are so great that we feel it is critical to offer our industry knowledge and experience to the evaluation.

Coventry's understanding is that the NC League of Municipalities has offered at least two design offerings. The first is a traditional fully-insured proposal with a comparable plan design that was generally in line with the 17% BCBS renewal. The second involves a risk sharing model that shifts coinsurance liability from the insurance carrier to the County itself. This is referenced as the 'MERP Liability'. This shift of liability to the County is in addition to the annual premium. Under this arrangement the maximum liability the County faces is approximately \$4.7M (\$2,279,550 in MERP liability and \$2.4M in annual premium). Coventry agrees that \$2.28M in MERP liability is unlikely, but our review shows the League's projection of a round figure of \$200,000 (8.7% of the maximum exposure) is understated and also unlikely.

Before Coventry engaged actuarial support to properly project the MERP Liability, we performed a simple comparison of the two League offerings to highlight a proposal involving full risk and one that transfers part of the risk to the County. The report to Coventry was the full risk proposal with a plan match yielded a 16%-17% increase over current rates. This puts the annual premium at \$2.87M. The second proposal shifts the coinsurance liability to the County. Under this proposal, the premium is \$2.4M with a MERP Liability projection of \$200k for a total projected cost of \$2.61M. Using proper benefit relativities and risk transfer assumptions, there is a fundamental disconnect. The League needed \$470k more in premium to accept the risk, but they are only projecting \$200k for County risk. This simple comparison reveals a minimal understatement of \$200k in County Liability.



Access to a League analysis performed by a licensed Actuary would be valuable, but our understanding is that it is unavailable. In its absence, please allow us to bring industry background and benchmark data to the evaluation:

- The foundation and key driver of medical expenses is the provider network contracting position. This is referenced in 2 ways: unit cost (the contracted rate per unit of service) and provider discounts. The difference between the billed charges and the unit cost is the discount. A critical concern in a risk sharing arrangement is that the League is accessing a MedCost rental network. It is well known in the industry that a rental network sacrifices unit cost for broad coverage/access. Thru COB data mining, experience of seasoned experts who have been in the contracting business of the industry and provider validation, the proposed foundation for claims expense payment delivers a significant erosion in unit cost/discount position to virtually any carrier in the marketplace. A safe estimate in the Triangle and surrounding markets is a 20% erosion. One area of key exposure is for hospital services. Carriers like Coventry and BCBSNC have fixed rate agreements for many hospital services. This insulates the plan and any self funded (or quasi self funding, as in this case) customer from exposure in higher dollar cases. Rental network arrangements follow a percentage discount methodology. The higher the billed charges, the higher the medical expenses. This overall increase in expense risk harms the County employees and the County. Employees receive less value for their out-of-pocket liability. As the employees meet the out-of-pocket obligations faster, the County inherits the MERP risk faster and then it too, experiences the risk of greater expense exposure.
- Absent (but directly influenced by) the underlying dynamic in bullet 1, another key to the evaluation involves using benchmark data to model coinsurance exposure. Three sources are used in our study: Milliman – a leader in providing actuarial consulting services to the health industry, an Actuary at Scott Insurance – one of the leading health benefit consulting groups on the East Coast, and an analysis by one of Coventry's senior Actuaries. Our findings present two concerning issues: 1) there is no consistent result across the 3 sources – which adds to the unknown risk in the League's proposal, and 2) the projected figure of \$200,000 in the League's proposal is understated.
 - Milliman's guidance is to project 31.8% of the maximum liability (in this case, \$725,395).
 - Scott Insurance's guidance is to project 30% of the maximum liability (in this case, \$683,865).
 - The analysis from Coventry's senior Actuary projects this figure is 17.8% of the maximum liability (in this case, \$406,376) if the group were running this plan on Coventry's network. As mentioned earlier in this Executive Summary, we then need to adjust this number to factor in the inferior network discounts on the MedCost network. Once adjusted for a 20% reduction in network discount, Coventry's Actuary projects this figure will be 21.4% of the maximum liability (in this case, \$487,651).



- Coventry also evaluated available BCBS Deductible/Coinsurance reporting in an effort to project MERP liability. Our determination was that this information was not reliable for the following reasons:
 - The data ONLY reflects the member responsibility under deductibles and coinsurance based on the current BCBS plan design. As can be seen, there is no exposure reflected above those amounts. The exposure above the coinsurance amounts is the central unknown factor in the League proposal. The BCBS reporting, by design, makes it not useable for this study.
 - Despite the controlling point in bullet 1, the data is incomplete and it is proper to expect the curve on deductible/coinsurance penetration to become steep at the end of a completed period. So, it would be improper to take the incomplete data and simply annualize it.
 - Finally, the reporting reflects BCBS's superior contract discounts (on par with Coventry's in this market). The erosion of discounts by moving to a MedCost network invalidates the data.

Financial Proposal / Recommendation

Coventry's proposed REVISED rates are detailed in the Proposal Exhibit section of this proposal. Based on feedback from advisors to the County, our lead offering/recommendation includes a plan modeled after the current design, but with benefit enhancements including a \$40 Specialist copay. Including the benefit upgrade, the fully-insured, maximum risk rates are 4.9% over current or \$16,830 in annual savings when compared to the projected League cost (which we believe is significantly understated). This revised offering is 1% or \$28,221 lower than our prior offer. While the immediate savings are compelling, the introduction of management tools and a provider unit cost (representing strength of discounts) familiar to the County when previously with Coventry is where the County can change its current course. Coventry and our local provider partners can offer a different path of improved population health management that will translate to more stable premiums and the avoidance of further erosion of benefits.

For future reference, the rates associated with the Carelink High Performance Network option in our proposal would further reduce the current premium by approximately 5.5%-6.6% or \$129,895-\$161,441 annually. Our understanding is that the County has elected not to consider this option, so these figures are an approximation based on the changes we have made since our initial proposal.

In addition to competitive rates, our proposal includes a Gain Share Agreement with the County that allows the County to realize a premium refund if it meets a target Medical Loss Ratio (MLR). Under this arrangement, which is detailed in the Gain Share Agreement section of this proposal, Coventry has set a target MLR of 86%. If the County's actual claims incurred during the contract year are less than 86% of the net premium remitted, Coventry will pay Person County 100% of the difference between 86% of the net premium remitted and the actual claims amount.



Under this design, Coventry is offering a fully-insured guarantee with the opportunity to reduce overall premium. Under the League design, the County is offered a combination of premium and what we believe to be an understated MERP "projection" that is higher than our guarantee. The central risk is in the tremendous and unpredictable exposure in MERP liability above and beyond the League's projection. Exhibit 1 shows the Coventry Fully Insured proposal next to the League's proposal with their projected MERP Liability of \$200,000, as well as the different MERP projections from Milliman, Scott Insurance and Coventry. This exhibit shows that Coventry's Fully Insured proposal is \$16,830 lower than the League's proposal based on their MERP liability projection and \$304,781 lower than the League's proposal based on Coventry's MERP Liability projection.

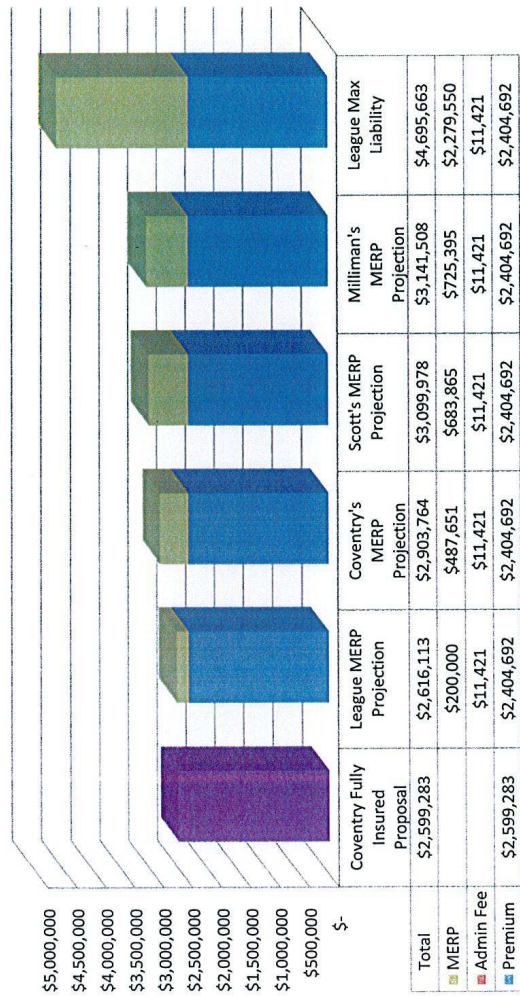
Again, thank you for the opportunity to help the County manage a very important line item in its budget and a key tool in recruiting and retaining strong employees. We welcome the invitation to participate in an on-site presentation where we can answer any questions, offer more details or address any key points identified by Person County. We are also prepared to respond to any requests to present alternate plan designs for consideration. Thank you for this opportunity.

Baker Freiberg
Strategic Account Executive
Coventry Health Care of the Carolinas
2801 Slater Road, Suite 200
Morrisville, NC 27560
Phone: 919-337-1879
lbfreiberg@cvtv.com

This is a summary of benefits for illustrative purposes. Please refer to the carrier benefit summaries for actual benefits.

May 20, 2013
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Exhibit 1
Comparison of Various Total Cost Projections



Person County Government
Settlement Agreement for the Contract Year
July 1, 2013 - June 30, 2014

Gain Share Agreement

If actual claims* incurred (including IBNR) during the contract year are less than 86% of the net premium remitted**, Coventry Health Care of the Carolinas, Inc will pay Person County Government 100% of the difference between 86% of the net premium remitted and the actual claims amount.

Settlement will be completed on December 31, 2014, six months following the end of the contract year.

Person County Government must continue to be a client of Coventry Health Care of the Carolinas, Inc at the time of settlement for any applicable refunds to be paid.

Sample Settlement (Illustrative purposes only)

Premium remitted, 7/1/13 - 6/30/14	\$2,392,000
Target Medical Loss Ratio	<u>86.0%</u>
Target Claims Incurred (including IBNR), 7/1/13 - 6/30/14	\$2,057,120
Actual Claims Incurred (including IBNR), 7/1/13 - 6/30/14, and paid through 09/30/14.	<u>\$1,857,120</u>
Excess Premium, if greater than zero	\$200,000
Refund to Person County Government (100% of excess premium)***	\$200,000

** For the purposes of this exhibit, "actual claims" includes capitated expenses.*

*** For the purposes of this exhibit, "net premium remitted" excludes broker pass-through fees and fees related to PPACA, where applicable.*

**** Refund will not exceed 10% of net premium remitted.*

Ms. York asked Mr. Freiberg if the recent acquisition by Aetna of Coventry would impact any changes in the health benefits plan. Mr. Freiberg assured the group the two organizations would create a better dynamic with minimal changes seen in the next two-three years.

Human Resources Director, Angie Warren introduced the representatives in attendance on behalf of the NC League of Municipalities: Mr. Bob Haynes, Associate Director Risk Management Services, Mr. John Phillips, Vice President, Business Development, Medcost, Ms. Julie Hall, NC League Director of Health Programs and Ms. Angela Greene, NC League Member Services Field Consultant.

Mr. Haynes presented to the Board the following health benefits plan:

RISK MANAGEMENT SERVICES

NC LEAGUE
OF MUNICIPALITIES
Good government. Great hometowns.

Municipal Insurance Trust of NC

*Presentation to Person County Board of
Commissioners*

May 20, 2013



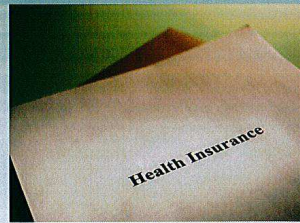
Our Mission

- The essential mission of RMS: help our members be better at what they do
- Health Benefits Trust (HBT) exists for that purpose
- HBT has operated as a self-funded pool for 30 years



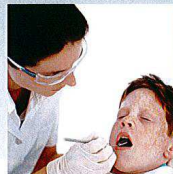
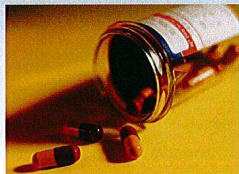
Our Value Proposition

- HBT allows groups to enjoy the benefits of self-insuring without all of the volatility
- Efforts focused in three areas:
 - Controlling costs
 - Improving employee health
 - Making health insurance easy for staff and employees (focus efforts beyond collecting enough premium to pay claims)



Focus on Controlling Costs – 3 Areas

- Administration
- Medical Claims
- Pharmacy Claims



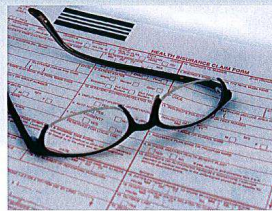
**Focus on Employee Health – Robust Wellness
Programming**

- Wellness Initiative
- Personal Care Management
- Wellness and EAP Grants
- Wellness Consultation



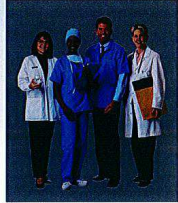
Focus on Making Health Insurance Easy –
Create Fans

- Customer Service
- Claim Appeals
- Employee Meetings
- Compliance with the Affordable Care Act



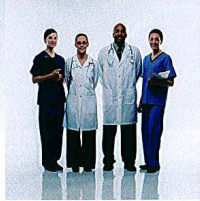
Status of HBT – Are We Succeeding?

- Premium exceeds \$54 million and includes 400 local government entities (over 300 purchase medical insurance)
- Nearby participants – Roxboro, Oxford, Durham ABC Board, Stokes County, Camden County Unified Government
- RBC Analysis



HBT Partners

- Medcost Benefit Services (network discounts and access, claims adjudication, billing and eligibility, case management and personal care management)
- PharmAvail (pharmacy benefit management)
- Towers Watson (actuarial analysis and underwriting)
- Ernst & Young (financial audit)



Benefits of Pooling Risk

- Underwriting based on experience of the member and experience of the pool
- Capping of large losses, credibility weighting of losses below cap
- Capping of rate increases
- No commissions or fees paid
- No Department of Insurance regulatory fees
- No health insurance providers fee as required by the Affordable Care Act



Plan Design Features

- Assume a portion of the risk without being fully self-funded

Benefit Highlights	Network	Non-Network
Calendar Year Deductible	Individual \$1,000 / Family \$2,000	
Member Coinsurance Maximum	Individual 30% of \$6,500 (\$1,950) Family 30% of \$13,000 (\$9,100)	Individual 50% of \$7,000 (\$3,500) Family 50% of \$14,000 (\$7,000)
MERP (County Liability)	Individual 70% of \$6,500 (\$4,550) Family 70% of \$13,000 (\$9,100)	Individual 50% of \$7,000 (\$3,500) Family 50% of \$14,000 (\$7,000)
Calendar Year Deductible	Individual \$7,500 / Family \$15,000	
Out-of-Pocket Maximum Includes Deductible	Individual \$7,500 / Family \$15,000	Individual \$8,000 / Family \$16,000
Coinsurance	100%	80%
Office Visits	\$20 copay Primary \$40 copay Specialist	80% after deductible
Preventive Services	100%, deductible waived	100%, deductible waived Limited to \$500 annually
Emergency Room Treatment	\$100 copay, then 100% after deductible	
Prescription Drug Card	\$5 copay generic \$20 copay preferred brand \$40 copay non-preferred brand	

RISK MANAGEMENT SERVICES



How It Works

Provider	Procedure	Claim Amount	Employee Portion	County Portion	Plan Portion
Granville Med. Ctr.	Emergency Room	\$454	\$454	\$0	\$0
NC Specialty Hosp.	Knee Replacement	\$24,675	\$2,950	\$4,550	\$17,175
NC Specialty Hosp.	Spinal Fusion of the Lumbar	\$63,629	\$2,950	\$4,550	\$56,129
Independence Park	Ultrasound (Pelvic)	\$220	\$220	\$0	\$0
Person Mem. Hosp.	Mammogram (screening)	\$180	\$0	\$0	\$180
Person Mem. Hosp.	Colonoscopy	\$2,173	\$0	\$0	\$2,173
Person Cnty Med Ctr.	PCP Office Visit	\$58	\$20	\$0	\$38
Person Cnty Med Ctr.	PCP Office Visit	\$46	\$20	\$0	\$26

RISK MANAGEMENT SERVICES



Value Added Benefits

- Smart Starts
 - Prenatal nurse will call at scheduled times during your pregnancy to check your progress, and is available for any questions or concerns.
 - Member is paid to participate up to \$150.00
- HealtheReports
 - Prices paid to providers for the same procedures are different
 - On-line healthcare transparency tool
 - Allows you to compare the pricing of the procedures, the quality of care received and feedback of other members regarding their experience with the providers you're considering



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Ms. Warren provided a letter from the City of Hendersonville Human Resources Director outlining the City of Hendersonville's experience with the NC League of Municipalities' health insurance program.

May 20, 2013

Ms. Warren highlighted comparisons of the two benefit plans presented for the Board's review. It was noted the Wellpath/Coventry plan had been changed slightly since its initial submission to the County for consideration thereby making the comparisons inaccurate.

5/23/2013

Budget Comparison for Employee Health Insurance

NC League Bucket Plan 3A Partial self-funded

- 423 active and pre-65 employees
- $423 \times \$406 = \$171,738 \times 12 \text{ months} = \text{annual premium of } \$2,060,856$
- MERP Administration Fee \$11,421
- MERP liability \$200,000

TOTAL budget \$2,272,277

Wellpath/Coventry

Fully insured – Recently bought by Aetna

- 423 active and pre-65 employees
- $423 \times \$474.96 = \$200,908.08 \times 12 \text{ months} = \text{annual premium of } \$2,410,896.96$
- Broker Commission of 2% built into premium

TOTAL budget \$2,410,896.96

County Savings of \$138,619.96

Budget Comparison for Employee Health Insurance Option 2

NC League current plan design w/\$45 specialist copay

Fully insured

- 423 active and pre-65 employees
- $423 \times \$467 = \$197,541 \times 12 \text{ months} = \text{annual premium of } \$2,370,492$
- Membership fee to join League \$500

TOTAL budget \$2,370,492

Wellpath/Coventry

Fully insured – Recently bought by Aetna

- 423 active and pre-65 employees
- $423 \times \$474.96 = \$200,908.08 \times 12 \text{ months} = \text{annual premium of } \$2,410,896.96$
- Broker Commission of 2% built into premium

TOTAL budget \$2,410,896.96

County Savings \$ 40,404.96

5/23/2013

Monthly Rate Comparison for Employee and Dependent Health Insurance				
	Blue Cross Blue Shield Current Rates *no specialist copay	NC League Rates for Bucket Option 3A *specialist copay	Wellpath/ Coventry Rates *specialist copay	NCLeague rates current plan w/\$45 spec copay
	Fully insured	partial self funded	Fully insured	Fully insured
Employee	\$447.72	\$406	\$474.96	\$467
Emp/Spouse	\$502.84	\$447	\$533.43	\$514
Emp/Children	\$158.98	\$284	\$168.65	\$327
Family	\$665.78	\$690	\$706.28	\$794

Person County's calculation on MERP liability &
Budget Amount

- 200 employees (a report generated from Blue Cross Blue Shield shows that 105 members ranged in coinsurance levels from \$0 to under \$2,500)
- 39 employees/dependents (we used ½ of the number of dependents we have covered now)
- 200 employees x (70% of \$6,500) \$4,550 = \$910,000
- 39 employees/dependents x (70% of \$13,000) \$9,100 = \$354,900
- Worst case for 239 employees, employees/dependents = \$1,264,900

- Our projection from worst case \$1,264,900 x 15% factor \$189,735
- Projected Liability: \$200,000
- Annual premium for MIT: \$2,060,856
- MERP Administration Fee: \$11,421
- **Budget Amount: \$2,272,277**

** Note - Office visit co-pays and prescription co-pays are not subject to the MERP liability

Commissioner Blalock requested consideration to have this item placed upon the meeting agenda for May 28, 2013. Ms. York commented on the stringent deadline to have the enrollment meetings for employees to complete the insurance forms and submit to staff for entry into the accounting software prior to the June payroll.

A **motion** was made by Commissioner Newell, and **carried 5-0** to select Wellpath/Coventry as Person County's group health benefits plan as presented by Phillip Allen of Thompson-Allen Insurance of Roxboro and Bryan Bickley of Scott Benefit Services of Raleigh.

Chairman Clayton announced a brief recess at 11:04 am. The meeting was reconvened at 11:10 am.

KERR-TAR REGIONAL COUNCIL OF GOVERNMENTS' REQUEST FOR A SPECIAL ASSESSMENT:

County Manager, Heidi York stated the Kerr-Tar Regional Council of Governments (COG) is requesting a one-time special assessment of all member governments. The request is for each member government to pay an additional \$1.39 per capita contribution to the COG before May 31, 2013. For Person County, this amounts to \$43,232. Ms. York clarified this special assessment request is in addition to the annual dues paid to the COG which is just under \$15,000. Ms. York noted the intent of the COG to reduce member dues over a period of time to repay each jurisdiction incrementally the amount of the special assessment requested.

Ms. Diane Cox, the Interim Executive Director for the COG presented the request on behalf of the COG's Board of Directors.

Ms. Cox stated the special assessment request is being made to fully replenish their Revolving Loan Fund. It was discovered during the FY11-12 audit review that inappropriate and inadvertent use of restricted funds from the Revolving Loan Fund were utilized for general operations.

The US Economic Development Administration (EDA) informed the COG in April that the funds owed to the Revolving Loan Funds were to be paid back in full immediately. Because the COG is statutorily prohibited from borrowing money, the quickest mechanism for obtaining the needed funds is through this special assessment on its members.

Chairman Clayton stated he is the Commissioner Representative on the COG Board noting the Board of Directors were not aware of any such activity. Chairman Clayton stated the Executive Director had resigned and Ms. Cox, as the Interim Director, had this issue placed on her without prior knowledge. Ms. Cox and Chairman Clayton noted the COG has implemented a deficit reduction plan with a finance committee being

appointed, not going forward to hire an Executive Director at this time, suspended contributions to the 401k plan, reduced board expenses and moving the Community Development Block Grant program to fall under the Economic Development program. Chairman Clayton stated the attorney for the COG, Jim Wrenn, had reviewed the issue and found no criminal activity and that the violation involved restricted funds being commingled with general use funds.

Commissioner Puryear stated he was not in support of the county funding the special assessment request.

Vice Chairman Jeffers noted other county services and programs that would be affected if the county did not fund the special assessment request and stated his support to the COG.

A **motion** was made by Chairman Clayton, to fund the Kerr-Tar Regional Council of Governments' request for a special assessment in the amount of \$43,232.

A **substitute motion** was made by Commissioner Puryear, to not fund the Kerr-Tar Regional Council of Governments' request for a special assessment in the amount of \$43,232 and suspend membership until such time that the COG is proven to be financially stable. The **substitute motion failed 2-3** with Commissioners Puryear and Newell voting in favor and Chairman Clayton, Vice Chairman Jeffers and Commissioner Blalock voting in opposition.

The **original motion carried 3-2** with Chairman Clayton, Vice Chairman Jeffers and Commissioner Blalock voting in support. Commissioners Puryear and Newell cast the dissenting votes.

SEWER EXTENSION FOR NEW ROXBORO VETERINARY HOSPITAL:

General Services Director, Ray Foushee requested Board approval of a sewer extension for a new Roxboro Veterinary Hospital. Mr. Foushee noted Dr. Aric Sabins plans to build a new Roxboro Veterinary Hospital approximately 3,000 feet west of the intersection of Patterson Drive and Hurdle Mills Road. The hospital will be on Patterson Drive. Mr. Foushee further noted Dr. Sabins has requested that the new veterinary hospital be connected to the City sewer line, requiring an extension of approximately 1,036 linear of 8" PVC. Mr. Foushee stated the total cost of the sewer extension will be included in the building project, with no cost to the City or the County.

As per the 'City and County Joint Water and Sewer Agreement' adopted in August 1999, Mr. Foushee stated that both the City and County, through their respective governing bodies, shall approve all plans and authorize each extension of water and sewer lines.

Mr. Foushee stated the City had this item on their May 14, 2013 agenda and City Council granted approval.

A **motion** was made by Vice Chairman Jeffers, and **carried 5-0** to approve the sewer extension request for a new Roxboro Veterinary Hospital as presented.

BUDGET AMENDMENT:

Finance Director, Amy Wehrenberg presented and explained the following Budget Amendment.

Upon a motion by Vice Chairman Jeffers, and majority vote (5-0), the Board of Commissioners of Person County does hereby amend the Budget of the Fund(s) listed below on this, the 20th day of May 2013, as follows:

<u>Dept./Acct No.</u>	<u>Department Name</u>	<u>Amount</u> Incr / (Decr)
<u>EXPENDITURES</u>	<u>General Fund</u>	
	General Government	(576)
	Public Safety	35,604
	Culture & Recreation	(6,527)
	Human Services	1,229
<u>REVENUES</u>	<u>General Fund</u>	
	Other Revenues	3,424
	Charge for Services	6,701
	Intergovernmental Revenues	19,605
<u>EXPENDITURES</u>	<u>Capital Improvement Projects Fund</u>	
	Energy Lighting Project	3,387
<u>REVENUES</u>	<u>Capital Improvement Projects Fund</u>	
	Other Revenues	3,387

Explanation:

Received additional Morale Concession revenues (\$653); Sheriff's donations (\$449); Concealed Weapons fees (\$9,105); Reimbursement for State and Federal Inmates (\$19,605); Jail fees (\$1,787); Jail Concessions & Medical revenues (\$1,250); Sales and Commissions from inmate phone cards (\$2,726); Rabies vaccination revenues (\$232); EMS donations (\$450); Recreation donations (\$500); Insurance claim received for damage to Mayo vehicle (\$1,372); correcting a budget entry that inaccurately appropriated Kirby & Arts revenue -(\$8,399); transferring funds from the Information Technology Funds -(\$1,299) to DSS for purchase of IT-related equipment (\$1,229); and appropriating a cost share received from Progress Energy for the County's Energy Lighting Project (\$3,387).

Vice Chairman Jeffers inquired about the revenues related to jail concessions and commissions from inmate phone cards. Ms. Wehrenberg stated the revenues were a result of items purchased through the jail canteen.

Ms. Wehrenberg requested confirmation the COG special assessment appropriation would be funded by the County Fund Balance. It was the intent and direction by the Board to the Finance Director to appropriate the special assessment from the County Fund Balance.


PRESENTATION OF THE FISCAL YEAR 2013-2014 PROPOSED BUDGET:

County Manager, Heidi York stated North Carolina General Statutes require that on or before June 1, the manager present her recommended budget for the next fiscal year to the Board of Commissioners. An overview of the proposed budget will be given, along with copies of the budget document for Commissioners' review. The schedule of the budget work sessions will also be presented based on the Board's feedback. According to the adopted budget calendar, the Board is scheduled to adopt the budget at their June 17th Board meeting.



Recommended Budget

- Reflects priorities of Board of Commissioners
- Supports goals of the Person Futures Strategic Plan
 1. Protect Our Land
 2. Foster a Sense of Community
 3. Encourage Learning for Life & Lifelong Learning
 4. Re-Imagine Our County for a Better Future
 5. Prosper By Developing the New Economy Locally



Strategic Budget

- Adjusts to minimal growth while focusing on priorities of the Board to provide the highest quality services in the most fiscally responsible manner
- Retains transparency in priority setting and accountability in spending
- Emphasizes long-term fiscal discipline:
 - Restrict fund balance appropriations to one-time, non-recurring expenses
 - Hold the tax rate
 - Limit increases in spending to only when revenues can support it and the demands and priorities are aligned

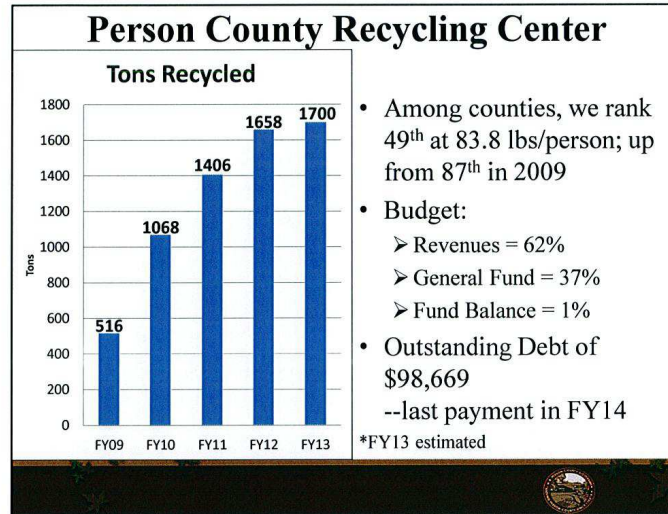


Implementing the Strategic Plan

Accomplishments in FY12-13:

- Plans for design & construction of rec. & senior center
- Next phases in creating multi-juris. business park
- Full-time Economic Development Director & Roxboro Development Group Director in partnership with the City
- Appropriation of fund balance for incentives (economic catalyst fund)
- Creation of a one-stop business-friendly development services in partnership with City
- Increased County's recycling ranking from 55th to 49th out of 100 counties for tons recycled

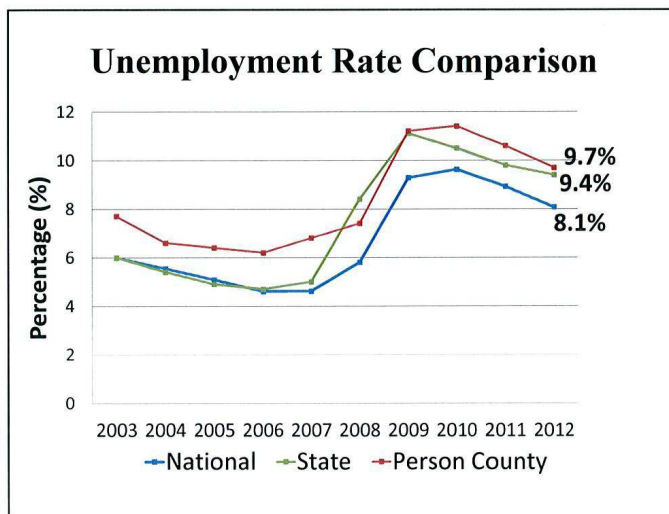
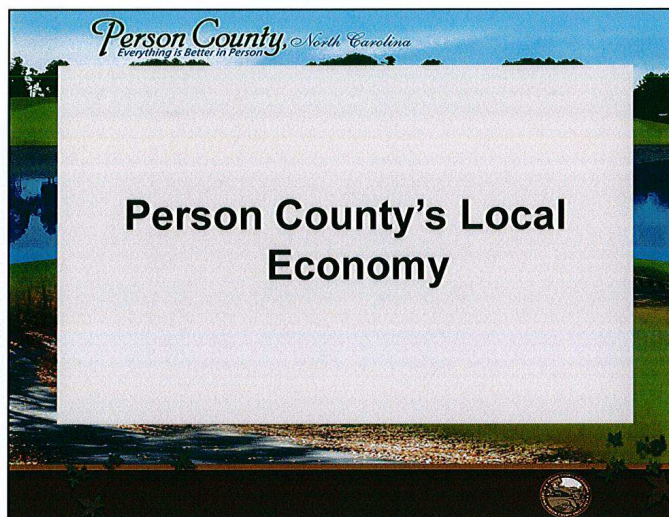


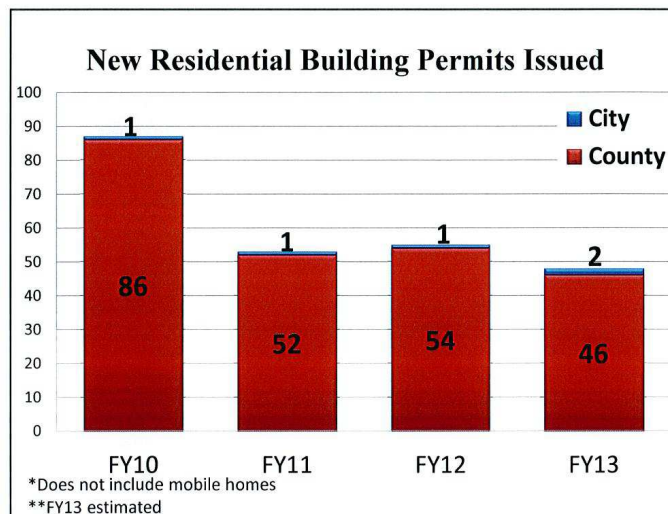
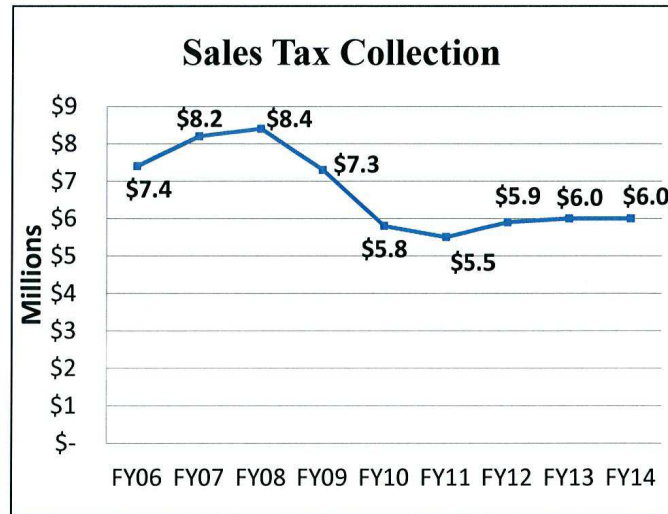


Implementing the Strategic Plan

Proposed FY14 Budget Will Advance:

- Construction of new Rec & Sr Center
- Site certification phase of business park with Durham County
- Econ Development initiatives and funding increases
- Joint City-County One-Stop Shop for permitting, planning and zoning; the Unified Development Ordinance process
- Reuse Old Helena School property- Sheriff & EMS satellite
- Enhancements to infrastructure across community





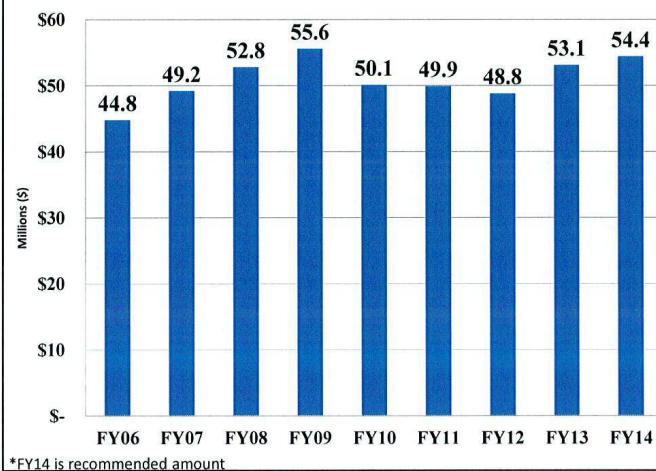
Recommended Budget

All Funds: \$58,201,234
General Fund: \$54,430,982

- No tax increase
- 2.36% or \$1.3M increase in all Funds from FY13
- Some growth...but still below pre-recessionary spending levels
- Municipal Cost Index (MCI): inflation rate of gov't services is 1.9%
- Taking MCI into account, Budget increases .5%



General Fund Adopted Budget by FY

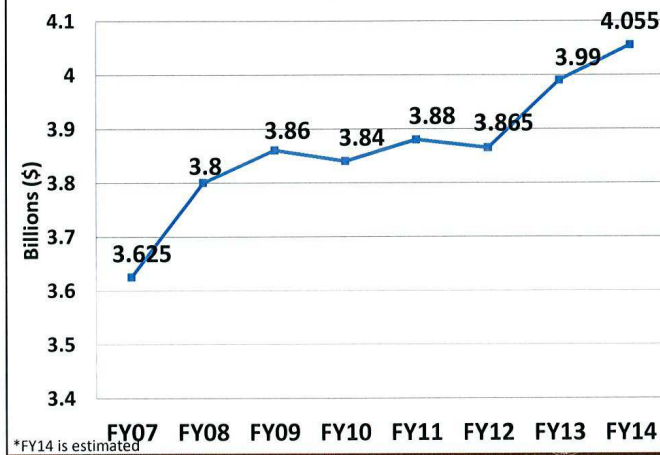


Recommended Budget

- Tax rate: 70 cents per \$100 valuation
- Estimates a property valuation of \$4.055B
- Collection rate remains at 97.0%
- One cent on the tax rate will generate \$393,335



Tax Base by Fiscal Year



Real Property Revaluation

- Mandated by G.S. at least once every 8 years
- New Schedule of Values effective Jan. 1, 2013
- Despite some increases in land values, overall base remains stable
- Overall values increased by 2.9% or \$1M
- Increase in tax office revenues estimated at 1.6% or \$441,350
- Required to publish the revenue neutral rate



What is a Revenue Neutral Rate?

The tax rate that would generate the same amount of revenues for Person County as if revaluation had not taken place.

- Revenue Neutral Rate is: \$0.6936
- Difference of \$0.0064 from current rate of \$0.70
- Adoption of Revenue Neutral equates to a loss of \$350,000 in property tax revenues
- Based on average home value, reduction of \$7.55 on annual tax bill



Revenues

- Forecasting revenues to be up 2.36%
- Sales tax estimated to remain flat at \$6M
- Federal & State revenues up \$93K in DSS & \$279K in PH, Coop Ext. VIP Program \$120K
- “Tag & Tax Together” ~+\$170,000 may see one time revenues of \$775,675
- Implementing Storm Water Fees \$239,215; relieves Fund Balance appropriation

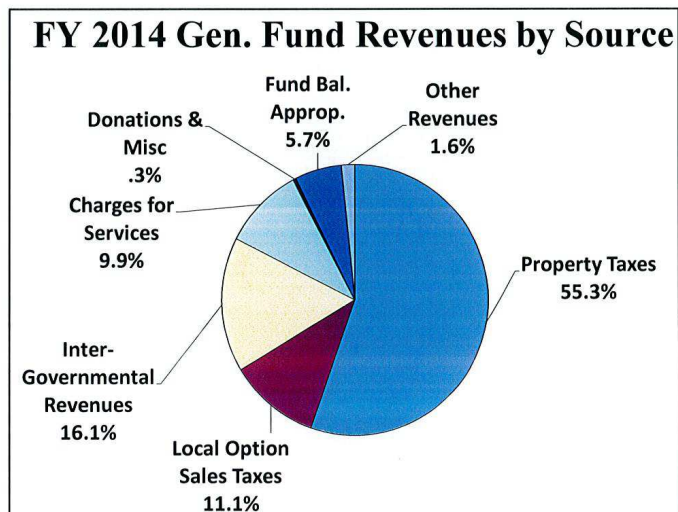


Falls Lake Storm Water Fees

- Enterprise Fund- self supporting thru user fees
- Falls Lake Watershed Regulations, mandated by State. Implemented July 2012 to mitigate impacts of storm water runoff in Falls Lake
- 1st year’s cost \$231K funded by one-time approp of FB
- Assessment of fees on property tax bills
- All parcels will be charged a fee
- Fees will cover costs of remediation asst, contracted services, dues, labor, and admin expenses
- Revenues estimated at \$239,215

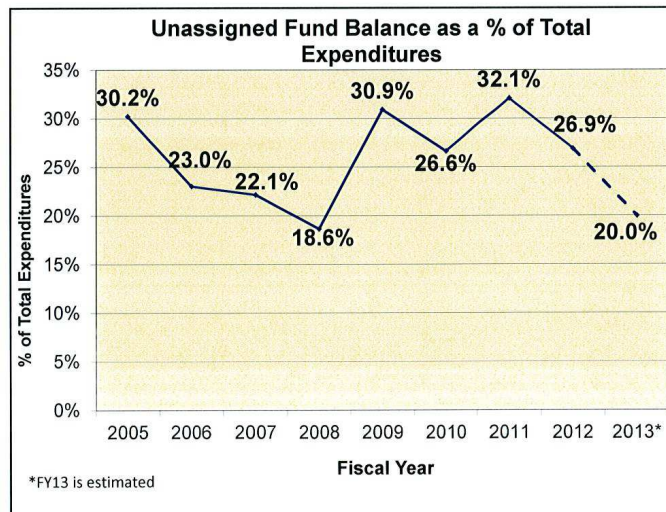


Storm Water Fees		
	Outside Falls Lake Watershed	Inside Falls Lake Watershed
Single Family Residential	Annual fee	Annual fee
< 2 acres	\$6	\$12
2 to < 10 acres	\$8	\$16
10 to < 100 acres	\$10	\$20
>100 acres	\$12	\$24
Non-single Family Residential	Annual fee + impervious surface charge	Annual fee + impervious surface charge
<2 acres	\$4 + \$2/4,300 sqft	\$6 + \$6/4,300 sqft
2 to < 10 acres	\$6 + \$2/4,300 sqft	\$10 + \$6/4,300 sqft
10 to < 100 acres	\$8 + \$2/4,300 sqft	\$14 + \$6/4,300 sqft
>100 acres	\$10 + \$2/4,300 sqft	\$18 + \$6/4,300 sqft



Fund Balance

- All local govts must maintain FB- cash flow for property tax, safety net, bond ratings- lower interest costs
- FY14 Appropriation: \$3,088,120
 - 31.3% (\$1.4M) less than FY 13
- Offset revenue cycles in DSS (\$400,000) & Health (\$600,000)
- All other appropriations are **one-time, non-recurring**:
 - \$1,145,685 CIP
 - \$200,000 EDC Incentives
 - \$227,050 Education Operating Capital
 - \$200,000 Airport Construction
 - \$162,187 Debt Service (one payment)
 - \$153,198 for equipment, technology, and software



Story Behind the Expenditures...

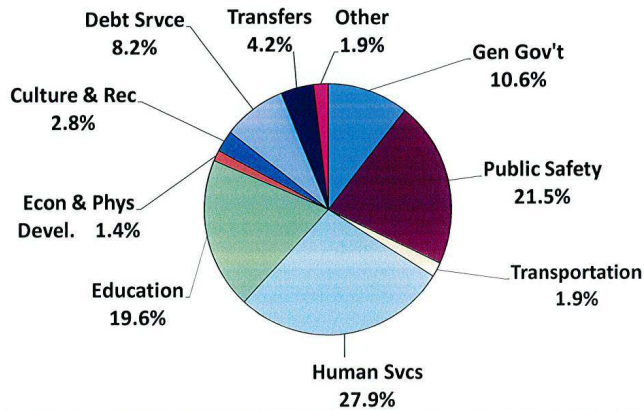
- General Services
- Sheriff
- Jail
- Contingency
- IT
- Animal Services
- Econ. Dev.
- Rec, Arts, & Parks
- Health
- DSS

+\$159,555

- 2 new positions (\$78,245)
- Court filing fees (\$31K)
- Exemptions for legal fees expiring (\$11K)
- EH salary out of stormwater funds (\$39,599), due to completion of septic system failure rate study
- vehicle & mower (\$46,500)



FY14 Gen. Fund Expenditures by Function



Education

- Priority for Person County
- Learning for Life and Lifelong Learning
- Target of State budget crisis
- Continued reversions of State funding:
\$1.6M for PCC; almost \$300,000 for PCS
- Cannot pay this price locally; county can't fulfill state's role



Education Funding

- *NC GS 115C-408b: it is the policy of the State of NC to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study.*

It is the policy of the State of NC that the facilities requirements for a public education system will be met by county governments.

It is the intent of the 1983 Gen. Assembly to further clarify & delineate the specific financial responsibilities for the public schools to be borne by State & local governments.



Person County Schools' Request

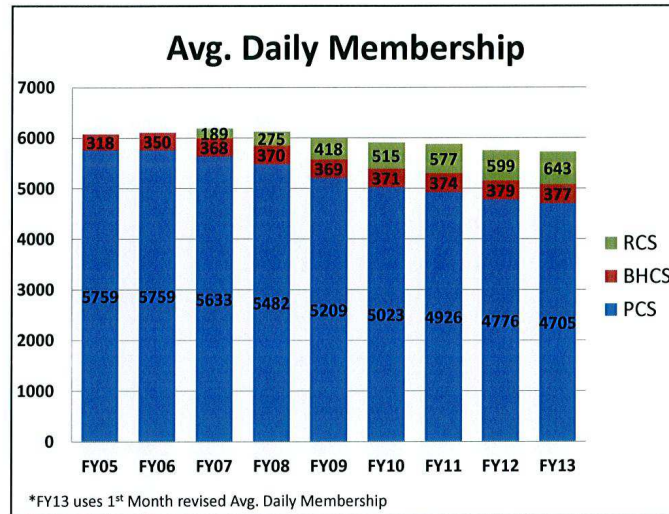
- Requested \$10,150,310 for current expense and capital; 8.89% increase
 - \$91,500 for salaries: Teachers need raises, decision of Bd of Education
- Recommendation to fully fund capital
 - \$469,500 which is an additional \$202,550 over FY13
 - Improve connectivity issues at the High School
- Current Expense to remain flat
- Increase of 2.17% for current expense and operating capital
- Recommending a total approp of \$13,699,148, includes debt service and CIP project costs



Supporting Person County Schools

▪ Current expense:	\$9,038,798
▪ Regular capital:	\$ 469,500
▪ Approved CIP projects:	\$ 996,380
▪ <u>Debt Service</u>	<u>\$3,194,470</u>
Total Appropriation:	\$13,699,148





Piedmont Community College's Request

- Requested \$1,202,336 for current expense and capital; 10.91% increase
- Recommendation to fully fund capital which includes \$40,000 for the Kirby Rebirth project
➤ \$87,000
- Current Expense to remain flat
- Increase of 2.26% for current expense and operating capital
- Recommending an approp. of \$1,286,553, includes debt service and CIP project costs



Piedmont Community College

▪ Current expense:	\$1,011,533
▪ Small Business Incubator	\$ 10,000
▪ Regular capital:	\$ 87,000
▪ Approved CIP projects:	\$ 60,000
▪ <u>Debt Service</u>	<u>\$ 118,020</u>

Total Appropriation: \$1,286,553



Fire Services

	FY13 Amount	Call volume FY12	% of total calls	Amount of increase	Total allocation	% increase
Allensville	\$41,521	150	7.04%	\$661	\$42,182	1.59%
Ceffo	\$83,043	296	13.88%	\$1,305	\$84,348	1.57%
Hurdle Mills	\$83,043	302	14.17%	\$ 1,331	\$84,375	1.60%
Moriah	\$83,043	276	12.95%	\$1,217	\$84,260	1.47%
Semora	\$13,256	61	2.86%	\$269	\$13,525	2.03%
Timberlake	\$41,521	496	23.26%	\$2,187	\$43,708	5.27%
Triple Springs	\$41,521	154	7.22%	\$679	\$42,200	1.64%
Woodsdale	\$41,521	121	5.68%	\$533	\$42,054	1.28%
Rescue	\$41,521	276	12.95%	\$1,217	\$42,738	2.93%
TOTALS	\$ 469,990	2132	100%	\$9,400	\$479,390	

Economic Development

• Annual Operating budget:	\$167,860
• Economic Catalyst Fund:	\$400,000
• Airport Construction:	\$200,000
• Person County Airport- operations:	\$52,350
• Small Business Dev. Ctr.	\$10,000
• Multi-Jurisdictional Industrial Park (site certification)	\$35,000

Total Support:	\$865,210
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Working Strategically

Positions Recommended

FTE	DEPT	POSITION	COST*
1	Info Technology**	IT System Administrator	\$29,148
1	Info Technology	IT User Support Specialist	\$52,877
1	Human Resources**	Human Resources Technician	\$20,399
1.6	Coop. Ext.***	Social Worker/Parent Educator	\$81,558
0.6	Coop. Ext.***	Sr. Admin Support Specialist	\$27,705
1	911	911 Shift Supervisor	\$45,418
1	EMS	Compliance Officer	\$50,730
1	DSS	Processing Asst. IV-Service Intake	\$35,919
		Income Mntnce Caseworker II -	
1	DSS	Adult Medicaid	\$41,702
		Offsetting revenues or reductions	\$183,626
		TOTAL	\$201,830

*salary & benefits

**Positions will begin in Jan.

*** 100% grant funded

Workforce Funding

- No Cost of Living Adj.- CPI since last adjustment is 2.8% = \$526,930
- 401(k) contribution restored to 5% for all employees
 - Additional 1.5% at a cost of \$216,738
- Employee Comp/Market Study: \$100,000 set aside in Contingency for Jan implementation
- Healthcare Insurance provided to Employee-only at no cost to employee: \$406 per emp. per month (\$2.6M)
- Longevity: \$256,445 annual cost
- Pay for Performance/Merit Pay proposal coming in June, no new money, using lapsed salary from FY13

Debt Service

- Total proposed is \$4,485,792
 - increase of \$256,321 or 6.1% from FY13
- Increase due to potential financing for construction of Rec & Sr Ctr and roofing projects for Schools and County
- First year's debt payment on this estimated at \$376,750

Budget Process

Budget Public Hearing on
Monday, June 3, 7:00 pm
County Office Building Auditorium

Scheduled budget work sessions:
Tuesday, May 28th 6:00 pm
Monday, June 10th 9:00 am
more as needed



Person County, North Carolina
Everything is Better in Person

For further information:

Recommended Budget Document, Manager's
Message & Presentation can be found at

www.personcounty.net

Copies for viewing are located in the Clerk to
the Board's Office and at the Library

County Manager's Office 597-1720



It was the consensus of the Board to schedule the first budget work session on Tuesday, May 28, 2013 at 6:00 pm in their usual Board room. Ms. York noted the budget public hearing would be held at the Board's next regular scheduled meeting on June 3, 2013 at 7:00 pm in the County Auditorium. Following public input on June 3, 2013, Ms. York suggested a follow up budget work session on June 10, 2013 at 9:00 am. Due to conflicts with the proposed 9:00 am time of meeting on June 10, 2013, it was the consensus of the Board to schedule the June 10, 2013 work session to begin at 6:00 pm.

CHAIRMAN'S REPORT:

Chairman Clayton reported he had referred citizens with issues about their property tax revaluation to the Board of Equalization and Review for the appeal process.

MANAGER'S REPORT:

County Manager, Heidi York reminded the Board of an invitation to the Public Safety Responder Appreciation Event for public safety employees (911, EMS, Fire, Rescue, and Law Enforcement) on May 21, 2013 from 5:00 -7:00 pm at Fire Station 2 located in front of Wal-Mart.

COMMISSIONER REPORT/COMMENTS:

Commissioner Newell had no report.

Commissioner Blalock announced a dinner for all veterans will be held at the Bushy Fork Grange Hall on Friday, May 24, 2013 at 6:00 pm.

Commissioner Puryear had no report.

Vice Chairman Jeffers had no report.

CLOSED SESSION #1

A **motion** was made by Commissioner Puryear, and **carried 5-0** to enter Closed Session per General Statute 143-318.11(a)(5) to consider the acquisition or lease of real property at 12:28 pm and to permit the following individuals to attend: County Manager, Heidi York, Clerk to the Board, Brenda Reaves, County Attorney, Ron Aycock, Assistant County Manager, Sybil Tate, General Services Director, Ray Foushee, Person Industries Director, Wanda Rogers, Person Industries Assistant Director, Becky Clayton and Summer Intern, Brittany Bennett.

A **motion** was made by Commissioner Blalock, and **carried 5-0** to return to open session at 12:45 pm.

CLOSED SESSION #2

A **motion** was made by Commissioner Blalock, and **carried 5-0** to enter Closed Session per General Statute 143-318.11(a)(5) to consider the acquisition or lease of real

property at 12:46 pm and to permit the following individuals to attend: County Manager, Heidi York, Clerk to the Board, Brenda Reaves, County Attorney, Ron Aycock, Assistant County Manager, Sybil Tate, IT Director, Gary Latta and Summer Intern, Brittany Bennett.

A **motion** was made by Commissioner Blalock, and **carried 5-0** to return to open session at 12:56 pm.

CLOSED SESSION #3

A **motion** was made by Commissioner Blalock, and **carried 5-0** to enter Closed Session per General Statute 143-318.11(a)(4) for the purpose of discussion of matters relating to the location or expansion of industries or other businesses in the county (economic development) at 1:00 pm and to permit the following individuals to attend: County Manager, Heidi York, Clerk to the Board, Brenda Reaves, and County Attorney, Ron Aycock.

A **motion** was made by Vice Chairman Jeffers, and **carried 5-0** to return to open session at 1:12 pm.

CLOSED SESSION #4

County Manager, Heidi York stated the fourth Closed Session was not needed at this time. The Board did not enter Closed Session as was planned.

RECESS:

A **motion** was made by Commissioner Blalock, and **carried 5-0** to recess the meeting at 1:12 pm until May 28, 2013 at 6:00 pm for the purpose of a budget work session.

Brenda B. Reaves
Clerk to the Board

Jimmy B. Clayton
Chairman