The Board of Commissioners of Fayette County, Georgia met in Official Session on Wednesday, May 7, 2003, at 3:30 p.m. in the public meeting room of the Fayette County Administrative Complex, 140 Stonewall Avenue, Fayetteville, Georgia.

COMMISSIONERS PRESENT: Greg Dunn. Chairman
Linda Wells, Vice Chair
Herb Frady
Peter Pfeifer
A.G. VanLandingham

STAFF MEMBERS PRESENT: Chris W. Cofty, County Administrator
William R. McNally, County Attorney
Carol Chandler, Executive Assistant
Karen Morley, Chief Deputy Clerk

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Chairman Dunn called the meeting to order, offered the Invocation and led the pledge to the Flag.

PROCLAMATION FOR OLDER AMERICANS' MONTH:
Chairman Dunn read and the Board presented a Proclamation to the Director of Fayette Senior Services Andy Carden, President of Fayette Senior Services Sharon Cummings and other representatives of Fayette Senior Services proclaiming the month of May as "Older Americans' Month" in Fayette County.

Chairman Dunn thanked each of these individuals for their tremendous work that they do for the Senior Services. He said he had first hand experience with each and every one of them and all of the dedication and all of the things that these individuals do every day for the elderly. He said it was a phenomenal thing to watch. He said sometimes this was done with limited resources and the results were phenomenal. He said they had made Fayette County's program famous in the Atlanta region. He said Fayette County Senior Services was the only program in the Atlanta region that was run by an independent board rather than the governments. He felt in some ways this was the reason that Fayette County's program still had the heart and the personal touch that was missing in some of the other programs.

WELCOME BACK TO COMMISSIONER PFEIFER:
Chairman Dunn said he wanted to welcome back his good friend Commissioner Pfeifer. He said Commissioner Pfeifer had been through quite an ordeal and everyone was so glad to see him back.

Commissioner Pfeifer said he had been absent for the last several months. He said he had an unpredictable and rare bleeding in his brain and had been pretty ill for a while. He said it had taken some time but he was recovering fully from these problems. He said he knew there were many factors that contributed to helping bring him through this ordeal. He said he knew his family's support had been a critical part to beating this and he wanted to also thank the staff personnel at the Shepard Center who helped him recover. He said there was a huge number of people who had expressed their concern about his situation and condition. He said those prayers and thoughts were a factor that was and is a tremendous help to him. He thanked everyone for their numerous expressions of those devotions and regards that he had received. He said this included many, many cards, letters, calls and visits from county residents and county staff. He said it also included other elected officials including Mac Collins as well as members of municipal councils. He said he knew how important all of this was to him and to his recovery. He said his family was aware of that fact and appreciated it as well. He thanked everyone again for everything that they had done.

CONSIDERATION OF ANNEXATION APPLICATION FROM FAYETTEVILLE BY FAYETTE COMMUNITY HOSPITAL FOR 27.59 ACRES ON HIGHWAY 54 ADJACENT TO THE HOSPITAL ON THE WEST SIDE:

Director of Zoning Kathy Zeitler stated that the City of Fayetteville had received a request for annexation of 27.59 acres on Highway 54 West for expansion of the Fayette Community Hospital. She said the property was located just West of the hospital and abutted the City limits. She said it consisted of a 4.91 acre parcel zoned O-I, and a 22.68 acre parcel zoned R-70 in the County, and was within the County's 54 West Overlay Zone. She said on the R-70 parcel there were currently two communications towers which the hospital utilized, and on the O-I parcel there was a house which would be converted to offices or removed. She said the applicant was seeking M-O (Medical Office) zoning in the City. She said the City proposed to designate this area as Office on their Future Land Use Map, and as MO on their zoning map.

Ms. Zeitler further remarked that the City's MO zoning district required a minimum lot size of one acre (if within 1,000 feet of the hospital), limited curb cuts, frontage roads, inter-parcel access, non-vehicular access, signage restrictions, and a minimum of 40% for open space. She said in addition to the MO requirements, there was a State Route Overlay in the City which required a larger lot width for new parcels, an increased front setback, and a buffer along the highway corridor. She said it would be developed as a building expansion to the hospital and additional freestanding professional and medical office buildings with parking and landscaping. She said the access to the property would be from both the main hospital campus and a proposed new curb cut on Highway 54 West. She said the development would be connected to City sewer.

Ms. Zeitler further remarked that staff had reviewed the application and the proposed development plan and prepared a staff report for the Board. She said staff commented that if the property was annexed, it would be served by County water, and Fire and EMS services would be provided through the automatic aid agreement with the City of Fayetteville. She said Public Works commented that there was a draft plan for a bypass route through this property. She said the Public Works Director would coordinate with the City Engineer, and requested that the City include these road plans in the hospital expansion. She said staff recommended that the City impose the following design condition for the proposed expansion to comply with the intent of City's and County's Overlay Zoning Districts for the area: (1) Deletion of the middle curb cut from S.R. 54 West, and the requirement of a frontage road; (2) Maximum building height of 35 feet for proposed freestanding professional and medical office buildings on campus, with the exception of the proposed addition to Fayette Community Hospital; (3) Maximum of fifty percent (50%) impervious area on site; (4) Minimum fifty (50) foot landscape area along S.R. West; and (5) the addition of sidewalks, bike paths, and a heart trail in the open space areas on campus.

Ms. Zeitler recognized the importance of expanding needed hospital and medical services which will benefit both City and County residents. She said staff had no bona-fide land use objection to this request and, although there would be a loss of potential revenue for the County, staff's overall recommendation supported the annexation. She said she would be happy to answer any questions that the Board might have.

Commissioner VanLandingham said he would like to make a motion.

On motion made by Commissioner VanLandingham, seconded by Commissioner Frady to return the annexation request back to the City of Fayetteville with the recommendation from the County's Public Works Department that a 100 foot right-of-way be left for the project in the transportation study, discussion followed.

Chairman Dunn said the Board would need to decide whether or not to forward this request back to the City with an objection or without an objection. He said the county would not have the ability to impose any kind of requirements. He said the Board was going to ask the City to approve this recommendation but the City was not required to approve this recommendation. He said this had nothing to do with the county's decision if it objected to an annexation or the county did not object to an annexation. He said the motion was submitted without an objection but a recommendation was being made for the City to go accept the county's recommendation.

Commissioner Pfeifer said he agreed with this but expressed some concerns. He said he would also like to request the 100 foot right-of-way. He said he would still like to sit down with the City and talk about how large they wanted the City to grow so the county had some idea of what was going on in that area.

Chairman Dunn commented that in one of the documents the Board had received from the City stated that this property would have City sewer and City water. He said this was not correct. He said the property would use county water and City sewer.

Ms. Zeitler agreed. She said she had double checked with the Water System on that issue.

Chairman Dunn said sometimes there was confusion about where the City's water system and the County's water system started and stopped.

Ms. Zeitler agreed that the property was located within the county's water service area.

Chairman Dunn remarked that the county would in all likelihood be the first responder on any fire problems since the Flat Creek station was the closest. He said there would still be some services still provided by the county for this site.

Chairman Dunn further remarked that he felt everyone would agree that the sewer was required on any hospital and no one would argue that issue. He said in this case the twenty-seven acres would eventually include several hospital annexes and buildings. He felt it wise to put that all on sewer. He said the City had sewer and the county did not. He said he just did not know if it was necessary to annex. He said there were examples in the county such as the City of Peachtree City services sewer to one of the county's schools. He said the policy of the City of Fayetteville was that they do not extend their sewer on any properties that they do not annex. He said the City had the right to do this and they do. He remarked that he was not making any surprise statement. He said he and the Mayor of Fayetteville had discussed this issue. He said he felt that this could have been accomplished without changing boundaries. He said since the City would not provide the sewer, this was the overwhelming requirement here. He said the most important thing was hospital expanded services and everyone wanted that for sure. He stated he would support the motion not to object to this request but would ask the City to follow as many of the recommendations of the Board that they could. He said the Board was trying to maintain the integrity of the entire highway structure.

The motion carried 5-0. A copy of the documentation for the annexation application, identified as "Attachment No. 1", follows these minutes and is made an official part hereof.

DISCUSSION OF REQUEST BY TAX COMMISSIONER GEORGE WINGO TO ALLOW HIS OFFICE TO ACCEPT CREDIT/DEBIT CARD PAYMENTS FOR AD VALOREM TAXES:

Tax Commissioner George Wingo remarked that he would like to ask the Board's consideration in approving a Resolution to allow his office to accept credit/debit card payments for ad valorem taxes when the conditions were that the cardholder/property owner was responsible for any fees, administration costs or whatever. He said this meant that the County would not lose any revenue in this process. He said a few counties were doing this already with different arrangements. He said at this time he did not have any credit card arrangements but he did have some online services that he was looking at. He said this would allow citizens to do online registration renewals as well as pay their tax bills. He said the citizens using this service would pay the additional fees and whatever the costs were for that service. He said the tax software people already interfaced with this service company called Electronic Data System. He said there was no up front cost with this company but the motor vehicle registration was done through a State agency named Georgia Technology Agency. He said there was a charge of $249 for software to get started. He said after that the property owner or motor vehicle owner would pay those fees. He said the most he was looking at was the amount of $249 one time outlay. He said he would be glad to answer any questions.

Commissioner VanLandingham stated that in Section 2 of the Resolution he was reading a conflict. He commented that in Section 3 he felt there was a conflict with Section 2.

Chairman Dunn said he agreed with Commissioner VanLandingham.

Mr. Wingo remarked that he did not see any conflict.

Commissioner VanLandingham remarked that it stated that it was likely to be charged by the credit card issuer or other appropriate party. He said it stated that an inherent decrease in revenue would occur. He said it stated that such a decrease did not outweigh the benefits of the taxpayer of the county. He said it stated that there would be a decrease in revenue because the county would have to pay the fee on the credit card.

Commissioner Wells remarked that in paragraph 3 it stated that the fee was deemed to be an entirely voluntary payment by the taxpayer.

Commissioner VanLandingham further remarked that in paragraph 3 it turned around and said that there would not be any.

Mr. Wingo remarked that it stated the county would recoup this by taking the fees back.

Mr. Wingo said the County Attorney Bill McNally would know better than he would but felt the wording was the way it was because of the way the law that was enacted last year was written. He said the law basically said that the county governing authority could authorize this and take into account that some credit card companies did not allow grossing up the amounts. He said the amount could be reduced that was being collected and in turn charged a fee for having done the collection process.

County Attorney Bill McNally interjected that he had not researched this particular matter. He felt that the county could charge a reasonable administrative fee. He said he did not believe that the county could add on the amount of the charge that the company assesses for its service.

Chairman Dunn remarked that there was a transaction fee that was charged to a business for allowing a customer to use the credit card. He said he had checked with one vendor in town and it cost 1.55%. He said Mr. Wingo had said that the county could set a reasonable fee. He said this would not be a transaction fee but would be a percentage of the whole tax bill.

Mr. Wingo said he was proposing to reduce the amount that the county collected by the fees and then turn around and charge that fee back to the taxpayer for having to use the credit card and processing it.

Commissioner Wells asked what it meant if a person did not use a credit card. She said if the county established a reasonable transaction fee, then it would have to be standard across the board. She said some people would use a credit card and some people would not.

Mr. Wingo remarked that the fee was for having used the credit card. He said if a person did not use a credit card then there would not be a fee.

Chairman Dunn said he had a problem with how the county would administer this. He said when a person goes into a store and purchases something with a credit card or if a person pays cash then they pay the same price. He said the cash customer was actually paying part of the bill for those people using credit cards. He said he wanted to make sure that the taxpayers were not put into a position where they were paying a fee for someone else who used a credit card to pay their tax.

Mr. Wingo said those people would only be paying for the use of the credit card process. Chairman Dunn said he wanted to make sure that the taxpayers were not put into a position where they would be paying a fee for somebody who used a credit card to pay their taxes.

Mr. Wingo said the person would only be paying for their use of the credit card process. Chairman Dunn asked if someone paid a $1 million tax fee, would the tax fee be $15,000.

Mr. Wingo replied that there was no tax fee. He said there would be a fee for using the process of running it through the process company on a charge card.

Chairman Dunn said in that case that person would have to pay $15,000 to do their credit card transaction but an individual might only have to pay $10. He said he was trying to avoid a standard fee. He said a standard fee would mean that the county would be paying for the people who wanted to use a credit card.

Mr. Wingo said he did not feel a standard fee could be assigned. He said the credit card companies did not operate the standard fees. He said it was a percentage. He said this Resolution did not have anything to do with his office processing credit cards. He stated this would be a third party processing the 1.5% and had nothing to do with the Resolution before the Board. He said credit card companies charge 1.5% for a swipe card and 2.5% if they had to key in the information. He said this had nothing to do with the Resolution before the Board. He said these were all fixed fees based on the amount of the transaction.

Commissioner Frady commented that American Express charged a higher fee than other credit card companies. He said the merchant using this card would have to pay the fee out of his pocket. He said there must be a law that governed this issue. He was concerned that someone could come back to the Board and make the county pay this because the county was the recipient of the funds.

Mr. Wingo responded if a person chose to use a credit card and pay their fees then they were making an election to do that. He said the Resolution stated that fees were non-refundable.

Commissioner Frady said the merchant would not have to take any credit cards. He said the merchant would be like the county. He questioned if there were any laws that stated that someone could force the county to pay these percentages.

Mr. Wingo said he did not know all of the intricacies of credit card law but he did not feel this would be a problem. He felt the Resolution was drawn in such a way to ensure that they elect to use the process and they would have to pay the fees by having done so. He said if a merchant accepts a credit card then by default he was saying that he would bear the expense of the credit card.

Commissioner VanLandingham remarked that all credit cards did not have the same percentage of user fees applied to them. He said the Resolution stated that it would reduce government overhead. He said every person coming through would have to be treated as an individual case. He said when they look at it they would have to determine which credit card they were using and the percentage that the user fee was. He asked how this would reduce government overhead.

Mr. Wingo said he felt the reckoning there was that the ease of doing it by credit card would save money. He said dollar wise it would not change at all except in terms of efficiency.

Commissioner VanLandingham asked if the personnel in the Tax Commissioner's Office would have to look at every transaction to determine which card and the percentage that they were charging, then how would the county save money and deal with this. He questioned if more personnel would have to be hired to handle this extra work.

Mr. Wingo responded no and stated his personnel would not be looking at these. He said they would be doing this through a service company and the service company would deposit the amount they collect equal to the tax bill in a bank account. He said his office would take that money and pay the bill.

Commissioner Frady questioned the meaning of a service company.

Mr. Wingo replied that it would be a third party service company.

Commissioner Frady asked if this would be like Synovis who operates for many credit card companies and keeps their accounts and billing straight.

Mr. Wingo responded it would be similar. He said Synovis processes credit cards for different things and they get a fee for doing that. He said the service company that would be involved with the web payments which was going on line on the internet and paying the bills would be EDS out of Des Moines, Iowa.He said EDS handles a few counties and a few cities in the State of Georgia. He pointed out that there were different service companies available. He said the bottom line was that the Resolution would allow for acceptance of payment through these third party service companies for the total amount due. He said whoever was responsible for the tax would assume the cost of the processing fees.

Commissioner Frady said he would like to do everything he could to help the taxpayers to be better prepared to be faster and easier to pay their tax bill. He said when he read number 2 in the Resolution it stated "When such payment is rendered in a transaction involving a credit card, charge card, or debit card, a fee could (and is likely to) be charged by the credit card issuer or other appropriate party. Therefore, in those contracts for services where such a fee is assessed, the face amount of the tax owed must be reduced by the amount of such fee." He said he could not support this Resolution.

Mr. Wingo felt the entire Resolution needed to be read.

Commissioner Frady asked if this was not appropriate then why was it in the Resolution. He said paragraph 3 stated "When a taxpayer opts to make a payment of taxes via credit card, a fee will be assessed to that taxpayer to cover the additional administrative costs incurred by the County." He said this would get the county into an accounting situation.

Chairman Dunn said if someone accepted credit card payment for the tax, they would not forward the county the money until they take the fee out. He said if someone owed $1,000 in taxes and the fee was 1.5%, the county would only get 98.5% of the money forwarded to the county's account.

Mr. Wingo replied that the county would receive 100%.

Chairman Dunn questioned how this would occur.

Commissioner Frady felt this would be a county nightmare as far as he was concerned. He said the citizen would take a credit card and pay their taxes, the card slip would go back to the bank to issue the county money and if it cost $1.00 then they would take the $1.00 off the county's money.

Chairman Dunn said the county would then have to recoup this $1.00.

Commissioner Frady said the county would have to collect $1.00 from the person using the card initially. He said therefore, the county would receive $101 instead of $100 and this would pay for the $1.00 fee. He said this would be the county's nightmare.

Chairman Dunn said the county could not charge $101. He said the county could only charge $100 and then the county would have to go back and get the fee.

Mr. Wingo stated that paragraphs 2 and 3 were fairly clear. He said it would be reduced by the amount of the fee and in paragraph 3 the county would take it back in the form of assessing a fee against the card holder. He said the State law that was written last year and took affect on January 1, 2003 was taken into account that some credit card companies would not allow grossing up but they would allow someone to do it in this manner.

Commissioner Frady asked if he came in to pay his $100 tax bill, would he be charged $101.50.

Mr. Wingo replied no.

Commissioner Wells clarified if someone came in and paid the $100 and when the service company processes the transaction, then the service company would charge the card holder the extra fee.

Mr. Wingo felt the Board was assuming that his staff would be accepting credit cards in the office. He said this was not what he was talking about. He said this would be an internet process where someone would go online and pay through this third party service company. He said the person would pay the total amount of the tax bill plus whatever fee was appropriately scheduled for that amount of payment.

Commissioner Wells clarified that the service company would collect that.

Mr. Wingo said the service company would transfer the money to the Tax Commissioners' account immediately.

Chairman Dunn clarified they would transfer the entire amount of the tax bill.

Mr. Wingo said this would be the same thing with the Georgia Technology Authority that does the web renewals on auto licenses. He said Georgia Technology collects it and transfers it all and they collect a fee from the card holder.

Chairman Dunn said if a person did not use the internet, they could not use a credit card to pay their tax bill.

Commissioner Frady clarified that Mr. Wingo's office would not be swiping credit cards for payments. He said he did not read that in the Resolution.

Chairman Dunn said it would be an internet payment or nothing.

Mr. Wingo agreed. He said the Water System could probably use a credit card facility as well as the ambulance and EMS charges. He said his office probably gets 25% of tag customers who would use a credit card process if it was available.

Mr. Wingo said he had some rough figures for the Board. He said if 5% of citizens paid their property taxes by use of credit card and 25% of the citizens renewed registration to pay those taxes it would probably cost $120,000. He said this would amount to approximately $3 per tax bill per year.

Chairman Dunn asked who would be paying the $120,000.

Mr. Wingo replied if the county chose to absorb the cost, it would increase the operating expense by approximately $3 per tax bill. He said he was not suggesting that this be done. He said he just thought the Board might want to see what the numbers looked like. He said personally he was in favor of not increasing the cost to the county. He said this Resolution which allowed internet renewals and internet payment access would be no additional cost.

Commissioner Frady said he did not see the word "internet" anywhere in the Resolution. He said he thought the Tax Commissioner was going to take credit cards in his office for payments.

Mr. Wingo responded that the Resolution itself did not make any reference to internet and there was a good reason for that. He said conceivably there could be situations that do not involve the internet but the Resolution would still cover it. He said the Resolution simply stated that the county authorized credit card payment when there was no cost to the county.

Commissioner Wells said this was too open ended as far as she was concerned.

Mr. Wingo said it would not cost the county any money.

Commissioner Wells asked who would make that decision. She said there might not be any cost right now using the internet but some other standard could be chosen to implement this and it might cost money. She said the increase might even be in manpower if Mr. Wingo's office decided to start swiping cards in his office. She said each person would have to look at it and determine what additional cost there would be. She said she did not like an open ended Resolution that said it would cover anything.

Commissioner Frady asked if the other issuer or the third party in this case was authorized to charge someone for money to use a credit card other than their percentage. He said if the bill was $100, how could they charge more money than the bill. He asked how this would be accomplished.

Mr. Wingo said someone could go on the internet, go to the web page and choose to pay $25 in addition to the amount of the tax bill due in order for it to be processed.

Commissioner Wells asked if the county would make any more money by doing this.

Mr. Wingo said this would be more of a convenience to the taxpayer.

Commissioner Wells said the bottom line was that the county would not be making any more money and people would still have to pay their taxes.

Mr. Wingo said he was proposing this as a convenience to the taxpayer. He said he was not promoting more money or less money.

Commissioner Wells said she understood that. She expressed concern over the Board not having a real clear understanding of what exactly was being proposed. She said the concept was a wonderful concept. She said she wanted to make things as easy for citizens as humanly possible but from her perspective there was too many ambiguities at this point in time. She said she could not support the Resolution at this time.

Chairman Dunn said he was having a problem with the wording because it says that the Board would approve taxpayers rendering their payment with credit cards, charge cards or debit cards. He said there was other wording that he found hard to track. He felt there was wording that could clear it up for him. He said he did want to provide a convenience if possible. He said he lauded that effort. He said if these Board members were not here and if Mr. Wingo was not here, then he was concerned with what this might turn into in the future. He said it was a very general Resolution. He remarked that it stated simply that credit cards could be used to pay taxes. He said there might be a way in which the wording could be structured to make it more precise so that there would be no other way of using credit cards.

Mr. Wingo said as long as the Board was aware that the public sees this as a convenience and they were willing to pay for it.

Chairman Dunn said the remainder of the public would have to be protected.

Commissioner Frady said he was also a little confused with the wording of the Resolution. He felt it was a great idea to help the public. He said in Mr. Wingo's letter to the Board it stated he was only expecting 3% to 4% for real estate taxes and approximately 25% for automobiles. He said Mr. Wingo had also stated that the Board's authorization for his office to accept credit/debit card transactions would create a great convenience for the taxpayers, with minimal cost to the county for the processing of these transactions.

Mr. Wingo felt $249 was pretty minimal.

Chairman Dunn said there was no way for the Board to know that before Mr. Wingo appeared tonight. He said he would be willing to take another look at this Resolution if the wording could be changed to make it very clear. He said right now it was not clear to the five Board members and the other Board members agreed that it was not clear.

Commissioner Frady expressed concern that there might be something from a legal standpoint that could implicate the county. He said he was not familiar with the laws that govern credit cards. He said he did not know how fees were collected or who could collect them.

Chairman Dunn remarked a lot of people pay the taxes on their home through an escrow account. He said he might change his mind if he could get frequent flyer miles for his property taxes. He said this might end up a lot more than 3% to 4% of the population. He said some of the industrial companies could pay a couple of million dollars in taxes and run up a whole lot of frequent flyer miles. He said those could be transaction fees of $15,000 to $30,000. He felt this would encourage people to use it if they could get some other benefits. He said it would also allow people to postpone paying for a month.

Chairman Dunn further remarked that he was hearing from the Board that it was not ready to vote on this issue tonight.

On motion made by Commissioner VanLandingham, seconded by Commissioner Pfeifer to table the Resolution to allow credit/debit card payments for ad valorem taxes until such time as the verbiage was acceptable to the Board, discussion followed.

Chairman Dunn said the Board did not disagree with the premise but it wanted to make sure that everything was tied down with no lose ends. He felt the best way would be for Mr. Wingo to come in and sit down with the Board and go over it.

Mr. Wingo suggested that Attorney McNally could review the verbiage.

Chairman Dunn said the Board appreciated Mr. Wingo wanting to provide convenience to the taxpayers and he hoped Mr. Wingo appreciated the Board's wish to protect the taxpayers.

The motion carried 5-0.

DISCUSSION BY GUY MORRISON OF STRATEGIC BENEFIT SOLUTIONS REGARDING FLEXIBLE SPENDING ACCOUNT FOR DEPENDENT CARE (FSA): Guy Morrison representing Strategic Benefit Solutions remarked that under Section 125 of the I.R.S. Code it allowed for several options. He said one of them was to have employees pay for eligible dependent care expenses with pre-tax money. He reviewed the F.S.A. Tax Savings Analysis for Fayette County. A copy of the Analysis, identified as "Attachment No. 2", follows these minutes and is made an official part hereof. He said the benefit to the employees and their families would be tax savings. He said there was also a benefit to the county in that the contributions to the account would come off the payroll and any applicable taxes would not have to be paid. He said the eligible expenses were primarily two-fold. He said number one was for children under the age of 13 years and it could only be used for employees that were working who would not have the opportunity to work if they did not have their children in daycare. He said if he and his spouse had a child and he was working and the wife was not but felt she just wanted to stay home and work around the house all day, then that would not be eligible. He said when there was a situation where both parents in a household were working then dependent care could be used for children up to age 13. He said elder care was another section that was probably the most prominent. He said if he needed to care for a mother or father he needed to hire someone to care for that person so that he could go to work and earn a living, then that money could be paid on a tax free basis as well. He said these were the two main benefits of the dependent care flexible spending account. He said it was his opinion that most companies with over 100 employees offer the independent care accounts. He stated from a tax perspective it was a benefit to the employee. He said employees could put up to $5,000 per year per household in this account. He remarked that there was legislation on the table that was going to increase that amount but it would be limited to $5,000 at the current time.

Chairman Dunn remarked that this was an obvious great benefit for two income families. He asked how much of a burden was it to determine if people were qualified. He asked what the Human Resources Office had to go through to verify the many conditions of this program.

Mr. Morrison replied it was set up for a third party administrator. He said this administrator would be Ceridian. He said the county would set up a bank account. He said once the account was set up and the employees elect the amount on a monthly basis that they want to put in on a bi-weekly basis, they would basically set that up and commit to that amount. He said this was a payroll function and once it was set up, Ceridian would become the administrator of the plan. He said there was never a situation where an employee would come into the county's Human Resources Department. He said Ceridian was the third party that would determine eligibility. He said the claim form that would be submitted was actually an affidavit. He said unless something looked unusual, then the claim would be paid. He said employees would only get money paid to them that had gone into these accounts. He stated the county was not pre-funding any of these day care expenses.

Chairman Dunn said there could be a theoretical situation where a county employee was working here and his/her spouse was working elsewhere. He said Ceridian could verify if these two individuals were working in order to qualify. He said the county would begin to take the money out here as pre-tax dollars that would go into this account that would be managed by a third-party administrator. He said the spouse who did not work for Fayette County could decide that they did not need the money and would stay home and take care of the children. He said they would get a huge tax break and he asked how this could be prevented and followed.

Mr. Morrison replied there was not a responsibility on the county's side to manage and validate the claims submissions. He said everything would show up on the taxes. He said the W-2 would exclude any pre-tax deductions into a flexible spending account. He said the I.R.S. audited the returns it would see that there was only one income and there was money being taken out for the flexible care spending account. He said the individual would be signing an affidavit when the claim form was submitted that the request was valid.

Chairman Dunn said the only real way of catching someone who was violating this program would be the I.R.S.

Commissioner Wells asked how much it would cost to have the third party administer this program. She also asked if any surveys had been done to indicate how many people employed by Fayette County would be interested in something of this nature and children of that age or parents of that age.

Mr. Morrison replied they had not done a survey. He said it was known that there were national statistics that would tell on average on the low side that 5% of an employee population would participate in an F.S.A. program. He said those were the number they had used to estimate whether or not it would be a benefit to the employee. He commented on the page that he had presented to the Board regarding the break out of the employee tax and the employer tax savings. He said there were some assumptions there that there would be 650 employees with 33 of those who would participate at not the full $5,000 but $3,500 on average. He said these were national statistics. He said this demonstrated an employee tax savings of $34,650 and an estimated employer tax savings of $11,550. He said the cost of the program in year one would be approximately $3,500. He said in year two it would go down by over $1,000. He said this would be a profit center in a way. He said the county would receive a greater benefit in dollars than it would pay out in cost of administration. He said this was not the goal in offering this program because it was obviously for the benefit of the employee and their dependents. He said it would be a zero cost program.

Chairman Dunn remarked that the pre-tax dollars that the county would not have to pay to the government would cover the cost of this program.

Mr. Morrison replied yes at least. He said the assumptions that they had which were very conservative would suggest that. He said there would be approximately a $4,000 to $6,000 additional tax savings to the county in year one. He said that number minus $1,000 in year two and going forward.

Chairman Dunn remarked that the employees could save approximately $1,000 each.

Mr. Morrison said the employee could expect on a tax savings on average about a 25% to 30% savings on the money that they deposit in the flexible spending account on the dependent care accounts.

Chairman Dunn said there was no way if the employee were to finesse the Federal Government that they could ever come back at the county.

Mr. Morrison replied yes, that was correct.

Chairman Dunn asked who would pay them. He asked if the Federal Government determined that someone was finessing this program what would happen.

Mr. Morrison responded if the taxpayer was going to be obligated to pay money that they should have paid in the first place and there were certain taxes that the employer should have matched, he suggested yes that the Federal Government would come back to the county and stated that these were dollars that should have been paid and they were not paid. He said this would be the county's responsibility.

Chairman Dunn said the payment of something like that did not bother him but the potential penalty bothered him that the Federal Government could come back to the county for.

Mr. Morrison said he could confirm that there would not be any liability on the county's side for not governing the plan and making sure the plan was done correctly.

Chairman Dunn felt this was a great benefit and he supported it 100%. He said he was just trying to determine if there could be any potential liability on the county's part. He said in most cases this program more than paid for itself and the taxpayers would actually benefit from it.

Mr. Morrison remarked that Chairman Dunn's comment was fair in terms of what would be the impact and what would be the ramification of finding out that someone had falsified their submissions. He said he had never had that question asked and never researched it but he suggested that the answer would be once he did that the county would have to pay the money.

Commissioner Frady asked how the money would be saved.

Mr. Morrison said for example that there were 650 county employees and with everyone there was $100,000 that was contributed in this account to pay dependent care expenses. He said the money would be taken out of the employee's account pre-taxed so it would come off the county payroll. He said the tax rate was 7.65% and this would be saved on those contributions. He said what usually occurs with these plans was that the employer would get the 5% the first year and participation grows after that. He said his company offers this program as a benefit to the employee. He said it was a tax savings too but it was a significant benefit to the employee.

Commissioner Wells asked if the $3,500 cost for the third party administrator was based on what.

Mr. Morrison replied that the way it was set up was that the first plan year it would cost $2,195 to set it up. He said after that plan year you would get a drop down to $878 a year just to renew it just for doing the administration. He said there was also a monthly fee based on participation. He said it was $5.10 if there was less than 15% participation.

Mr. Morrison remarked that there was no expense to the employee to participate. He said there was only the back end tax savings that the employee would recognize. He clarified that the amount that the employee contributes did not have to be $3,500. He said the amount could be anywhere from zero to $5,000 which was within the I.R.S. limits annually per household.

Commissioner Wells asked for clarification on the remark if it dropped below 15% participation.

Mr. Morrison replied then there would be a minimum monthly $125 fee for the entire county. He remarked it was called an A.S.O. or Administrative Services Only type of contract with Ceridian. He said they would be actually pre-paying the submissions and then at the end of a specified period of two weeks or one month they would send the designated person a memo saying that they had paid out "x". He said the county would have this money since it was withheld from the payroll and then that money would just be transferred into the Ceridian's account for reimbursement. He said there was not a profit on the money for Ceridian.

Commissioner Wells asked if someone were to put away $5,000 and at the end of the year that person had not used this money, what would happen to that money. She asked if the money was carried over or did it go away.

Mr. Morrison responded there were two sides to a flexible spending account. He said there was a medical and dependent care. He said on the medical care it was a use it or lose it provision. He said if an employee put money in this account then they would be obligated to continue putting money in that account. He said if the person left the county and there was a balance in that account, it was forfeited back to the county. He said the I.R.S. says that the county cannot pay it to the terminated employee. He commented on the dependent care account. He said Ceridian would not pay out monies that had not been withdrawn from the payroll. He said there was not the use it or lose it issue on the dependent care side.

Commissioner Wells felt employees would be putting the money aside on a monthly basis and that the money was withdrawn. She said the county would have taken this money out of their check and the county would not have paid taxes on it nor the employee paid taxes on it. She said in theory the money had been withdrawn but it just had not been used.

Mr. Morrison agreed.

Commissioner Wells remarked that at the end of the year the employee could have $2,500 in their account that the county had already withdrawn. She asked what would happen to that money.

Mr. Morrison remarked that unlike in the independent care account an employee during the year could modify unlike the medical side the monies going in and the elections based on qualifying events. He said if their dependent care needs ended, then the employee could stop putting money in that account.

Commissioner Wells clarified that the employee would have to spend the money before the end of the year or they would be out of luck.

Mr. Morrison responded this would be for the date of service. He said if someone had put in over the course of a year $3,500 and they kept putting it in because they had dependent care expenses. He said if the employee stopped having those expenses because the child turned 13 years old or they started having them because there was a new born child then the employee could modify that. He said the employee would have full flexibility to make those changes during the plan year. He stated at the end of the year the employee would have 90 days to submit for full reimbursement of the amount that had been put in during the year as long as those child care expenses occurred during the “plan year”.

Chairman Dunn asked if someone who did not use all of their money had to submit a form within 90 days of the end of the year to get the money back and then they would have to pay taxes on that money.

Mr. Morrison replied yes that was correct. He said if the employee received distribution of the money then the employee would pay taxes on it. He said the if an employee puts money in this account and the end of the year comes and the employee has not used the money and has not submitted the form within 90 days then the employee would not get their money back. He said the employee could not change that election during the plan year.

Commissioner Frady asked how the fees were paid.

Mr. Morrison replied that the fees for the dependent care account would all be paid by the county. He said no fees would be paid by the employee. He said the county offsets those fees paid by the tax savings from the payroll deductions.

Commissioner Frady clarified that the employee would be accumulating a pool of money that would be available for the employee to use for the specific purposes listed. He said at the end of the year if something happened where the employee did not need a babysitter, daycare or whatever then the employee could get that money back.

Mr. Morrison responded the employee could terminate their elections. He said they literally in the middle of the plan year could say they did not have these particular expenses anymore.

Commissioner Wells interjected yes, but the employee could not get their money back. She said if someone was putting in $600 per month in order to reach the $5,000 at the end of the year. She said every month the employee could take that money out and not pay taxes on it and it could go toward child care. She said this would be a very good way to save money. She asked what would happen if someone wanted to put a lot more than that in on a monthly basis and they wanted to pay it all up in the first six months of the year. She asked if this could be done.

Mr. Morrison replied the employee could not do this. He said the only way an employee could contribute to this account would be to take an annual figure. He said the county would divide that figure by 26 weeks and every pay check would have the elected amount out of the account.

Commissioner Wells remarked that under a normal situation the employee should never get an excess into that account. She said an employee could not front end load the account.

Mr. Morrison agreed and clarified that an employee could not front end load the account. He said if an employee was going to have twins in July, they could not front end load the account to have $5,000 in the account at that time. He said if an employee wanted to change the account for reasons including spouse losing their job, did not need child care and so forth then they could make those changes during the plan year.

Commissioner Wells remarked that in theory the employee had already spent all of that money that they have in that account and all they have to do is submit the bill for it to be reimbursed to them.

Mr. Morrison remarked that an employee could only submit a bill for reimbursement if they had money in the account. He said at the end of the year if an employee did not use the money that they had put into the account and they elected to take that money, then they would be taxed on that money. He said he did not think he had ever had a scenario where there had been a case regarding flexibility. He said he would need to check on that answer.

Chairman Dunn asked what would happen in a situation where the employee had to go on leave for an unqualifying event and at the end of the year there was extra money in their account.

Mr. Morrison replied that this would be considered an unqualifying event and the employee could stop the contributions until they returned. He said the subsequent cost of day care could start again.

Chairman Dunn remarked that an employee would likely leave town without doing that especially if it was an emergency.

Mr. Morrison remarked that this was employer driven for three months.

Commissioner Wells said the employee could stop the plan during that period of time and then start it back up again.

Mr. Morrison replied yes that was correct. He said there was flexibility with that.

Commissioner Wells commented that $5,000 was the most money that an employee could put in the account during the one year period. She said this averaged out to be approximately $516 per month. She said she did not know of any place where someone could get child care for $516 per month.

Mr. Morrison replied this was the issue with legislation right now and it was on the table to increase this.

Commissioner Wells asked what would happen if she chose to put the full $5,000 in the account over a 12 month period of time and she skipped a month or even two months for submitting for reimbursement for that, then all she would have was an extra $1,000 that she could use to pay what this would not cover. She said if she had an $800 per month child care bill and this was only giving her $516, then she could skip a couple of months and still use that toward a qualifying event.

Mr. Morrison replied that one of the issues was obviously that the $5,000 did not generally cover the cost of one child in day care. He said there would be full flexibility to start and stop the account due to qualifying events. He said this was the protection within the dependent care F.S.A.

Commissioner Wells remarked that there were lots of questions and she wanted to make sure the employees understood this benefit.

Mr. Morrison said for any questions that employees would have they could call the compliance personnel at the 800 number at Ceridian or they could ask him or any of the other team members at the employee meeting.

Commissioner Frady asked if an employee left their employment at Fayette County and there was money left in this account, could they get their money back. He asked what if the employee had money in this account and had not used the money for the purpose intended and now was leaving his employment.

Mr. Morrison remarked the dependent care reimbursement was always one month behind or one pay period behind. He said if the employee was using services and terminated his employment, there would be a bill for services that had not been paid for yet. He said the money would be there and the employee could withdraw it in order to pay for those services. He said these were services that were rendered in the plan year. He said if the employee quit their job or for some unqualifying event they left their job, then the payroll deduction or at the employee's election could be eliminated.

Commissioner VanLandingham asked where the money would go in these accounts if the employees did not use the money. He asked who would get this money.

Mr. Morrison replied if there were monies that were not used in the account, it would go back to the county/employer under I.R.S. regulations. He said the county would be withholding the money from a payroll deduction perspective. He said the only time that the county would transfer money into the Ceridian account would be if Ceridian had paid a reimbursement. He said the county would then reimburse Ceridian.

Chairman Dunn said the question still remained for him was the two week window between services and pay being withdrawn. He said he could envision many scenarios where this would not be in sink. He said somebody could stop working and have a balance there that had already been taken out by the county.

Commissioner Wells said the county could always in the final paycheck return it to the employee with the appropriate taxes withheld.

Mr. Morrison remarked if an employee left the county, the funds would have to go through regular taxation.

Commissioner Wells felt this was a wonderful idea and she would like to make a motion to adopt it.

On motion made by Commissioner Wells, seconded by Commissioner VanLandingham to approve the Flexible Spending Account for Dependent Care (FSA) as presented. The motion carried 5-0.

DISCUSSION BY GUY MORRISON OF STRATEGIC BENEFIT SOLUTIONS REGARDING EMPLOYEE ELIGIBILITY PERIOD FOR GROUP INSURANCE COVERAGE:

Mr. Morrison commented that he would like to discuss the eligibility period for benefits. He said at the current time the benefit waiting period was set up for the first of the month following the date of hire. He said there was a probationary period that the county sets for employees. He said the request was to match the probationary period which was covered for the first of the month after ninety days with the offering of group benefits. He said the mind set behind this was to limit people who come to work for the county and work for less than ninety days and do not prove to be successful and were not retained as employees with the county but they were now on the benefit program. He said once they had met their probationary period and the county was committed and acknowledged that they should be retained then they had access to the group benefit program.

Chairman Dunn clarified that anyone hired ahead of time would be grand fathered.

Commissioner Wells noted that this would become effective June 1, 2003.

On motion made by Commissioner Wells, seconded by Commissioner VanLandingham to approve the group insurance coverage for employees to be effective after the ninety day probationary period is completed. The motion carried 5-0.

DISCUSSION BY GUY MORRISON OF STRATEGIC BENEFIT SOLUTIONS REGARDING HEALTH INSURANCE BENEFITS AND PREMIUMS:

Mr. Morrison commented on the medical and pharmacy benefits. He reviewed the medical benefit program marketing overview. A copy of the overview, identified as “Attachment No. 3“, follows these minutes and is made an official part hereof. He said the initial increase had been received from the current carrier Blue Cross and Blue Shield. He said he had drafted, distributed and received results back on an R.F.P. to all of the insurance carriers who could effectively compete in the Fayette County area i.e. they have networks for the employees. He said they had retained an actuarial company to audit the renewal from Blue Cross and Blue Shield and had made progress in reducing the baseline renewal. He said baseline was that there were no plan line changes and no payroll deduction changes and no strategy changes. He said from there they had gone into the two strategies that were commonly used for employer groups. He said this involved looking at payroll deduction strategy and plan design changes. He said there was a proposal on the table to remain with Blue Cross and Blue Shield which was demonstrating that Blue Cross continued to be the most cost effective option for the county. He said the proposal was to consider plan design and payroll deduction strategy changes. He stated there were three pages and the first page was outlining the triple tear strategy. He said employees would have an opportunity on the medical side to elect one of three programs. He said these programs would either be an HMO which was currently offered to them today, a point of service plan or the PPO which was currently offered to employees today. He said the county would go from an HMO/PPO to a triple choice option of HMO/POS/PPO. He said the reason the Point of Service plan would be added was to achieve two goals. He stated (1) it would provide a cost effective program as an option for employees; and (2) it would provide a cost effective program that would allow employees to use non-network physicians unlike the HMO. He felt a challenging and interesting conversation for the Commissioners and the people involved with this was the payroll deduction strategy. He said this involved figuring out what the employee and what the county would be paying for medical and pharmacy benefits. He said the county’s current payroll deduction strategy was for the employee, regardless of plan design selection, to be covered at 100%. He said the county would pay 50% of the additional cost above the single and the employee shares 50% for the dependent. He said if the county maintained that strategy, the county year-to-year increase would be 19.2% or $403,000. He said this was option #1.

Mr. Morrison commented on the defined contribution approach. He said this meant that the county would select a base line plan which would be the HMO where approximately 75% of county employees were today. He said the employer/county would still pay 100% of the single rate for the HMO and would still pay 50% of the additional cost for the dependents. He said the HMO strategy would remain the same. He commented on the POS and the PPO plan there would be a split in the additional cost for dependents and for single employees only over the HMO. He said in essence the county would be saying that the POS and the PPO were more expensive than the HMO. He said the county would not be subsidizing the offering of the Point of Service, the PPO or the more expensive plans per se. He said in the defined contribution approach the employer/county was paying 100% of the employee cost in the HMO and any additional cost in terms of premiums for the POS and PPO then the employee would pay 100% of that buy up.

Mr. Morrison remarked that the first option was very generous. He said the last option was more practical and certainly much more common in private industry. He said the middle option would soften the employee into a defined contribution. He said he would be glad to answer any questions the Board might have.

Chairman Dunn asked which of the three strategies was being recommended to the Board.

Mr. Morrison replied the third strategy or option #3 was being recommended. He said this was the defined contribution strategy. He said the third option would achieve the financial goals of the county.

Commissioner Frady asked who was making this recommendation.

Chairman Dunn remarked that it was the insurance committee making the recommendation. He asked why an employee would have to pay the same deductible for PPO whether they were in or out of the network.

Mr. Morrison responded that an incentive PPO could be done and this would provide for a lower deductible in versus out. He said the county was trying to encourage in network utilization. He said is someone goes out of network even though the deductible was the same, they would only receive a 60% benefit versus an 80% benefit. He noted the out-of-pocket benefit for the individual was double on the out-of-network side than the in network side.

Chairman Dunn asked what the deductible was last year for in and out of network.

Mr. Morrison replied that it was $200 in network and $400 out of network.

Chairman Dunn remarked that the figures now showed $500 in or out of network.

Mr. Morrison said he would like to comment on the reason for that. He said when the county had gone with Blue Cross and Blue Shield from the old plan, one of the most important issues was to absolutely match the plan that was being offered on the PPO side. He said the PPO plan design did not come as a function of what Blue Cross sells in terms of their PPO products. He said Blue Cross had customized the PPO plan to match what the county had prior to them taking over the benefits. He remarked that the plan design before the Board was literally a filed and approved program for Blue Cross and Blue Shield. He said this was what they were giving the county as an option and this was the reason for the cost reduction.

Commissioner VanLandingham asked about the co-insurance percentages. He asked if these were the same as last year.

Chairman Dunn responded that these were 90/70 last year.

Commissioner VanLandingham asked why the deductible change at a greater rate than the co-insurance.

Mr. Morrison responded the reason the plan design was what it was last year was because it was customized to match the county's plan for the prior year. He said that had been a request and that was to keep the PPO plan design exactly the way it was. He said the goal last year was to introduce a second option and this was the HMO option. He said this year Blue Cross had given a nice reduction to go with a standard plan but the old plan could also be offered.

Chairman Dunn remarked that a couple of years ago Fayette County had unbelievable total choice and paid all of the bills. He said the county was self-insured and paid for everything. He said employees could go to any doctor they wanted anywhere in the world and it was paid. He said he could have even gone to Sloane-Kettering in New York and it would have been paid. He said the county could not continue this because there would be no money left. He said then the county went with the PPO system and established a local network. He said this was done approximately two years ago and this was the first step of cost containment. He stated last year the Board had said the PPO still was fairly costly for employees to cover dependents. He said the Board wanted to provide a low cost option to the work force to develop a lower cost option HMO. He said the county went from a total choice to a PPO and then there was the option for a PPO or an HMO. He said it was a lot cheaper to have the HMO for the individual employee. He stated now instead of having a PPO with a low cost option, there was a recommendation that would effectively eliminate the PPO because it was so costly that no one with any common sense would take it. He asked if this was what Mr. Morrison was trying to suggest. He said he had a
PPO with the county and Commissioner Wells also had a PPO. He said this option would force them out of the PPO because they would have to pay $1,800 to stay in it plus a $500 deductible and now there would only be 80% coverage. He said last year the coverage was 90% with a $200 deductible and nothing was paid to be in the program. He said he was not saying that this was the wrong thing to do but he wanted everyone to understand what had been created. He said the county went from total choice to a lower cost option for dependents to now where it would be so expensive to be in the PPO that it would effectively be eliminated.

Commissioner Wells said the Board had promised the employees last year that this would not be done. She said the Board wanted to give employees more options and not fewer and it was not going to be more expensive. She said she was aware that medical costs had risen but she expressed concern that soon this would start down a slippery slope. She expressed concern that the ancillary benefits were slowly being eroded.

Mr. Morrison replied that last year there was a significant cost reduction flipping over to Blue Cross. He said the county saved between $560,000 to just over $1,000,000 last year. He said this was a fact. He stated this year there was a significant increase. He said the goal was to try and lay out some plan design and payroll deduction options to help mitigate some of those increases for the county. He said in his opinion it was completely in the hands of the decision makers to do one of two things. He said either (1) absorb the increases or (2) try to design a program that would reduce the county cost which could at this point only be made up of two things. He said one was (1) look at benefit reductions and also (2) look at payroll deductions.

Commissioner Frady remarked if the county kept the same insurance that it currently had it would cost $403,000.

Mr. Morrison replied no, that was not correct.

Commissioner Wells interjected that it would cost $332,952 more.

Chairman Dunn said the $403,000 was actually not the same as last year because the $403,000 included a POS which the county did not have last year.

Mr. Morrison remarked that it also included the benefit design changes.

Chairman Dunn remarked considering the POS being added and the design changes being appropriate to all then there could be more for $403,000 or totally eliminate the PPO for $208,000 which would be a $195,000 difference.

Commissioner Wells said the $403,000 was an increase and not the cost.

Chairman Dunn agreed it was a 19% increase. He said the POS option had been included.

Commissioner Wells remarked that the $403,000 was not how much this plan would cost the county but how much this plan in addition to what the county paid last year would cost.

Mr. Morrison remarked if the county kept the same payroll deduction strategy as last year with the plan design changes and the introduction of the Point of Service, it would cost $403,000 more than the county paid last year.

Chairman Dunn said that was not the same coverage because there was a third choice of coverage and that was the Point of Service plus other design changes in the program. He said it was not a direct comparison with last year.

Commissioner VanLandingham said he had spoken with several people about health insurance and across the board people were paying more for less coverage. He said this was a simple fact. He said what the Board had to do tonight was to decide which plan could be maintained with the funds available. He said the county was not alone because everyone was having to make these decisions. He said the county would have to start a trend right now as to what it was going to do with its benefits.

Mr. Morrison said there was an overriding fact which was undisputed and could be supported from an actuarial perspective. He said from detailed data review that Blue Cross and Blue Shield in the State of Georgia for both HMO and PPO have better contracts than all but potentially one other carrier in the entire State. He said it was a fact that in moving from the previous plan with South Care into the Blue Cross environment and the plan design kept identical the county was the winner. He said now the question was if the county needed to dig in further for savings in year two.

Chairman Dunn said he agreed with almost all of the recommendations that he had heard. He said his only concern was if the county wanted to effectively eliminate the PPO and this was what this plan would do. He commented that last year everyone in Fayette County was on the PPO and now there was a migration of approximately two-thirds of the work force to the HMO. He said the county had saved a lot of money with this migration but now it was trying to take everyone remaining in the PPO and kick them out.

Commissioner Frady remarked that the cost of insurance was going up and the Board had to decide who was going to pay for it.

Chairman Dunn said the question was if it would be eliminated as a choice. He said it was too expensive to keep if the Board voted for this. He said everybody in the county on the HMO was totally insured now. He said he did not know if it was worth $135,000 was worth having 25% of the employees be given no choice.

Mr. Morrison remarked that was a fair comment and it was the flip side of looking at the bottom line and asking for the cheapest alternative.

Chairman Dunn remarked that the deductible had also been increased in the PPO and coverage had been lessened.

Mr. Cofty asked Mr. Morrison for clarification that the county was proposing to fund the HMO balance to the PPO.

Mr. Morrison replied that regardless of the plan that an employee and their family selected, the county contribution would be the same. He said the HMO benefit was a significant benefit and was a very rich benefit. He said absolutely most of the claim dollars were being paid on the PPO side. He said it was his guess that there were certain people who had potential medical conditions ongoing and maybe did not see their physician in the HMO and wanted to maintain their physician relationship. He said most employees went into the HMO because of the enhanced benefit.

Chairman Dunn asked what would occur if an employee got sick and was in the POS option. He asked if they would still have to go to the physician in the HMO first. He said with the POS the employee would actually be in the HMO but they could choose a physician who was not in the HMO.

Mr. Morrison remarked that the employees would have three options at enrollment. He said if an employee joined the POS and got sick then they would have to go to the HMO physician first in order to receive in network benefits.

Chairman Dunn said with the POS the employee would have total choice. He said the total choice would cost less than the PPO option.

Mr. Morrison replied yes that was correct and there was a reason for that. He said the reason was two fold. He said (1) because the in network side of the POS was based on the HMO contracts, it was a lower cost program. He said (2) was that it was assumed in the Point of Service that there would be greater migration into the HMO benefit because it was in general a richer benefit. He said the employee would be getting a 90% versus the 80% in the PPO and so forth. He said if he was an employee of the county and wanted to use non network benefits then that was where he would go.

Chairman Dunn clarified that with the POS an employee could go to any physician they wanted but they would have to go through the HMO gatekeeper first.

Mr. Morrison remarked if an employee wanted to obtain in network level benefits, they would have to see the primary or the gatekeeper network physician in the POS.

Chairman Dunn said if he decided to take the POS option, he would only have to pay a $300 deductible instead of $500 and he would get 70% coverage instead of 80% paid. He said the problem there was just a 10% difference in the pay and the employee would pay substantially less for that coverage but would have total choice for doctors. He said it was like it used to be and the employee would have total choice.

Mr. Morrison said the reality was if employees wanted to stay with the exact same plan that theyhad today and renew it, it would cost the county just over $1 million in addition to whatwas paid last year. He said the county saved at least $587,000 last year and depending on how claims ran possibly up to $1,100,000.

Commissioner Wells asked if the county kept the current plan without the POS what would be the total amount that it would cost the county.

Mr. Morrison replied it would cost the county $1,028,000 more than was paid last year. He said the county had paid $2,600,000 last year and it would go to $3,700,000.

Chairman Dunn said program changes had been made which reduced the increases regardless of what option was chosen. He said he would like to see if there was something that could be done to structure the PPO to a point where if somebody really wanted it, it would be a reasonable thing for them to take. He said right now these employees would be forced out of the PPO plan.

Commissioner Frady asked what the advantages were for an employee being in the PPO versus the HMO. He felt an employee could save money by going with the HMO.

Chairman Dunn said he could not save any money by going with the HMO. He said if he 20 years old and had three kids he could save money on an HMO. He said one of the things he wanted to do was go to the physician he wanted to.

Commissioner Frady said he was over 20 years of age but he felt he could save money without kids. He felt he could save money by going on the HMO.

Chairman Dunn said anybody could save money by going on the HMO but they would have to go through a gatekeeper to get service.

Commissioner Wells said she did not want to do this either. She said her family had been in the military for twenty-two years and that was exactly the type of care they received there. She said the gatekeeper physician might not refer you out to another physician and the gatekeeper physician might not be competent to treat someone for whatever reason.
Commissioner Wells said she wanted choice and she was willing to pay for choice.

Chairman Dunn asked for the time line for making a decision on this issue.

Mr. Morrison replied that the time pressure was severe. He said it was severe because the effective/renewal date on this was June 1, 2003.

Chairman Dunn and Commissioner Wells commended Mr. Morrison for an outstanding job in explaining these plans.

Chairman Dunn said he would like to see if there was some way to structure the PPO so that people would not be forced out of it.

Mr. Morrison replied that could be accomplished on page one.

Chairman Dunn clarified that page one would cost the county an additional $400,000.

Mr. Morrison remarked that the plan designed for the PPO network was still fairly good. He said it was at least average if not better than average in terms of deductibles and out of pocket expenses. He said on page one the PPO did become more affordable for employees to retain. He said on page one the county would modify the plan designs and help mitigate some of the cost increases but keep the payroll deduction schedule the same He said this would certainly cost a little more money but a lot less than keeping the same plan.

Commissioner Frady said he did not feel the HMO had changed at all except for the $5 generic prescription and so on.

Mr. Morrison said the plan he had presented showed the current bi-weekly costs were to employees and the area to the right would be the new cost for employees bi-weekly for these plans. He said page one was not a bad option. He said option #3 would give someone everything that they could take.

Commissioner Wells asked Mr. Cofty if the county could afford to keep the insurance the way it currently was.

Mr. Cofty replied no, not at the current budget restrictions. He said the budget had been worked based on those numbers. He said if the insurance was kept the way it was, then they would have to go back and reassess all of the budgets or it would require a tax increase to do it.

Commissioner Wells clarified that Mr. Cofty had worked up the budget based on option #3.

Mr. Cofty replied yes that was correct.

Chairman Dunn said he was not comfortable with option #3 and he would like to postpone a vote on this issue. He asked when the next meeting for the Board would be.

Commissioner Wells said the next meeting would be on May 22nd.

Chairman Dunn asked Mr. Morrison if the Board made a decision by May 22 would this be enough time.

Mr. Morrison replied the effective date would be June 1st. He said the entire open enrollment had been postponed and rescheduled. He said it was not just the people and the resources all lined up to start open enrollment next Monday but the ramifications of employees who switch plans. He said it would be at least six weeks out from the renewal date before they would receive any cards. He said if it took that long to make the right choice he was not saying not to do it but the ramification would be significant to wait another two weeks. He said there had been a lot of management to try and get this pushed back a month.

Commissioner VanLandingham remarked that two more weeks would not change the figures at all. He said the extension would just give the Board time enough to get in a comfort zone although he did not feel there was one. He felt the Board would need to look at a total plan for the entire work force and not for a plan that one person wanted. He said the Board needed to start looking at what was good for everybody and not just one or two people. He said he did not have a comfortable place in this plan but he felt the Board needed to do what could be afforded.

Commissioner Wells said she remembered very clearly when the Board started tweaking this and made a commitment to the employees that a situation would not be created that would be burdensome. She said she was extremely uncomfortable with it and she did understand the financial portion of it. She said she could support with great reluctance option #3 but she did not really want to.

Chairman Dunn pointed out that his physician had left the PPO and he would have to find another doctor. He said his concern was not for anybody sitting on the Board because the Board consisted of part time individuals and come and go based on the public's wishes. He said this Board would be gone but his concern was where they had taken the county. He felt like the employees would be forced into an HMO now where there used to be better choices.

Commissioner Frady clarified that 25% of the employees were on the PPO.

Chairman Dunn felt no one would stay with the PPO based on the amount of money that would be charged. He said it would cost at least $1,800. He said it would be $1,500 taken out of an employee's pay plus $500 deductible the first time they get sick. He said plus they would have to pay 20% out of pocket.

Mr. Morrison asked the Board if their concern was more for the employee's increase in payroll deduction or was it the plan design change.

Commissioner Wells replied that there was more concern for the employee's increase in payroll deduction.

Chairman Dunn said his main concern was what the employees have to pay.

Mr. Morrison remarked that the plan design had been modified very responsibly and within absolutely the norms of PPO and Point of Service plans.

Commissioner Wells felt the Board would need to make a decision on this tonight.

On motion made by Commissioner Wells, seconded by Commissioner Frady to approve Option #3 for the county health insurance benefits and premiums as presented, discussion followed.

Mr. Morrison said that Mr. Cofty wanted him to point out that the calculation, based on the number of employees to go to option #3 versus the renewal, would be $1,700 per employee.

Commissioner Wells and the other Board members commended Guy Morrison for an excellent job on the county's health insurance benefits plan.

The motion carried 3-2 with Commissioner Wells and Chairman Dunn voting in opposition.

ADOPTION OF RESOLUTION NO. 2003-07 - GIS DATA FEE SCHEDULE AND POLICIES:
Commissioner wells exited the meeting at this time.

Senior Planner Pete Frisina reviewed the GIS data fee schedule and policies with the Board. He said it was broken down between two sectors (1) start-up maintenance and (2) aerials. He said there needed to be some kind of unit of measurement to charge by and this was the reason it was broken down into land lots and divided by land lots to achieve the prices.

Commissioner Frady asked if this could be adjusted every year.

Mr. Frisina replied that some of the information that had been used was obtained from the Tax Assessor's Office. He said the Tax Assessor's Office felt they could sell the line work six to seven times per year.

On motion made by Commissioner Frady, seconded by Chairman Dunn to approve the GIS Data Fee Schedule and policies as presented. The motion carried 4-0. Commissioner Wells was absent. A copy of the GIS Data Fee Schedule and Policies and Resolution No. 2003-07, identified as "Attachment No. 4", follows these minutes and are made an official part hereof.

DISCUSSION BY HUMAN RESOURCES DIRECTOR CONNIE BOEHNKE REGARDING DENTAL INSURANCE CONTRIBUTIONS:

Human Resources Director Connie Boehnke remarked that the dental coverage was self-insured and self-administered. She said there was technically no administrative fees that would be paid to anyone. She said claims were processed through Human Resources and reimbursed through payroll. She said the goal was to at least collect enough contributions to offset the previous year's claims. She said in the past two years the county had not been able to do that. She said this was the reason she was asking for this small increase to subsidize it to bring it up to at least a break even point.

Chairman Dunn clarified that this would be a 12% increase and Mrs. Boehnke agreed.

Chairman Dunn said it would mean 71¢ per pay period for each employee. He said he had no problem with this and supported it 100%.

On motion made by Chairman Dunn, seconded by Commissioner VanLandingham to approve the dental insurance contributions as presented. The motion carried 4-0. Commissioner Wells was absent.

Commissioner Wells re-entered the meeting at this time.

DISCUSSION BY SHELDON HAMMOND OF THE COUNTY EXTENSION OFFICE REGARDING A PROPOSAL FOR A COMMUNITY EDUCATIONAL AND DEMONSTRATION GARDEN:

Director of the County Extension Office Sheldon Hammond asked for the Board's consideration to support a proposal for a community educational and demonstration garden so that he could proceed with it. He said he would be glad to answer any questions that the Board might have.

Commissioner Frady asked what the cost would be for this.

Mr. Hammond replied the cost would depend on what was planned.

Commissioner Frady asked if this would some time in the future be expensive to tear up in case the county built another building over there.

Mr. Hammond said this was all part of the plan that the Extension Office would like to put forward and to get ideas from it. He said basically the idea was to create green space in that area for passive recreation, educational opportunities for school groups and homeowners and things along that line.

Chairman Dunn remarked the current plan called for passive recreation in that area. He said this would include walking trails, a small pavilion, and benches. He said it would be tied to a walking path over to the senior center. He said this was a different idea from the vegetable garden that the Extension Office has next to the Administrative Complex.

Mr. Hammond agreed that this was a totally different idea. He said he was looking for an educational and a passive recreation area to enhance that area.

Chairman Dunn said this area consisted of approximately 14 to 15 acres. He asked Mr. Hammond if he intended to enhance the entire area.

Mr. Hammond said this was just a preliminary plan. He said in the future they may want to do more. He said after they get input from the county, the community, grants, donations, volunteer support decisions could be made. He said he was not saying that he wanted the entire 14 to 15 acres. He said at this point in time this was an area that they felt was suitable for passive recreation.

Chairman Dunn felt this would be a perfect fit with what the county was trying to achieve there. He said the county had promised the neighbors in that area and the City of Fayetteville as well that this area would be nice and a park like setting.

Mr. Hammond remarked that was what they were looking for. He said there were no set plans and they would be getting input from the community, organizations and others before they decide what to do. He said he was just looking for support from the Board and to authorize him to proceed with planning. He said he did not want to go out into the community, create a plan, invest the time, effort and money and then find out later that the county planned to build something there.

Chairman Dunn suggested Mr. Hammond work closely with County Engineer Ron Salmons on this project. He felt this was a perfect compliment for what the county was trying to achieve over there. He said it was not in the area of the future administrative building.

On motion made by Commissioner VanLandingham, seconded by Commissioner Pfeifer to allow the Extension Service to pursue enhancements in the county's passive recreation area. The motion carried 5-0.

<u>CONSENT AGENDA</u>: On motion made by Commissioner Pfeifer, seconded by Commissioner Wells to approve the consent agenda as presented. The motion carried 5-0**.**

<u>SHERIFF'S DEPARTMENT - TRANSFER OF FUNDS</u>: Approval of request from the Sheriff's Department to transfer $9,418 from General Budget funds to Sheriff's Department Budget Category 61130323-542200 (vehicle replacement fund). A copy of the request, identified as "Attachment No. 5", follows these minutes and is made an official part hereof.

<u>SHERIFF'S DEPARTMENT - TRANSFER OF FUNDS</u>: Approval of request from the Sheriff's Department to transfer $1,988.24 from General Budget funds to Sheriff's Department Budget Category 10030323-522233 (vehicle repair services). A copy of the request, identified as "Attachment No. 6", follows these minutes and is made an official part hereof.

<u>WATER SYSTEM</u>: Approval of request from the Water System for increase of $75,000 to their budget for pavement repairs in Tyrone, valve repairs and transponder repairs. A copy of the memorandum, identified as "Attachment No. 7", follows these minutes and is made an official part hereof.

<u>CURB SPECIALIST, INC. - AWARDED BID FOR CURB AND GUTTER WORK</u>: Approval of request from Public Works Director Lee Hearn to award bid to the second lowest bidder, Curb Specialist, Inc. in the amount of $26,269.00 for curb and gutter work. A copy of the memorandum, identified as "Attachment No. 8", follows these minutes and is made an official part hereof.

<u>FIRE AND EMERGENCY SERVICES</u>: Approval of request from Director of Purchasing Tim Jones to purchase turn-out gear in the amount of $22,763.79 for the Fire and Emergency Services Department. A copy of the memorandum, identified as "Attachment No. 9", follows these minutes and is made an official part hereof.

<u>FIRE AND EMERGENCY SERVICES</u>: Approval of request from Deputy Chief Allen McCullough of Fire and Emergency Services to apply for a non-matching fund grant for a trailer and equipment/supplies in order to expand the county's capability for a mass casualty event in Fayette County. A copy of the memorandum, identified as "Attachment No. 10", follows these minutes and is made an official part hereof.

<u>WATER SYSTEM - BID AWARD TO MOTOROLA, INC.</u>: Approval of request from Water System Director Tony Parrott to award bid to Motorola, Inc. in the amount of $42,271.79 for two-way radios. A copy of the memorandum, identified as "Attachment No. 11", follows these minutes and is made an official part hereof.

<u>ELECTIONS OFFICE</u>: Approval of request from Finance Department for a budget adjustment for the Elections Office to reflect the receipt and expenditure of a $10,000 grant received by Fayette County for voter education relating to the electronic voting machines. A copy of the request, identified as "Attachment No. 12", follows these minutes and is made an official part hereof.

<u>MINUTES</u>: Approval of minutes for Board of Commissioners meeting held on April 24, 2003.

<u>PUBLIC COMMENT</u>:
Members of the public are allowed up to five minutes each to address the Board on issues of concern other than those items which are on this evening's agenda.

There was no public comment.

<u>STAFF REPORTS</u>:
<u>EXECUTIVE SESSION</u>: Attorney McNally requested an executive session to discuss one legal item and three real estate matters.

<u>EXECUTIVE SESSION</u>: On motion made by Commissioner Wells, seconded by Commissioner Frady to adjourn to executive session to discuss one legal item and three real estate matters. The motion carried 5-0.

<u>REAL ESTATE</u>: Attorney McNally reported to the Board on a real state matter.

On motion made by Commissioner Wells, seconded by Commissioner Frady to authorize Attorney McNally to proceed in this matter. The motion carried 5-0.

<u>REAL ESTATE</u>: Attorney McNally discussed a real estate matter with the Board.

On motion made by Commissioner Wells, seconded by Commissioner Frady to authorize Attorney McNally to proceed in this matter. The motion carried 5-0.

<u>REAL ESTATE</u>: Attorney McNally discussed a real estate matter with the Board.

On motion made by Commissioner Wells, seconded by Commissioner Frady to authorize Attorney McNally to proceed in this matter. The motion carried 5-0.

<u>LEGAL</u>: Attorney McNally reported on a legal matter with the Board.

The Board took no action on this matter.

EXECUTIVE SESSION AFFIDAVIT: On motion made by Commissioner Wells, seconded by Commissioner Frady to authorize the Chairman to execute the Executive Session Affidavit affirming that one legal item and three real estate matters were discussed in executive session. The motion carried 5-0. A copy of the Affidavit, identified as “Attachment No. 13“, follows these minutes and is made an official part hereof.

There being no further business to come before the Board, Chairman Dunn adjourned the meeting at 7:00 p.m.

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Karen Morley, Chief Deputy Clerk Gregory M. Dunn, Chairman

The foregoing minutes were duly approved at an official meeting of the Board of Commissioners of Fayette County, Georgia, held on the 4th day of June, 2003.

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Karen Morley, Chief Deputy Clerk