

The Board of Commissioners of Fayette County, Georgia met in Official Session on Wednesday, June 4, 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

COMMISSIONER ABSENT: 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.

**DISCUSSION OF THE FLEXIBLE SPENDING ACCOUNT FOR DEPENDENT CARE:**

Director of Human Resources Connie Boehnke remarked that at the May 7<sup>th</sup> Commissioners' meeting the Board was presented with the opportunity to give consideration to implementation of the flexible spending account for dependent care. She said it had been anticipated that there would be a fairly good turn out for this option. She said unfortunately there was not a good turn out and there had only been one employee who responded. She respectfully requested the Board to rescind the action the Board had taken on May 7<sup>th</sup> to approve this benefit. She said it would not be cost effective to the county at this time.

On motion made by Commissioner Wells, seconded by Commissioner Pfeifer to rescind the action taken by the Board on May 7<sup>th</sup> approving implementation of the flexible spending account for dependent care, discussion followed.

Chairman Dunn remarked if the county maintained this it would cost an awful lot of money just for one client. He said he had checked into similar programs and some of the information was not particularly accurate. He said if this issue was ever brought before the Board again there would have to be more research.

Ms. Boehnke remarked that there had recently been some tax law changes. She said this had developed some time in May. She said that might have had something to do with the conflict of the presentation.

The motion carried 4-0. Commissioner VanLandingham was absent.

June 4, 2003

Page 2

**UPDATE ON THE RENEWAL PROCESS FOR THE COUNTY'S WORKERS' COMPENSATION INSURANCE:**

Director of Human Resources Connie Boehnke remarked that Joe Zichetella would be presenting the county's annual renewal for Workers' Compensation.

Joe Zichetella remarked that the Board should have the material relating to the renewal.

Chairman Dunn interjected that he had just received this information just a short while before this meeting. He said Mr. Zichetella should anticipate a lot of questions from the Board.

Mr. Zichetella said he would be glad to answer any questions that the Board might have. He apologized for the lateness of the Board getting the material. He said this year had been unique for Fayette County in the Workers' Compensation renewal process. He said Fayette County was under a two year program that started in 2001 and the county did not go through a renewal process last year. He said this was an advantage to the county because between the July 2001 renewal date and now there had been the events of September 11<sup>th</sup>. He said everyone was aware of how much the insurance market had been affected by that event and the impact that it has had on insurance buyers. He remarked that what happened this year since it was the county's first renewal since that time, the reinsurers were asking for a lot more information. He said one piece in particular was a concentration of employees that they needed by each location and how many employees were at that location who were at risk. He said it had taken a lot of time to get that information and they would not release any terms until they had that information. He said that information took so long to compile that he just could not get this completed in May.

Mr. Zichetella remarked that the first part of the packet referred to the claims service fee. He said his firm, in addition to brokering the reinsurance, handles the workers' compensation claims for the county. He said he had outlined the county's current program. He said the county's current fee was \$7,000 to handle five lost time claims and seventy medical only claims. He said he had shown the county's activity as of May 14<sup>th</sup> for the current year. He said the county was doing about sixty-four medical only and eight lost time claims which is just about where the county was last year. He said for the next twelve months he was proposing no change. He said if the county were to go over the figures he had just presented, the additional charge would be \$425 for a lost time claim and \$70 for a medical only claim. He said the only thing being changed from last year was the maximum service fee. He said last year it was \$8,500 and this year it would be \$9,000. He said everything else was the same.

Commissioner Wells said she understood Mr. Zichetella as saying that nothing was going to be changed for this next year. She said the county did have ten lost time claims prior and now it said there were five. She asked if this would be dropped down to five.

**June 4, 2003**

**Page 3**

Mr. Zichetella replied the \$7,000 was based on five and seventy. He said in the 2001/2002 year the county actually had ten. He said there was an audit fee charge for those extra claims. He said since the county was already over the five claims this year, the same thing would happen in a couple of months and there would be an audit fee.

Commissioner Wells asked if it would be more cost effective.

Mr. Zichetella replied that this would be more cost effective to the county but it would make his fee less to handle a claim. He said his company could not handle it for less than that. He said his company does this for a lot of self-insured employers and he was aware of what it cost to handle a lost time claim and what it cost to handle a medical only claim. He said as costs go up, some of that must be passed on to the client. He said he would like to emphasize that the fees the county was currently being charged were the same fees that the county was being charged four years ago. He said there had not been an increase.

Chairman Dunn said he understood that the county had not paid any extra fees in the last couple of years and there was just the base fee of \$7,000.

Mr. Zichetella replied that last year the county had paid an audit fee.

Commissioner Wells asked what the audit fee was.

Mr. Zichetella replied it was approximately \$1,300.

Mr. Zichetella said he would like to comment on the next part of this issue and that would be the PPO network bill review process. He said in order to continue these same fees the county would need to go into the PPO network for workers' compensation. He said that would reduce the medical costs. He said the First Health PPO network was used. He said this contracts with medical providers all over the country. He said almost everyone on the workers' comp panel was in their network. He said when county employees were treated by those physicians in the network, those bills would be paid at less than fee schedule. He said there would be a charge to review these fees. He said this would be \$5 per bill and 30% of the discount. He said in 2002 for all of the clients that were in the State of Georgia after they had paid their bill review fees they saved an additional 7% below the fee schedule. He said he was anticipating the county saving at least that much since the network should be penetrated more than most of the other clients.

Chairman Dunn remarked that in the past it had not been recommended to use a PPO for workers comp at all. He asked Mr. Zichetella if this was what he was now recommending. Mr. Zichetella replied yes.

Chairman Dunn asked what this would do for the county.

**June 4, 2003**

**Page 4**

Mr. Zichetella replied that this would save the county 7% more on medical costs for workers compensation. He said he had reviewed the county's medical costs for the last twelve months and they were \$75,000. He said he believed that the county would save at least 7% because of the penetration there would be with the providers. He said 7% would be \$5,250 and that would be after the county had paid the fee to do this.

Chairman Dunn asked what the fee would be.

Mr. Zichetella replied that the fee would be \$5 per bill and 30% of the discount.

Chairman Dunn asked what this would come to with last year's experience.

Mr. Zichetella replied the county would still have saved \$5,250. He remarked that the county's medical costs for the last twelve months were \$75,000. He said the data for 2002 for all of the clients in Georgia saved approximately 11% below fee schedule before they paid the bill review fee. He said on \$75,000 the county would have saved approximately \$8,000. He said of the discount the county would have to pay the fee and this would have been approximately \$3,000. He said this brings the county down to its net savings of \$5,250.

Mr. Zichetella said he would now discuss the county's reinsurance. He said he had outlined the county's current terms with Midwest Employers Casualty. He said the county has a two year policy that was effective July 1, 2001. He said the rate was a little over 14¢.

Commissioner Pfeifer questioned the doctors' names that were circled on the list.

Mr. Zichetella replied those were the doctors who were on the panel. He said there were quite a few doctors listed in the network who were on the panel.

Mr. Zichetella remarked that two years ago the county's rate was 14¢ with Midwest Employers and it remained the same last year because this was a two year agreement. He said this year they were proposing the same limits with an increase in the rate and an increase in the self insured retention which was the amount of money that the county pays on each claim. He said for the last two years it was \$225,000 per accident before they would reimburse. He said this year they were asking for \$275,000 with a carve out of the police and fire at \$350,000. He said all of this was a result of what had occurred in the insurance market in the last year and a half.

Chairman Dunn said it was a result of the insurance market in New York City more than in Georgia.

Mr. Zichetella replied there were those people who said that.

**June 4, 2003**

**Page 5**

Chairman Dunn said this related to 9/11 especially when it comes to the \$350,000 for the policemen and firemen.

Mr. Zichetella replied yes. He said he knew it happened in New York and it was one event but it affected a lot of reinsurers who were the companies behind the insurance company who was doing the county's insurance. He said they were dictating the terms and they did not care if someone was in New York or Atlanta.

Chairman Dunn remarked that in the past the county had paid the first \$225,000 and now the proposal was that the county pay the first \$275,000 which was a \$50,000 increase per person per claim.

Mr. Zichetella remarked that if three people were involved in one accident it would be one retention.

Chairman Dunn stated in addition to that the county's premium goes up and this premium represented a 49% increase in its premium plus the county would have to pay more for each incident.

Mr. Zichetella replied that was correct.

Chairman Dunn said the county had just gone through a review of all of its other types of insurance and there were raises proposed anywhere between 19% and 35%. He questioned a raise of 49%.

Mr. Zichetella asked if these increases were from last year's premiums or from two years ago.

Chairman Dunn remarked that last year's premium was 25%.

Mr. Zichetella interjected that was actually the figure from two years ago. He said nothing was changed last year. He said this figure was negotiated two years ago.

Commissioner Frady questioned the deposit premium being \$26,600 for last year and then second year it was \$28,100 for the second year.

Mr. Zichetella remarked that was because the county had added aircraft coverage.

Commissioner Frady clarified that the rate was being multiplied by the payroll. He said he understood the county's payroll was only about \$20 million this coming year. He said the way he figured it this price was based on a \$23 million payroll. He asked who had checked this figure.

**June 4, 2003**

**Page 6**

Mr. Cofty said he agreed with what Commissioner Frady was saying. He said the purpose of the discussion today was just to brief the Board on this issue. He said the Board was not going to be ask to make a decision on this today.

Commissioner Frady remarked that the Board would need to discuss this before making a decision.

Mr. Zichetella said if the payroll figure needed to be changed he could certainly adjust for that.

Human Resources Director Connie Boehnke replied this was the figure that had come out of the system.

Mr. Cofty said they would check on this figure.

Mr. Zichetella remarked that this policy was audited. He said whatever payrolls were used at the end of the year it would be audited. He said a premium would be returned to the county if the payrolls were lowered. He said they did have a minimum of \$35,000 so it did not sound like the payrolls would be that much different.

Chairman Dunn remarked that this was a very difficult decision for this Board to make. He said the Board would not be making a decision today but would do so at the June 12<sup>th</sup> meeting.

Chairman Dunn said one of the problems was that the information had not been received by the Board on a timely basis. He felt it was outrageous to get a 49% increase in a premium regardless of the reason. He said the county had a very good insurance history. He remarked to Mr. Zichetella that as the county's administrator he expected him to go out and really search the market.

Mr. Zichetella replied that he had done this and this information was listed on the next page.

Chairman Dunn said this was an enormous increase. He said the Board had a lot of thinking to do on this issue. He said the Board was really up against a wall now since it had just received all of the information.

Mr. Zichetella said he had received one other quote from Safety National and their premium was even higher. He said they had agreed to the same retention levels but their premium was approximately 20% higher than Midwest. He said he had listed the rest of the excess workers' comp market. He said this market was shrinking and shrinking fast. He said the last carrier was Hartford. He said in April Hartford was writing excess workers' comp and in May they were not. He said he had received a call from their underwriter yesterday about one of

**June 4, 2003**  
**Page 7**

his other clients who normally renews in August and she had been told that tomorrow was her last day on the job because her department was being shut down.

Chairman Dunn said he could not believe that in the entire United States there was only Midwest or Safety National doing workers' comp.

Mr. Zichetella replied that some of the other companies were handling workers' comp but it would cost more or the retentions would be higher. He said Employers Re would not go below a \$350,000 retention. He said Hanover would not handle City and County governments unless they had at least a \$400,000 retention. He said the minimum premiums for CNA, ACE and AIG were \$75,000 and above.

Chairman Dunn asked if there were other companies in the United States who would bid on a job.

Mr. Zichetella replied no, not for excess workers' comp.

Commissioner Pfeifer asked if this was because of the county's size.

Mr. Zichetella replied no, these were all of the workers' compensation carriers throughout the United States.

Mr. Zichetella remarked that three years ago the list would have been two or three times this size. He said Reliance was one of them and they were no longer in business.

Chairman Dunn asked if this was going to lead to no workers' comp being paid in America.

Mr. Zichetella replied no that he did not believe so.

Chairman Dunn asked if there would only be one or two companies handling it all.

Mr. Zichetella replied that might be a possibility. He said in the primary market there was a lot of consolidation of carriers there. He said ten years ago there were probably twice as many insurance carriers as there were now.

Commissioner Frady asked if the county was required by law to carry workers' comp.

Attorney McNally replied yes, the county could not do without that coverage.

Mr. Zichetella said the coverage would not go away but it would become expensive.

**June 4, 2003**

**Page 8**

Chairman Dunn remarked that not only was there a 49% increase in premiums but the county would have to handle \$50,000 more per claim. He said he felt like someone was holding a gun on him in an alley. He said this was an enormous increase.

Mr. Zichetella replied that he understood.

Commissioner Frady interjected that the county's record was very good.

Chairman Dunn said the county's record was irrelevant as Mr. Zichetella had pointed out. He said the county did a great job but it paid the same price as if its insurance history was really bad.

Mr. Zichetella said he also handles other county and municipal governments in this area and throughout the State. He said they were all done last year and their rates had also risen. He said this year their rates were down approximately 25% to 30%.

Chairman Dunn asked if other counties' rates went up as well and Mr. Zichetella replied yes last year.

Mr. Zichetella pointed out that the county had not renewed last year.

Chairman Dunn said the Board had no problem with the third party administrator but was concerned about the increased cost for coverage. He said the cost was becoming unbearable from the taxpayers' point of view. He said he did not know how long anyone could continue to do this if the rates were going to increase like this.

Mr. Zichetella asked the Board to look at the history and stated it would repeat itself. He said the rate in 1996 was 19¢.

Chairman Dunn said it would get to the point where insurance would be irrelevant because it would be so expensive that no one could afford it.

Mr. Zichetella said he wished he had better news for the Board but this was the best there was. He said he had done business with Fayette County for over ten years now and he appreciated the county's business and support.

It was the consensus of the Board to discuss this further at the June 12<sup>th</sup> Board of Commissioners' meeting.

**CONSENT AGENDA:** On motion made by Commissioner Wells, seconded by Commissioner Frady to approve the consent agenda as presented. The motion carried 4-0. Commissioner VanLandingham was absent.



**WATER COMMITTEE - STORAGE BUILDING AT SOUTH FAYETTE WATER TREATMENT PLANT:** Approval of recommendation of Water Committee for construction of a building for storage at the South Fayette Water Treatment Plant for tractors, lawn mowers, lawn care supplies, gas and paints. A copy of the memorandum, identified as "Attachment No. 1", follows these minutes and is made an official part hereof.

**SHERIFF'S DEPARTMENT - TRANSFER INSURANCE REIMBURSEMENT:** Approval of request from the Sheriff's Department to transfer insurance reimbursement from St. Paul Insurance Company in the amount of \$4,533.84 from the General Fund to the Sheriff's Department-Criminal Investigations Division budget. A copy of the request, identified as "Attachment No. 2", follows these minutes and is made an official part hereof.

**LANDFILL - BID AWARD SCS FIELD SERVICES FOR GAS COLLECTION EXPANSION AND WELL REPLACEMENT:** Approval of recommendation by Purchasing Tim Jones to award bid to low bidder SCS Field Services in the amount of \$284,100.50 for gas collection expansion and well replacement. A copy of the memorandum, identified as "Attachment No. 3", follows these minutes and is made an official part hereof.

**LANDFILL - MODIFICATION OF HDR ENGINEERING AGREEMENT:** Approval of recommendation from Director of Engineering Ron Salmons that the County modify its agreement with HDR Engineering, Inc. to include an additional \$25,000 for inspection services during the installation of the new landfill gas vents and monitoring wells at the landfill. A copy of the memorandum, identified as "Attachment No. 4", follows these minutes and is made an official part hereof.

**WATER SYSTEM-BUDGET ADJUSTMENT:** Approval of Water System Director Tony Parrott's request to approve a budget adjustment for the Water System's fiscal year 2002-2003 budget in the amount of \$8,160 to cover increased gasoline costs. A copy of the memorandum, identified as "Attachment No. 5", follows these minutes and is made an official part hereof.

**FIRE DEPARTMENT - BID AWARD TO McCORD COMMUNICATIONS FOR TWO SEVERE WEATHER-WARNING SIRENS:** Approval of recommendation from Chief Jack Krakeel of the Fire Department to award bid to McCord Communications in the amount of \$71,296 for the installation of two severe weather-warning sirens. A copy of the memorandum, identified as "Attachment No. 6", follows these minutes and is made an official part hereof.

**GIRL SCOUTS - REQUEST TO USE HERITAGE PARK:** Approval of request from Girl Scouts to use Heritage Park on August 9, 2003, for "Girl Scout Day", to provide the public with information about their organization. A copy of the request, identified as "Attachment No. 7", follows these minutes and is made an official part hereof.

**FAYETTEVILLE MAIN STREET - "DAY IN THE PARK":** Approval of request from Nancy Price representing Fayetteville Main Street to use Heritage Park on June 27<sup>th</sup> for "Day in the Park" sponsored by Kicks Radio Station.

**MINUTES:** Approval of minutes for Board of Commissioners meeting held on May 7, 2003.

**PUBLIC COMMENT:**

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.

**STAFF REPORTS:**

**SPECIAL CALLED BUDGET WORKSHOPS SCHEDULED:** Executive Assistant Carol Chandler asked for the Board's consideration in scheduling budget workshops.

It was the consensus of the Board to hold special called budget workshops on Monday, June 9<sup>th</sup> from 7:00 a.m. to 11:00 a.m. and also on Tuesday, June 10<sup>th</sup> from 1:00 p.m. to 4:00 p.m.

**EXECUTIVE SESSION:** Attorney McNally requested an executive session to discuss three legal items.

**EXECUTIVE SESSION:** On motion made by Commissioner Wells, seconded by Commissioner Frady to adjourn to executive session to discuss three legal items. The motion carried 4-0. Commissioner VanLandingham was absent.

**LEGAL:** Attorney McNally discussed a legal item 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 4-0. Commissioner VanLandingham was absent.

**LEGAL:** Attorney McNally discussed a legal item with the Board.

The Board took no action in this matter.

**June 4, 2003**

**Page 11**

**LEGAL**: Attorney McNally discussed a legal matter with the Board.

On motion made by Commissioner Frady, seconded by Commissioner Wells to authorize Attorney McNally to proceed in this matter. The motion carried 4-0. Commissioner VanLandingham was absent.

**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 three legal items were discussed in executive session. The motion carried 4-0. Commissioner VanLandingham was absent. A copy of the Affidavit, identified as "Attachment No. 8", 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 5:00 p.m.

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Karen Morley, Chief Deputy Clerk

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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 26<sup>th</sup> day of June, 2003.

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Karen Morley, Chief Deputy Clerk