

STATE OF TEXAS

COMMISSIONERS COURT MINUTES

COUNTY OF COLLIN

MAY 10, 2010

On Monday, May 10, 2010, the Commissioners Court of Collin County, Texas, met in Regular Session in the Commissioners Courtroom, Jack Hatchell Collin County Administration Building, 4th Floor, 2300 Bloomdale Road, City of McKinney, Texas, with the following members present, and participating, to wit:

Present: Judge Keith Self
Precinct 1 Commissioner Matt Shaheen
Precinct 2 Commissioner Jerry Hoagland
Precinct 3 Commissioner Joe Jaynes
Precinct 4 Commissioner Kathy Ward

Commissioner Ward led the Invocation.
Judge Self led the Pledge of Allegiance.
Commissioner Shaheen led the Pledge to the Texas Flag.

1. Judge Self called to order the meeting of the Collin County Commissioners Court at 9:30 a.m.

Judge Self recessed the meeting of the Collin County Commissioners Court at 9:33 a.m. and convened the meeting of the Collin County Health Care Foundation Board of Trustees.

President Self adjourned the meeting of the Collin County Health Care Foundation Board of Trustees 9:34 a.m. and convened the meeting of the Collin County Toll Road Authority Board of Directors.

President Self adjourned the meeting of the Collin County Toll Road Authority Board of Directors at 9:34 a.m. and reconvened the meeting of the Collin County Commissioners Court.

DECISIONS MANDATED BY LEGAL ENTITIES OUTSIDE OF COMMISSIONERS COURT AUTHORITY:

1. AI-31809 Personnel Changes, Human Resources.
2. AI-31830 Employee Reclassifications for the Auditor's office, Human Resources.
3. AI-31771 Budget amendment in the amount of \$7,200 for the purchase of computer equipment and drug testing supplies, Auditor.

FYI NOTIFICATION

1. **AI-31812** Addendum No. 1 to Maintenance, Road: Crack Sealing Services (IFB No. 03195-10) to add a line item for Joint and Crack Sealing Only (No Routing or Sawing) to the Invitation For Bids, Purchasing.

2. **AI-31811** Change Order No. 2 to Construction, Building: Juvenile Alternative Education Building and Juvenile Probation (CSP No. 11267-09) with Crossland Construction Company, Inc. to make various changes and add an additional eight (8) days to the contract, Construction & Projects.

3. Notification of budget adjustment(s)/amendment(s), Auditor:

a. **AI-31806** \$1,000 to establish a budget for the FY2010 U.S. Secret Service's North Texas Electronic Crimes Task Force funds.

b. **AI-31791** \$36,400 to establish a budget for the FY2009 UASI (Urban Area Security Initiative) Grant Program for the Fusion System Maintenance Services Agreement with ADB Consulting.

2. Public Comments. There were no public comment cards presented to the Court.

3. Presentation/Recognition:

a. Presentation of Service Pins to employees with 10, 15, 20 and 25 years of service in the month of May, Human Resources.

Hannah Kunkle, District Clerk, presented a ten-year service pin to Mary Pierce.

Jon Kleinheksel, Public Works, presented service pins to Ken Hricko, 15 years of service; David Kinser, 15 years of service; and Bob Upchurch, 10 years of service. Mr. Kleinheksel noted Mr. Upchurch will retire in August as fleet manager and he commended him on a great job. (Time: 9:33 a.m.)

4. Consent agenda to approve: Judge Self stated Jeff May, Auditor, wanted item FYI 3B pulled from the agenda, then asked if any member of the Court or any member of the audience had an item they wanted pulled from the consent agenda for individual consideration. Commissioner Hoagland made a motion to approve the balance of the consent agenda. (Time: 9:35 a.m.)

Motion by: Commissioner Jerry Hoagland

Second by: Commissioner Matt Shaheen

Vote: 5 - 0 Passed

a. **AI-31837** Disbursements for the period ending May 4, 2010, Auditor.

COURT ORDER NO. 2010-317-05-10

b. **AI-31775** Tax Refunds totaling \$1,305.29, Tax Assessor Collector.

COURT ORDER NO. 2010-318-05-10

c. Advertisement(s):

1. **AI-31810** Justice Center Water Line Replacement (IFB No. 02183-10), Construction & Projects.

COURT ORDER NO. 2010-319-05-10

2. **AI-31385** Services: Outpatient Substance Abuse (RFP No. 01135-10), 366th District Court.

COURT ORDER NO. 2010-320-05-10

3. **AI-31792** Services, Maintenance HVAC Contractor (IFB No. 03225-10), Facilities.

COURT ORDER NO. 2010-321-05-10

4. **AI-31578** Insurance: Third Party Claims Administration (RFP No. 04236-10), Human Resources.

COURT ORDER NO. 2010-322-05-10

d. Award(s):

1. **AI-31785** Body Armor, Protective Vests, Threat Level II, IIA, and IIIA (IFB No. 01130-10) to various vendors, Sheriff.

COURT ORDER NO. 2010-323-05-10

e. Agreement(s):

1. **AI-31846** County Information Resources Agency (CIRA) Agreement, County Judge.

COURT ORDER NO. 2010-324-05-10

f. Amendment(s):

1. **AI-31786** No. 1 to Professional Services, Engineering: County Road 408 over Ticky Creek (AGR No. 01153-10) with Binkley & Barfield Consulting Engineers to modify the original contract to a long span culvert at two different locations on County Road 408, budget amendment in the amount of \$15,500 and further authorize the Purchasing Agent to finalize and execute same, Special Projects.

COURT ORDER NO. 2010-325-05-10

2. **AI-31779** No. 2 to Services: Fusion System Data and Analysis Development (RFP No. 02362-09) with ADB Consulting, LLC to revise and clarify contracted tasks without additional cost to the county, further authorize the Purchasing Agent to finalize and execute same, Homeland Security.

COURT ORDER NO. 2010-326-05-10

3. **AI-31829** No. 4 to Professional Services, Architectural: Collin County Courthouse Addition Phase II (Contract No. 11089-08) with Pierce, Goodwin, Alexander & Linville (PGAL) to add additional hours to complete the Central Plant Upgrade Project, further authorize the Purchasing Agent to finalize and execute same, Construction & Projects.

COURT ORDER NO. 2010-327-05-10

g. Receive and File, Auditor:

1. **AI-31849** 1st Quarter Investment Report for FY2010.

COURT ORDER NO. 2010-328-05-10

2. **AI-31782** 2nd Quarter Investment Report for FY2010.

COURT ORDER NO. 2010-329-05-10

h. Filing of the Minute(s), County Clerk:

1. **AI-31813** April 19, 2010.

COURT ORDER NO. 2010-330-05-10

i. Miscellaneous

1. **AI-31797** Reimbursement of 10 Red Tip Photinias in the amount of \$475 to Ms. Debra Vega for property along CR 574, Public Works.

COURT ORDER NO. 2010-331-05-10

2. **AI-31798** Reimbursement of fencing materials in the amount of \$4,227.57 to Mr. Mark Johnson for property along CR 579, Public Works.

COURT ORDER NO. 2010-332-05-10

3. **AI-31802** Payment in the amount of \$2,940 to settle the administrative penalty with the TCEQ (Texas Commission on Environmental Quality), Public Works.

COURT ORDER NO. 2010-333-05-10

4. **AI-31783** Revised project scope for the City of Frisco's Cottonwood Creek Trail Extension project and reduce the funding award amount for the First Series - 2007 Collin County Parks/Open Space Project Funding Assistance Program to \$82,000, Special Projects.

COURT ORDER NO. 2010-334-05-10

GENERAL DISCUSSION

5. **AI-31843** North Texas Behavioral Health Authority (NTBHA) Resolution regarding NorthSTAR authority, Administrative Services.

Judge Self led this discussion, saying the resolution is asking the Court to support a transfer of authority from Health Care Services to NTBHA (North Texas Behavioral Health Authority). He stated the Court had a copy of the resolution, but asked if all court members had received an email from our appointees. The

Commissioners replied yes. Judge Self asked Susan Miles and Pat Lawson, members of the NTBHA Board of Directors, to come forward. Ms. Miles said there are still a lot of questions on how the authority transfer is going to look when it happens. NTBHA loves the idea of the transfer of authority, but wants to make sure they actually have the power to make changes when it is completed. Ms. Miles invited the Court to their first meeting with the Department of State Health Services and the stakeholders before the Board meeting on Wednesday. She concluded by saying the email represented just a few questions regarding the type of real authority NTBHA will have if the transfer takes place.

Commissioner Shaheen stated he appreciated the email and thought the questions raised by Ms. Miles and Ms. Lawson were valid. He wondered about the timing of it and wondered if the Court should wait until the study is completed before considering this. He wanted to meet with Board members regarding what the appropriate language should be. Judge Self said the resolution states the transfer will occur September 1st. He wanted to know if they planned to do it then or before? Ms. Miles did not know. Commissioner Hoagland noted the resolution said September 1, 2011. Commissioner Ward agreed with Commissioner Shaheen. Commissioner Ward said the Court was enthusiastic about the resolution. She wanted to make sure if this is done, that it is done right. Ms. Miles said they were hesitant to ask for the Court's support until they had seen anything or had meetings or discussions.

Alex Smith, NTBHA Executive Director, came forward to answer questions. He stated he has visited Kaufman and Navarro Counties and will visit Dallas County tomorrow. The resolution is designed to have all seven counties in NTBHA acknowledge what has been asked for for the last 10 years, which is to get Austin out of the business of making decisions for North Texas and to put North Texas in the position to make decisions for itself. Mr. Smith stated this is the first step in an 18-month transitional period towards saying, yes, we want to see the authority in North Texas. Details still need to be worked out as far as the legal way in which funds can flow in accordance with the codes and the standards of the State of Texas and regulations of the federal government. Mr. Smith said it is fairly complex but doable.

Judge Self asked Mr. Smith how big he saw his office being when performing these functions. Mr. Smith replied they have seven staff members now in Richardson, and he has identified 14 different positions in Austin dedicated to NorthSTAR activity, not including IT services, legal services and accounting services. Mr. Smith said they are trying to identify more resources so that a sufficient enough budget is transferred to NTBHA in order to transfer these people from Austin or to replace them with new people in Richardson. Judge Self had additional questions. Commissioner Jaynes said everybody is behind the concept but he wanted to know if there is a time limit to get it done. Mr. Smith said it will take a long time to work out the critical details. Commissioner Jaynes asked if they could complete their visits this week and get this back on next week's agenda. Mr. Smith said absolutely, they are at the Court's disposal. He was present to explain what they are trying to accomplish.

Commissioner Ward said there is a NTBHA meeting on Wednesday. She asked, can questions be answered then and be brought back before the Court in June to vote on as a Commissioners Court? She also asked that the Court be kept up to date on the details following Wednesday's meeting. Judge Self said we have a study on mental health going on, and we are working through our future in terms of mental health, so we will have to balance this concept with what we are working on in our study. Commissioner Hoagland wanted to hold this item until the study is complete, at least the first phase. Commissioner Jaynes supported getting them up to a better comfort level, but wondered about holding off until phase one of the study comes in in June. Commissioner Ward stated it will give NTBHA a more powerful punch in Austin if they have all seven counties in agreement. Judge Self hoped this would help provide more mental health services for Collin County. Judge Self stated this will be held until NTBHA has a better comfort level. (Time: 9:48 a.m.)

HELD

6. AI-31765 Staffing and salary growth for non discretionary budgets, Human Resources.

Cynthia Jacobson, Human Resources, came forward with a Power Point presentation entitled "Non Discretionary Budgets - Fiscal Year Salary and Budget Comparisons". Ms. Jacobson started with Fiscal Year Summary Total Salaries and she explained they took the non discretionary salary groupings, which are the Auditor, CSCD (Community Supervision and Corrections Department), Juvenile, Purchasing and WIC (Women, Infants and Children), and provided their information both on salaries and on total budgets. There is very little differential between salaries and their total budgets because most of the budgets are salaries.

Ms. Jacobson started with budgeted numbers. She said a percentage comparison was done so you could see both the changes year to year and also see the percentage of their total salary. It was divided into two groups because some of the groups are totally reimbursed by the State. Judge Self asked to understand the layout of the slide. Mr. Jacobson replied the slide starts with 2006 salaries and shows the different groups that are non discretionary and shows the percentage change in their budgets from year to year. She explained county paid and state paid salaries. County paid salaries are the ones where the county is responsible for making the payments even though the Court has very little control over that budget. Commissioner Shaheen asked for clarification of county paid salaries as percentage of fund salaries for FY2010 at 11%, asking if that meant the county paid salaries make up 11% of all salaries. Ms. Jacobson said no; it means that is 11% of salaries the Court is responsible for making payments for but they cannot control those salaries, such as the Purchasing Department's salaries. There is a board that controls those salaries. Ms. Jacobson continued, saying actually the Court can't control 18% of the salaries. Another 7% is reimbursed by the state for CSCD and WIC, which are both 100% state paid. Further discussion followed.

Commissioner Jaynes asked about employee reclassifications. Ms. Jacobson said the reclasses are in the Auditor's office due to a transition. Judge Self

referred back to the slide, asking how the overall salary increases for the five line items for 2006 through 2010 compare to the overall county salary increases. Judge Self wanted to find the 89% of the salaries that the Court does control. Ms. Jacobson said the line entitled All Fund Salaries Total is everybody in the entire county, including the whole group; it is everything in the county. Commissioner Shaheen said it's not perfect but if we look at the All Fund Salaries, they went up 8%; while the County Paid Salaries that we have no control over went up 11%. Ms. Jacobson used WIC as an example. Their salaries from a budget standpoint look like they went down on the 2010 budget but their actuals went up because how they are budgeting versus what they are doing year to year changes. Questions and answers followed. Judge Self asked to pick a period, what is the overall increase of each of these five lines compared to county paid salaries so they can compare a trend over time.

Commissioner Hoagland told Ms. Jacobson she was missing salaries for court reporters and he wanted that added because it was substantial. Ms. Jacobson said she had the court reporters' salaries and would add that. Judge Self wanted to see this briefing in a different format, with the court reporters added, with the trend lines given in a couple different time lines, maybe over five or ten years, and see the increase over time compared to the county salaries only that the Court is totally responsible for. Judge Self felt it would give the Court an idea if people that are directing salaries for which they are not responsible for collecting the taxes to pay for those salaries are in line or not. Ms. Jacobson said she will separate out state funded salaries also.

Ms. Jacobson goes to the next slide and discusses Fiscal Year Summary Total Budget which shows the budgets as compared to salaries. Ms. Jacobson spoke about WIC, which is slightly different because their budgets are adjusted so you get transition with WIC. Commissioner Hoagland wanted WIC corrected because it did not decrease 26%. Judge Self said the Court worked hard to get to a flat budget last year but Juvenile went up 12% which cuts into the basic services the county pays for because their increases then take it out of the County's if we're going to have a balanced budget. In this down year, they could have an increase and cut us more. Ms. Jacobson said yes, that will have to be made up somewhere.

Ms. Jacobson next showed the court a pie chart entitled "FY2010 Non Discretionary Salary Percentage". It's split to show where the largest amounts come from. Juvenile makes up the largest percent of the non discretionary salaries at 43%, followed by CSCD at 34% and the Auditor at 11%, and then some smaller amounts for WIC and Purchasing. Commissioner Jaynes asked if they were all District Judge controlled boards. Ms. Jacobson said yes, they have the majority on the Board. Brief discussion and explanation continued on the remaining slides. Commissioner Shaheen said he's not aggravated at the items for which the county is reimbursed from the state, but he feels from a county perspective, where the county sets the tax rate to pay the salaries, we ought to aggressively pursue and get as many organizations as possible on our side. He felt the problems will continue to grow and force the Court to make tougher decisions down the road. Commissioner Jaynes thought it was good to have a

checks and balances systems under the judges. Commissioner Shaheen agreed but again stated the Court is setting the tax rates for the budget items. Commissioner Jaynes asked Commissioner Shaheen if he would like these items placed on their legislative list. Commissioner Shaheen said he would bring this up at the next CUC (Conference of Urban Counties) policy meeting.

Ms. Jacobson continued with her presentation. Commissioner Jaynes asked for a scenario, suppose a department wants to raise their salaries 30%; is it true the Court has no choice but to approve that? Ms. Jacobson said yes, as long as that department is within their budget. Commissioner Shaheen said there are different rules for different departments and he asked to see the rules listed for the different departments.

Bob Hughes, CSCD Appointed Official, came forward and stated he wanted to meet with Ms. Jacobson to find out how the tax rate affects his department. He stated he looked at the presentation and his numbers fluctuated wildly from Ms. Jacobson's. He gets his numbers from independent auditors. Mr. Hughes wanted to know where HR got their total budget numbers. Jeff May, Auditor, said he could answer that. CSCD operates off a different fiscal year than Collin County. There's a one-month lag where the salaries are a different amount and there are a few other things that impact that. Ms. Jacobson had budget verify her numbers. Mr. May said if there are budget amendments in CSCD they don't get reflected in the budget either. Mr. Hughes said the 3.5% mandatory legislated raise was just for officers, not the entire staff. He asked the district judges and county judges if they could approve a 3.5% increase for the rest of the staff, which amounted to an extra \$40,000. Mr. Hughes said he did not agree with the way the state was going with this. He thought it should be up to the directors to set the salaries with the approval of the judges' panel.

Mr. Hughes continued, saying 65% of their budget is locally generated money, fees from defendants pay their budget and the balance of 35% comes from the state. The county provides them with buildings, equipment and utilities; however, five years ago they bought their own computer equipment. Commissioner Jaynes stated the county is not paying your salaries. Judge Self said money is funded here; it goes into the general fund. So if we let every department generate their salary dollars, it wouldn't work. It is this Court's responsibility, outside of this 11%, to figure out how this whole picture works. Judge Self said when you say you're generating salaries; you're probably generating salaries for other departments that don't have fines and fees. Monika Arris, Budget, said Mr. Hughes' funds do not go into the general fund. It's a completely separate fund. Mr. May said there are no tax dollars that go to him. Mr. May said the law requires us to provide his equipment and facilities even though he has provided much of his own equipment in the last few years with his own money. Judge Self reiterated, there are no county tax dollars going to CSCD. Ms. Arris and Mr. May agreed, adding only if they request equipment. Their utilities and facilities are a separate budget. Ms. Arris stated WIC and CSCD are totally separate. She added the Auditor, Purchasing and the court reporters are the only ones in the general fund out of that group. Juvenile is also a separate fund, but about \$8 million is transferred from the general fund to them.

Commissioner Jaynes asked Mr. Hughes how many case workers and clients they have. Mr. Hughes said they have 12,000 clients, 63 officers and 10 case workers. An average officer has 100-110 defendants.

Mr. May pointed out that even though the Commissioners Court does not control their salaries, his department, Purchasing and Juvenile will follow the same standard set for the rest of the county. Judge Self said he appreciated that because if this is so hard for the Court to understand, how can it be explained to the general public and other county employees. Candy Blair, Health Care, came forward and said WIC also follows the same guidelines that the Court sets for their employees as well. Ms. Jacobson concluded by saying Juvenile, Purchasing and WIC all follow PFP. CSCD runs their own performance system that is separate. (Time: 10:21 a.m.)

NO ACTION TAKEN

7. AI-31847 Personnel Appointments, Human Resources.

Cynthia Jacobson, Human Resources, stated there was one personnel appointment which was at the beginning of the pay grade. Commissioner Hoagland made a motion to approve. (Time: 10:21 a.m.)

Motion by: Commissioner Jerry Hoagland
Second by: Commissioner Kathy Ward
Vote: 5 - 0 Passed

COURT ORDER NO. 2010-335-05-10

8. AI-31848 Personnel Changes, Human Resources.

Cynthia Jacobson, Human Resources, stated all personnel changes followed standard guidelines. Commissioner Ward made a motion to approve. (Time: 10:22 a.m.)

Motion by: Commissioner Kathy Ward
Second by: Commissioner Matt Shaheen
Vote: 5 - 0 Passed

COURT ORDER NO. 2010-336-05-10

9. AI-31861 Board/Committee Appointments, Commissioners Court. Judge Self stated there were no general Board appointments.

NO ACTION TAKEN

a. AI-31851 NCTCOG Clean Air Steering Committee, County Judge.

Judge Self led this discussion, saying this is a COG (Council of Governments) and there will be five members that are elected officials and he wanted to add one member of this Court for a two-year term. It is due by May 20th. Commissioner Shaheen said it doesn't have to be an elected official; it could be a

business executive from Collin County. Commissioner Jaynes said the other four are definitely elected officials. Commissioner Jaynes made a motion to nominate Judge Self, stating he would keep the business point of view in mind. Commissioner Hoagland agreed, adding clean air is a big deal.
(Time: 10:25 a.m.)

Motion by: Commissioner Joe Jaynes
Second by: Commissioner Kathy Ward
Vote: 5 - 0 Passed

COURT ORDER NO. 2010-337-05-10

b. AI-31865 Dallas Area Rapid Transit (DART), Administrative Services.

Commissioner Jaynes said he has been meeting with the mayors on a quarterly basis. The mayors are interested in becoming DART member cities. Commissioner Jaynes briefed the Court on his meetings. He's been asked to be the point person on this project and he would like to do that. Commissioner Hoagland made a motion to approve and nominated Commissioner Jaynes.
(Time: 10:26 a.m.)

Motion by: Commissioner Jerry Hoagland
Second by: Commissioner Joe Jaynes
Vote: 5 - 0 Passed

COURT ORDER NO. 2010-338-05-10

10. Potential 82nd Legislative items, Commissioners Court:

Commissioner Shaheen wanted to address mandated increases by the legislature that are funded by county tax dollars and he will address that with the CUC at the next policy discussion meeting. Commissioner Jaynes said he would bring that up with TAC (Texas Association of Counties) as well.
(Time: 10:46 a.m.)

a. AI-31816 General

NO ACTION TAKEN

b. AI-31724 Transportation Priorities

NO ACTION TAKEN

11. Possible future agenda items by Commissioners Court without discussion.

12. Survey Employee and Department Heads related to compensation and benefits, Administrative Services.

Judge Self said the concept for the survey is to survey elected officials, appointed officials and department heads on ideas for compensation and benefits for this year when we believe we will be down \$7.5 million. He asked court members for ideas on how to do this. Judge Self stated the elected

officials, appointed officials and department heads would receive a menu of ideas and be asked which they prefer.

Commissioner Jaynes addressed Monika Arris, Budget, asking since we're taking a \$7.5 million hit with this budget and our employees and departments usually spend less than 100% of their budget, can we reduce that with fund balance left over from conservative spending practices from this last year. Ms. Arris said yes, we can, it's up to the Court. Commissioner Jaynes asked how much will be left over at the end of this fiscal year that can be applied to this \$7.5 million. Jeff May, Auditor, said last year there was \$4 million left over in the general fund resulting from departments spending under budget. Commissioner Jaynes said our employees have done a great job at bringing about savings which has put us in a position every other entity in the nation wishes they were in and he would like this to be as painless as possible for them. If it wasn't for them we would not have \$132 million in reserves. Commissioner Jaynes continued, saying he thinks we have enough with savings from last year and he hates to see some of our employees lose benefits and lose salary when we are in such strong shape financially. We are pretty healthy and we need to keep our employees where they are now.

Judge Self said Commissioner Jaynes is talking about court decisions, but they were asking for input from managers, elected officials and supervisors. Commissioner Shaheen said to Commissioner Jaynes you're okay with surveying them; you just don't want a list beforehand. Commissioner Jaynes thought the list showed them losing something; he felt it needed to be a more positive survey because the only option they have is cutting their own salaries. Commissioner Shaheen thought going into the budget cycle, the Commissioners should be armed with input from employees with ideas they have. Commissioner Jaynes said ask them what they think instead of giving them a survey that says cut your salary 2% or take furlough days. What are your ideas?

Commissioner Ward asked if this would be something to do closer to the budget cycle, looking for ideas and then bringing it back to something more specific. Ms. Arris said she has received budgets back from the departments and several departments did voluntary cuts in their budgets already. Commissioner Jaynes said it is unnecessary for employees to take it on the chin. Commissioner Shaheen agreed that we have great employees, but at the end of the day the Court has tough decisions to make so they need the information to make those tough decisions. Commissioner Shaheen wanted to get as much information as possible before the budget cycle. He doesn't want to depend on that \$4 million.

Judge Self asked Ms. Arris when she would have a better view of the total budget. Ms. Arris said everything comes to Court the end of July. She will receive the final certified rolls from the Appraisal District July 25th. Ms. Arris gave the Court the time line for the budget process. Commissioner Shaheen asked if we could give employees a laundry list but also give them the option to add other ideas. Ms. Arris said generally the guidance would come to her. Departments have submitted their budgets and now she has to take everything they've requested and go through it, prioritize what is mandated versus what is nice to

have and present the Court with a budget under their direction. Judge Self said we are looking for input into how much we have to cut the budget in terms of salaries for this year. What is the budget cut this year? Mr. May said the revenue estimate is a moving target and it will be narrower; he could provide the Court with preliminary estimates. Commissioner Shaheen said regardless of what the number is, he wants input from people in the departments. Commissioner Ward asked for more realistic numbers with which to work. Ms. Arris addressed issues from Court members, adding Budget Workshop is August 16th. Judge Self wanted to set a date for the survey. Commissioner Jaynes again said he wanted to see an open-ended survey. Commissioner Shaheen thought dialog should be in the survey showing department heads some of the things the Court is looking at. Commissioner Ward thought in June/July we should have a better concept of numbers. Commissioner Shaheen said one option for the \$7.5 million shortfall is to wipe it out with reserves.

Cynthia Jacobson, Human Resources, asked the Commissioners if they were going to do an open-ended survey, they would have to give HR more lead time because the amount of time to compile information and organize it will take longer. Commissioner Ward said we have creative employees and people who have been fiscally responsible for years in this county and they're going to come up with ideas we haven't thought of. Commissioner Shaheen wants to do a survey and do it quickly. He wants a survey around compensation and benefits and an open-ended part of the survey as well and he made that in the form of a motion. Commissioner Jaynes asked what the specific part was. Commissioner Shaheen said the laundry list, give elected officials and department heads the top ten and ask for other ideas on compensation and benefits. Commissioner Shaheen continued, we are projecting three years of declines so we need as much information as we can handle during the budget process. Let's give them some items to select from and let's open it up to where they can add ideas. Commissioner Jaynes said he is having difficulty looking at options where people take hits in their salaries. Commissioner Shaheen said no one is disputing we have awesome, wonderful employees who have families with children. But we also need to recognize that we are projecting a decline in revenues over the next couple of years. He was good with a survey that has the eight benefit options but open enough for people to add their own ideas. Commissioner Hoagland voted against the motion. He stated it is the Court's responsibility to make any cuts that need to be made. (Time: 10:46 a.m.)

Motion by: Commissioner Matt Shaheen

Second by: Commissioner Joe Jaynes

Vote: 4 - 1 Passed

Nay: Commissioner Jerry Hoagland

COURT ORDER NO. 2010-339-05-10

Judge Self recessed the meeting of the Commissioners Court at 10:46 a.m. and reconvened the meeting at 1:30 p.m. for an Insurance Workshop.

Insurance Workshop

1. AI-31764 FY2010 Insurance Update, Human Resources.

Cynthia Jacobson, Human Resources, came forward with a Power Point presentation entitled "Collin County 2010 Benefits Presentation". Judge Self stated we are in workshop mode; this is a briefing with no action to be taken and we are discussing all things insurance. Ms. Jacobson started with an overview, saying this was her annual presentation for insurance before going into budget. Medical costs for 2009 were \$17.7 million of which employees paid \$2,439,800. Options for dealing with those expenses will be discussed at the end of the presentation. Ms. Jacobson next showed a slide of Budget versus Claims. The amount budgeted is lower than the actual claims. Funds will be pulled from reserves if there isn't enough money, but there is enough in reserves so it will be fine. Ms. Jacobson next spoke about the actual cost of the plans, including administrative costs, showing comparisons to cities and counties of similar size. Collin County has the highest cost of any of the entities out there. The City of Plano used to be the highest but they went to a \$1,000 deductible. Ms. Jacobson said she was focusing primarily on the premium plan because a majority of employees are on the premium plan. Judge Self asked why there were two plans. Ms. Jacobson replied it was to give employees the option of a lower benefit level rather than just increasing costs. The two plans gave everyone options rather than a "one size fits all" for everybody.

Ms. Jacobson continued with claims information, noting 98.5% of members covered actually use the coverage through the year. She stated we cover over 3,053 people, which means we cover a little over one dependent for every person on the plan. High cost claims have hit us hard the last couple of years: 29 claims were over \$50,000 and 22 claims were over \$100,000. That represents a 24% increase last year in the cost of high cost claims. Collin County's high cost claims are 96% higher than our peer group and 78% higher than UHC's book of business. Collin County is 77% higher than our peer group in outpatient surgeries. Ms. Jacobson stated we are high on prescription claims also, spending \$5,000 per year on prescription claims per member. Commissioner Jaynes asked if health fairs and outreach were kicking in. Ms. Jacobson said last year the focus was on heart related issues but cancer screenings were down. The high cost illnesses are a result of people not taking preventative care. She stated we are already so high, we can't keep going up.

Commissioner Shaheen asked Ms. Jacobson about prescriptions, stating half our costs are prescriptions? She said prescription costs are per member not per employee. Ms. Jacobson gave statistics for large loss claims data; we have decreased our large loss numbers for the number of people that have large loss claims. But the cost of the large loss claims has increased. She stated circulatory claims decreased, but cancer claims increased 30%. We are 130% higher than our peer group for cancer claims and 79% of those are high cost claims. Musculoskeletal claims, which are back and knee issues, are also higher than

our peer group. In the well woman group, well woman exams dropped last year. Ms. Jacobson said there would be a push this year for preventative screenings and a mobile mammography unit would be brought in.

The next topic discussed was premium plans and how Collin County's plans compare to other plans. Ms. Jacobson had a slide showing premium insurance plan deductibles and out of pocket expenses in network. Collin County is in the middle of the peer group for out of pocket expenses in network. Ms. Jacobson next addressed physician co-pays, saying Collin County charges less because we want members to go to their primary care doctors. For specialists the co-pay is a little higher. For specialists, we pay at 75% and the employee pays 25%. A lot of other groups pay 80-90%.

Ms. Jacobson then explained dental plan benefit comparisons. Our dental plan has a \$50 deductible, which is standard, and our dental plan maximum of \$1,000 is lower than the majority of our counterparts. Quite a few of the groups have a maximum of \$1,500. Our employees pay some of the lowest dental premiums.

Medical plan employee premium comparisons was next, and Ms. Jacobson prefaced her presentation by saying the majority of the employees paying for these premiums make under \$50,000; 71% of all county employees make under \$50,000 for their base salary. Additionally, 75% of employees who have employee only coverage earn under \$50,000 per year. As far as premiums just for employees, Collin County is at the low end at \$35.00. That is coverage for just the employee, no children, no family. In the private sector that is close to \$100. If you work for the state, you pay nothing for employee only coverage. Coverage for employee and spouse, we run on the low end, around \$200; the average is \$274. Employee and child coverage, again we are on the lower end of the spectrum at \$165; the average is \$237. Family coverage, we are on the lowest quartile at \$290; the average is \$385. All employee premium tiers are in the lowest quartile.

Ms. Jacobson continued with dental premiums, saying Collin County is again on the bottom. Collin County charges \$2 per month for employee only coverage; Travis County is the highest at \$27 per month. We have two tiers for dental, employee only and employee and family. We charge the same premium, \$24 per month, if it's employee and spouse or employee and family.

The next slide was 2010 Medical Plan Enrollment Numbers. Ms. Jacobson went through the various plans and the number of employees enrolled in each plan. She said we are still having difficulty getting people to do something as basic as a physical. Next year their premiums will go up dramatically if the employees do not participate in wellness. Right now they get a monthly discount. Commissioner Shaheen said the costs per month for employees are low. Ms. Jacobson said, yes, we are in the lower quartile for what employees pay per month and for deductibles. Part-time employees are eligible for insurance coverage.

2010 Active Employee Monthly Insurance Plan Rates was the next slide presented. Advantage plan and advantage plus plan demographics were listed.

Next is an Employee Contribution Percentage Survey. This shows the percentage that employees are contributing as a percentage of cost. Ms. Jacobson said these percentages are actuarially calculated. The average cost for employee only coverage for the cities is 11%; Collin County charges 5%, which means the employee pays 5% and the County pays 95% of the cost of coverage. The average cost for the counties listed is 12%. The slide highlighted the costs for coverage for the other plans as well. Judge Self said this is a stark chart. Commissioner Jaynes asked if Ms. Jacobson if she had the number of city employees who earn under \$50,000. Ms. Jacobson replied no, but she could get that information with time.

Next Ms. Jacobson is looking at claims data, saying they went in and pulled all claims data by category. As an example, she said for everybody that has the advantage plus plan, just employee coverage, if you take all of their claims and contributions, what does it come to dollar wise? Every single claim was run and averaged out by the number of employees, and employee only claims were running \$7,300. Commissioner Jaynes wanted to know if these numbers would be higher if we didn't have the employee health clinic. Ms. Jacobson said the clinic gets charged into budgeted costs, so overall costs would probably not increase or decrease. She continued, saying employee and spouse coverage was the most expensive coverage at an average of \$15,000 per employee. People with full family coverage averaged only \$12,000 per employee. It's a common understanding in insurance that the most expensive coverage you will have is employee and spouse because the spouse you are insuring might be unemployed or disabled. This data is based on true claims; not actuarial data. Ms. Jacobson answered questions from Court members.

Ms. Jacobson next offered a comparison on costs for employees in the discount plan and those not in the discount plan. She stated the ones not in the wellness plans were running lower on costs. The employees in the employee only wellness plan are averaging \$7,300 per year; those not in wellness are averaging \$6,100. Ms. Jacobson felt it was cheaper because they're not having wellness work done and it hasn't yet caught up.

Ms. Jacobson moved onto Retirees Information, stating the County has multiple retiree plans. The County offers two plans called Lone Star Retiree Plans. Lone Star is the plan for retirees under age 65. We are required by statute to provide retiree coverage to everybody, but the County does not subsidize retiree coverage for those under 65. The retiree pays the full amount of the premium. Mr. Jacobson offered explanation of the two Lone Star Retiree Plans, and then stated the next four plans are really just one plan for retirees over the age of 65. Commissioner Shaheen had questions on the plans concerning premiums and years of service, noting employees with twenty years of service pay only \$20. Ms. Jacobson said it was written to be equivalent to what the employee only portion is. Commissioner Shaheen said the idea is more years of service to the county, the less expensive the plan. Ms. Jacobson said yes, for members 65 years old. Medicare pays first as primary payer and we pay the difference as secondary payer. Commissioner Shaheen thought the difference in premiums was massively drastic. Judge Self said we have 303 retirees drawing annuities

today, but there are not 303 people on this chart. Ms. Jacobson said the number of people on TCDRS (Texas County and District Retirement System) is significantly higher because prior to the Silver Star plan you had to pay the full cost of coverage so we had very few people that joined that plan prior to the Silver Star plan being offered. Judge Self said if we're going to add 1,200 potential retirees over the next ten to twenty years, that is tremendous. Ms. Jacobson said not everyone joins. A discussion followed on how many did and did not join. Commissioner Jaynes commented that he thought this plan was supposed to be a supplement to Medicare. Ms. Jacobson said it is; Medicare is primary and we are secondary coverage. Commissioner Jaynes said the Lone Star plan was supposed to make it easier for people to get insurance at a cheaper rate. Discussion continued.

Ms. Jacobson next discussed Retiree/COBRA Information. She stated in 2009 retirees had three large loss claims just slightly over \$100,000, for a total of \$321,000. These were all for retirees under the age of 65 where the County is bearing the full cost of their coverage. Continuing with 2009 data, there were \$99,000 in claims for eighteen retirees over the age of 65 and five COBRA participants incurred \$101,000 in claims. Commissioner Shaheen asked about a \$40 million liability which had been discussed in the past. Ms. Jacobson said it is for these retirees. Commissioner Shaheen asked Ms. Jacobson when we came up with the premiums, was any thought given to having the premiums such that we could use part of that to address that liability over a period of time? Mr. May responded, saying he is looking into that right now and will present something to the court in the next month or so. Commissioner Shaheen expressed concerns about future claims which Ms. Jacobson and Mr. May addressed.

Commissioner Shaheen said we are killing this county in fifty years. Mr. May offered further explanation. Mr. May said currently we are not meeting our current year's obligations so liability is increased every year rather than decreased. Commissioner Shaheen said this is not going to work. Ms. Jacobson said we have to take into account Health Care Reform. For indigent care, the federal government is looking at relieving some of our liabilities; however, someone has to pay for that and that will be the private sector. We will see an escalation in the costs. There will be more users and costs will increase.

Ms. Jacobson continued her discussion of Health Care Reform, saying there will be an extension of coverage for adult children until age 26, including married children, requiring them to have the same coverage as the rest of our employees. Previously children were covered until 18 years of age if they were out of school; 24 years of age if they were in school. Commissioner Ward asked about the grandkids. Ms. Jacobson said pregnancy would be covered but not the baby. The biggest risk will be pregnancy because a premature baby will be the most expensive claim we can have. The County currently has a million dollar lifetime maximum, and that will go away. There will be no lifetime maximum. Ms. Jacobson said she doesn't think we will have to insure the spouse of a married child.

Ms. Jacobson stated in 2013 they will charge us fees to fund research. We will not be exempt as a government entity. In 2014 the waiting periods for new hires may not exceed 90 days, so we will have to change our plan. There are wellness incentives, such as reducing premiums and giving them a payment. Then in 2010, the County is looking at the same things and encouraging treatment for elevated cholesterol. There will be a \$25 increase in premiums if employees don't participate in wellness. Ms. Jacobson discussed a diabetes medical plan and accident emergency room visit. We have a large group of employees not being treated for diabetes. The proposal would be to provide the same medical benefits but for some diabetes related aspects, costs will be reduced to make sure the employees get to their doctors, thereby reducing long-term heart issues.

Ms. Jacobson said some other items for discussion during budget would be charging a spouse surcharge. The question would be should we charge extra for spouses that can get coverage somewhere else but choose to join our plan because it's better coverage? If we charge an extra \$10 per spouse, that would be another \$30,000 per year. The next point of consideration is the Court could eliminate out of network coverage, such that employees have all their coverage and benefits but have to go to a doctor in network. The only exception would be surgery since anesthesiologists are not in network. Examples and discussion of in and out of network plans followed and the best ways to bring about cost savings. Ms. Jacobson said by increasing our deductibles to \$1,000 for the base plan and \$500 for the regular plan, it will save about \$800,000. Commissioner Shaheen thought these were good options but he would like to also look at plans for retirees and consider options for those as well. Judge Self said if we take every single one of Ms. Jacobson's recommendations, currently we would save 10% but the increase is going up by \$6 million per year. He thinks we have to go back to the drawing board and look at this time bomb we have growing here in this program over the years to come. Commissioner Jaynes felt it was a time bomb with a lot of assumptions. The time bomb is the number of people retiring versus the low cost. Commissioner Shaheen said it is the future liability.

Commissioner Hoagland would like to get this item back on a future court because he would like to make a decision about this in the next couple of weeks. Commissioner Shaheen thought it was a going to be such a detailed discussion, it would be a good idea to do it outside of budget. Ms. Jacobson said she still has two TCDRS briefings and an overall discussion on wages and then one on all the benefits and wages together to present to the Court. Commissioner Ward said it's the benefits package in total that we need to look at so she wouldn't want to make a decision on this before we look at the wages and all the other things they will look at as far as compensation. She asked Ms. Arris when the Court could expect to get numbers. It all fits in together. Ms. Arris said the final appraisal role from Collin CAD is due July 25th. She planned to get a recommended budget out to court by August 6th. That would give Court members a week to digest and discuss that information. We could discuss that before we start Budget Workshop on August 16th. Commissioner Ward doesn't have a problem with making this decision before talks start about other budgetary decisions but she thinks the Court needs the entire compensation package. Commissioner Hoagland stated if we don't deal with this now we can't say to Ms. Arris what is

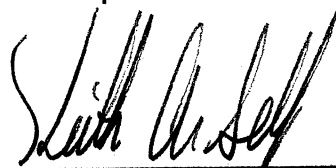
the impact if we do this or we do that because we're always in a budget crunch and we don't have enough time to deal with it. Judge Self said let's do TCDRS before we do this because it has its own picture and its own unfunded liability. He said to Ms. Jacobson, as soon as you get it together, we'll come back to this, if the Court agrees, and then you will have compensation and wages which is more tied closely to budget. Commissioner Hoagland again said let's get this out of the way and then Ms. Arris can factor that into the budget as well. Ms. Jacobson concluded by saying you can increase out of pocket maximums from \$2,000 to \$4,000. Judge Self thanked Ms. Jacobson for her presentation.

(Time: 2:56 p.m.)


NO ACTION TAKEN

EXECUTIVE SESSION

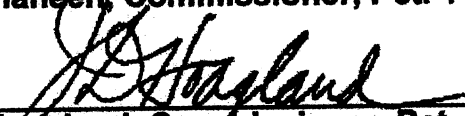
There being no reason to recess into Executive Session and no further business of the Court, Judge Self adjourned the meeting at 2:56 p.m.



Keith Self, County Judge



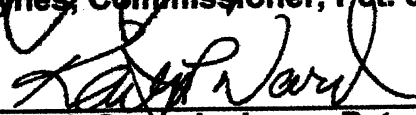
Matt Shaheen, Commissioner, Pct. 1



Jerry Hoagland, Commissioner, Pct. 2



Joe Jaynes, Commissioner, Pct. 3



Kathy Ward, Commissioner, Pct. 4



ATTEST:



**Stacey Kemp, Ex-Officio Clerk
Commissioners' Court
Collin County, T E X A S**