

**THE BOARD OF COUNTY COMMISSIONERS
DURHAM, NORTH CAROLINA**

Tuesday, October 7, 2003

2:00 P. M. Worksession

MINUTES

Place: Commissioners' Room, second floor, Durham County Government
Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman Ellen W. Reckhow, Vice-Chairman Joe W. Bowser, and
Commissioners Philip R. Cousin Jr., Becky M. Heron, and Mary D.
Jacobs

Absent: None

Presider: Chairman Reckhow

Call to Order

Chairman Reckhow welcomed everyone to the worksession.

Citizen Comments—Ralph McKinney

Although Mr. Ralph McKinney had requested time on the agenda to speak to the County Commissioners about the protection and welfare of Durham citizens, he did not attend the worksession.

**DurhamCAN (Congregations, Associations, Neighborhoods)—Presentation
Regarding a County Living Wage Ordinance**

The following DurhamCAN representatives presented findings and proposed that the Commissioners develop and implement a living wage ordinance for County service contractors:

Rom Coles
Angelina Schiavone
Herb Davis

Frank Hyman
Ann Stock
Lucia Vasquez

County Manager's Recommendation: County Manager Ruffin recommended that the matter be referred to staff for review and investigation. Findings and a recommendation will be presented at the December 1, 2003 Worksession.

Chairman Reckhow endorsed County Manager Ruffin's recommendation.

The Commissioners also commented on the living wage ordinance proposal.

Chairman Reckhow directed the County Manager to determine whether any positions in Durham County Government reflect salaries below the poverty level.

Campaign for a Healthy Durham

Durham County and Duke University Health System have collaborated on an initiative to reduce and prevent obesity in Durham County. The initiative is the first in a series of collaborative projects to improve the health of Durham County residents. The County Manager will consider funding for this project for inclusion in the FY 2005 Budget. The purpose of the worksession presentation was to seek the Board of County Commissioners' input before the initiative and its costs are more fully developed.

Resource Person(s): MaryAnn Black, Duncan Yaggy, Brian Letourneau, Becky Freeman, Gayle Harris, Dr. Lloyd Michener, Susan Epstein, Maggie Sauer, and Michelle Lyn

County Manager's Recommendation: The County Manager recommended that the Board accept the presentation and provide input with regards to the application of the concept in Durham County.

The Board of County Commissioners supported "The Campaign for a Healthy Durham Phase 1: County Obesity Initiative".

Mr. Letourneau spoke about several issues and facts concerning obesity.

Dr. Lloyd Michener, Chairman, Department of Community and Family Medicine, Duke Medical Center, made a presentation on medical problems associated with obesity.

Ms. Black described the campaign to help families combat obesity. She stated that the plan presented at this meeting is a beginning but only addresses obesity in four Durham Public Schools. A second health summit, in which Durham County is a partner, will be held on November 12 and 13, 2003. The County Commissioners will be invited to the event.

The Commissioners, County Manager Ruffin, and staff discussed obesity and ways to combat the problem. They concluded that more time and energy should be spent on school and community obesity prevention and that school cafeterias must provide nutritious food choices to support good eating habits. In addition, students need to be exposed to sustained periods of physical exercise.

Commissioner Heron requested additional information regarding the initiative and its relevant budget implications.

Chairman Reckhow suggested calendaring this item, along with the broader issues of exercise and nutrition in the schools, for consideration at the upcoming BOCC/DPS meeting to determine a course of action. To enhance this program, the full support of the school board, as well as external funding, will be needed. Staff must look at existing

resources to create a cost-effective program. Chairman Reckhow emphasized that coordinated efforts on this initiative must continue.

No official action was taken on this agenda item.

Reused Wastewater Capital Project Update

The Capital Improvement Plan (CIP) includes a reused wastewater project for the Triangle Wastewater Treatment Plant (TWWTP). This project includes additional treatment, pumping, and storage facilities at the plant site, as well as a distribution system. Reused wastewater is commonly used for irrigation and cooling towers. In addition to reducing the discharge of nitrogen into Northeast Creek, a major benefit is the reduced demand for potable water.

Funding in the amount of \$150,000 is included in the FY 2004 budget, and staff is currently selecting an engineering firm to conduct a reuse study to evaluate and refine the project requirements and provide cost estimates. The projected completion date of the study is April 2004. During CIP review in Spring 2003, the Board of County Commissioners directed staff to explore the potential for grant funding for this project.

Design of the current TWWTP upgrade and expansion project anticipated future development of reuse facilities. The Wastewater Treatment Service Agreement with the Town of Cary, executed in June 2002, includes a provision for Cary to consider development of wastewater reuse applications within its wastewater service area. Wake County and Cary have identified a need for reuse water in western Wake County and Cary and have requested that Durham County participate in a grant application to the Clean Water Trust Fund (CWTF) for development of a regional reuse system. Durham County would provide facilities at the TWWTP, and Cary and Wake County would construct the distribution system. The initial grant application would cover design costs. Following design, a second grant application is envisioned to provide construction funding. The deadline for submittal of a CWTF grant application is December 1, 2003, requiring that staff immediately begin the process. If approved, funding for design is expected to be available in July 2004.

Resource Person(s): Glen E. Whisler, P.E., County Engineer, and Chuck Hill, P.E., Utility Division Manager

County Manager's Recommendation: The County Manager recommended that the Board receive the update on the Reused Wastewater Capital Project and provide direction for pursuing grant funding for the project. The next step will be to direct the County Attorney to draft an interlocal agreement and authorize the County Manager to sign the agreement. This item will be placed on the October 13, 2003 agenda.

Mr. Whisler presented this agenda item.

No official action was taken.

Chairman Reckhow directed that staff proceed with the project.

Quasi-Judicial Appeal–Trafalgar Properties v. County of Durham

The Sedimentation and Erosion Control Division of the County Engineering Office assessed a \$109,732.40 civil penalty against Trafalgar Properties for conducting a land disturbing activity in violation of its permit. Trafalgar filed a petition for a contested case with the Office of Administrative Hearings to challenge the penalty. The Administrative Law Judge (ALJ) hearing the case rendered a decision recommending that the civil penalty be reduced by \$10,250.00. She did not believe the violation was willful and therefore reduced the portion of the civil penalty assessed due to willfulness. The ALJ's recommended decision was before the Board for entry of a final decision. Trafalgar has filed exceptions to the recommended decision and requested that the Board reduce the civil penalty to an unspecified lesser sum. Durham County filed a response stating that Trafalgar did not identify any real error in the recommended decision and requested that the Board adopt the ALJ's decision.

The Board was required to review this matter based on the record produced at OAH. The Board was to decide whether to (1) accept the ALJ's decision and assess a civil penalty of \$99,482.40, or (2) enter a decision rejecting or modifying the ALJ's decision based on specifically-identified errors in the record.

The Board sits as an appellate body during a quasi-judicial proceeding and determines the matter without hearing additional evidence. The entire record of the proceedings was available to the Board, if desired, but was not reproduced due to its size.

The County Attorney did not make a recommendation to the Board, since one of the Assistant County Attorneys represented the County in this matter before the OAH.

Resource Person(s): County Manager Mike Ruffin

County Manager's Recommendation: The County Manager recommended that the Board adopt the decision of the Administrative Law Judge.

Chairman Reckhow recognized County Manager Ruffin to present background information on this agenda item.

Engineering staff had been instructed to leave the meeting during deliberations on this matter. No testimonies were heard; the focus of the review was the record provided in the agenda packages.

County Manager Ruffin recommended that the Board assess the civil penalty of \$99,482.40 by suspending the rules.

Commissioner Heron moved, seconded by Commissioner Cousin, to suspend the rules so official action could be taken on Trafalgar Properties v. County of Durham.

The motion carried unanimously.

Commissioner Heron moved, seconded by Commissioner Bowser, to accept the ruling of the Administrative Law Judge setting the civil penalty at \$99,482.40.

The motion carried unanimously.

Benefits Renewal

The Human Resources Department had received renewal rates for health insurance for the 2004 Benefits year. Based on the proposals from two major medical insurance carriers, the County will experience an average increase of 12 percent on health insurance premiums, which for the first time includes deductibles for inpatient and outpatient care. The increase in premiums will require an additional \$306,000 for FY04; therefore, a \$15 increase to the current \$175 benefit credit is recommended to help employees absorb the increase. As an enhancement to the health insurance plan, a “hospital gap” policy is being proposed for each employee to defray costs associated with the proposed inpatient and outpatient deductibles. The enhancement pays for the cost of these deductibles and is less expensive than the cost to eliminate the new deductibles from the health insurance plan. Since the gap coverage will not apply to retirees, an amount of \$25,000 is requested to self-insure this group and provide the same level of coverage that other plan participants will receive. Rates and coverage are effective for January 1, 2004 through December 31, 2004.

Resource Person(s): Debbi Davidson, Benefits Manager

County Manager’s Recommendation: The County Manager recommended approval of a \$15 per-employee increase in the employee benefit credit (from \$175 to \$190), authorization to purchase the “hospital gap” policy to cover employee deductibles, and approval to use \$12,500 in funds to self-insure retired employees for employee deductibles.

Chairman Reckhow recognized Ms. Davidson to present the benefits renewal plan for calendar year 2004.

Ms. Davidson stated that renewal time for health insurance has been a difficult time in the last four years due to double-digit increases in health costs. This year is no exception. The actual renewal for no changes in the coverage reflected an 18 percent increase.

Last year’s increase averaged 17 percent with a 6 percent increase in the County’s contribution to benefits. The cafeteria benefits plan gives the County more flexibility and control over costs of benefits, although it is eroding at a rapid rate due to the high cost of health insurance. Since 1993 when the County began the cafeteria plan, health insurance

rates have increased by 125.8 percent, while the FBEN contribution rate has increased 26.8 percent.

Human Resource looked at several options for health insurance:

- Renewal with no change in benefits;
- Total replacement with a high and low option but only one carrier;
- Thinking outside the box to offer the lowest possible increase in premium and a supplemental policy to cover out-of-pocket expenses.

Renewal with no changes would mean an 18 percent increase in premiums with the monthly cost to employees increasing by \$50 per month. Total replacement would give the County less negotiation ability and may limit future choices.

The advantages of total replacement are:

- Lower overall increases, especially if the employee chooses the HMO option; and
- Less administrative processing.

The disadvantages of total replacement are:

- The County loses the advantage of comparing benefits and costs between the two providers;
- In situations where there is only one provider of health coverage, it is very difficult to return to more than one provider;
- The rates for total replacement at the current level are close to the recommended rates with the hospital gap plan.
- Currently our employees are split between CIGNA and Wellpath (62 percent/38 percent). Regardless of which carriers are chosen, a significant amount of change and discontent will exist.

Human Resources recommends renewal with CIGNA and Wellpath, with the changes in inpatient and outpatient copays, and with a hospital gap policy to cover these copays for an average cost of less than \$20 per employee per month. Human Resources also recommends increasing the Flex Dollar amount to \$190 biweekly to cover the \$15 increase in Employee Only coverage.

The hospital gap policy would be paid for by Durham County Government and offers the following benefits:

- Inpatient copays—pays all out of pocket expenses
- Outpatient copays—pays all out of pocket expenses
- Hospital Emergency Room—pays all out of pocket expenses
- Physician Care/Urgent Care—pays all out of pocket expenses (including sickness or emergency care for an injury due to accident)

This hospital gap policy affords the employee more coverage than currently provided. The major drawback is that retirees would not be covered and would have more out-of-pocket expenses. Currently, retiree health insurance premiums costs are approximately

\$500,000 per year; an 18 percent increase would raise this cost to around \$600,000 per year. The County can self insure this coverage for retirees at \$25,000 a year based on information provided by the vendor who will provide this coverage for active employees.

County Manager Ruffin, County Attorney Kitchen, and Ms. Davidson answered questions from the County Commissioners throughout the presentation.

Chairman Reckhow suggested that County Manager Ruffin write a memorandum to County employees offering suggestions for reducing health care costs.

Commissioner Cousin moved, seconded by Commissioner Jacobs, to suspend the rules to allow a vote on the Benefits Renewal agenda item.

The motion carried unanimously.

Commissioner Jacobs moved, seconded by Commissioner Heron, to allow Human Resources staff to proceed with implementation of the following:

1. Increase FBEN to \$190/biweekly;
2. Hospital gap policy for same level as health coverage;
and
3. Self-insure inpatient and outpatient deductible for retirees.

The motion carried unanimously.

Adjournment

Chairman Reckhow adjourned the worksession at 4:15 p.m.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board