BOARD OF COUNTY COMMISSIONERS
LEON COUNTY, FLORIDA

FISCAL YEAR 2009 BUDGET WORKSHOP

Tuesday, March 11, 2008
9:00am – 3:00pm

This document distributed: Thursday, March 6, 2008

SERVICE LEVEL REDUCTIONS

Board of County Commissioners
Workshop Item

Date of Meeting:	March 11, 2008
Date Submitted:	March 5, 2008
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Vincent S. Long, Deputy County Administrator VSL Alan Rosenzweig, Assistant County Administrator AR
Subject:	Report on Current Year Service Reductions Resulting from the Hiring Freeze

Statement of Issue:
This item provides a report the Board regarding current year service reductions resulting from the hiring freeze.

Background:
Over the past two years, Leon County has continually strived to position itself to address the on-going property tax reform efforts. In February 2007, the County instituted a freeze in hiring, capital projects and travel/training funding. This effort allowed the Board to utilize a portion of the capital project funding reductions to balance the FY2008 budget. With the passage of Amendment 1, the hiring freeze will now allow the Board the ability to partially address spending reductions through the elimination of vacant positions. This process will be dealt with during the Board's June 18 – 20 Budget Workshops.

However, the impact of the vacancies is also causing service level reductions during the current year. This item provides the Board a status report of these reductions including requesting authorization of additional service reductions. Pending the outcome of the June workshops, some or all of these service reductions will become permanent.

Analysis:
The County currently has 88 vacant positions or the equivalent of 78 FTEs. Table 1 provides a summary by department of the vacancies.

Table 1: Summary of Vacancies

Dept/Division	# Vacancies (FTEs)	Total Authorized	% Vacant
Animal Control	1	7	14%
County Administration	1	4	25%
County Attorney	2	12	17%
Facilities	1	39	3%
GIS	4	17	24%
Growth & Environmental	6	48	13%
Health/Human Services	2	9	22%
Intergov't Affairs/Special Projects	1	3	33%
Library Services	20	116	17%
MIS	6	47	13%
OMB	2	8	25%
Parks & Recreation	1	25	4%
PIO	2	3	67%
Planning	3	29	10%
Public Works – Operations	19	130	15%
Public Works – Engineering	4	38	11%
Solid Waste	2	47	4%
Volunteer Services	1	3	33%
Total	78	585	13%

The following provides an analysis of the service level reductions associated with the position vacancies, including recommendations for additional adjustments. Please note that in addition to this analysis all County employees are attempting to provide quality service to the public and the Board with fewer resources. County staff prides itself on responding in a timely fashion to all citizens, however, with the current constraints in place this standard has become difficult to maintain. Through acknowledgement of the service reductions, staff will be able to focus on those areas of importance to the Board and public, while correspondingly reducing or eliminating less critical services.

Libraries: The Library Division currently has 20 FTE vacancies or 17% if the total staff. The staff shortage has created an untenable situation in maintaining the current level of service at the Main Library and the branches. To address this problem, staff is recommending that the hours of operation all the branch libraries be reduced from 52 hours a week to 40 hours a week. Table 2 summarizes the recommendation. In addition, the Library has suspended all non-children related programming, including: Booked for Lunch, Black History activities, Friday Story Hour, all adult programming (except book clubs) and the Knitting/Crocheting Book Clubs. In addition, the Library Division has been unable to apply for a number of grants, including: LSTA grant for summer reading, "Let's Talk About It," Jewish Literature Grant, and Save Our Local History Project.

Table 2: Current and Proposed Branch Library Hours

Days	Current	Proposed	Change
Sunday	Closed	Closed	None
Monday	10 AM to 6 PM	Closed	8 hours
Tuesday	10 AM to 8 PM	11 AM to 8 PM	1 hour
Wednesday	10 AM to 8 PM	10 AM to 6 PM	2 hours
Thursday	10 AM to 8 PM	11 AM to 8 PM	1 hour
Friday	10 AM to 6 PM	10 AM to 6 PM	None
Saturday	10 AM to 5 PM	10 AM to 4 PM	None
Total Hours	52 hours	40 hours	12 hours

Public Works Operations: The following is a summary of the current service level reductions. For all areas, emergency work will still take precedence over routine maintenance. However given the reduced staff loads response times to emergency may increase. Over longer periods of time, routine maintenance will continue to fall behind normal schedules.

Transportation Maintenance:

- Leon County currently maintains 44 miles of County dirt roads. The grading cycle has increased from once every two weeks, to once every three weeks.
- Leon County currently maintains 569 center line miles of paved roads. Typically, the County is able to perform 1,250 tons of major asphalt repairs and improvements (approximately 110 repairs and improvements) annually and 1,000 tons of minor asphalt patching and repairs (approximately 6,000 patches and repairs) annually. The reduction in staff has reduced the amounts to 830 tons for major and 665 tons for patching.
- Leon County currently maintains an inventory of approximately 20,000 signs. Each sign is typically maintained or repaired once every three years. This cycle is being increased to once every four years.

Stormwater Maintenance:

- The County has an estimated 5,086,689 feet (963 ditch miles) of roadside ditches it is responsible for maintaining. This number excludes all footage associated with enclosed systems, driveways, curbing and dirt roads. Under normal staffing, the County is able to clean and reshape 225,000 feet of roadside ditches annually. With the staffing reductions, the County will be able to maintain 112,500 feet of roadside ditches annually.

Right-of-Way Management:

- The production time for tree trimming and removal has decreased from approximately 50 to 40 man hours per day. The average number of trees will still be replanted (300); however this will lead to fewer hours available for tree trimming and removal. It is estimated that the reduction will be from an average of 9,650 man hours per year of tree trimming and removal to 5,600 man hours.

- The County performs clear zone maintenance; the pruning and removing of small trees and shrubs that are encroaching into the clear recovery zone along road sides. This function is performed with County staff and inmate crews. Productivity is being reduced from 50 shoulder miles per year to approximately 30 shoulder miles.
- Roadside mowing is being reduced from 2,500 road miles per year to 2,000 road miles per year. This increases the time between mowing cycles in the growing season from five or six weeks to seven or eight weeks. This increase may be even higher due to longer grass/weeds causing equipment downtime and excessive height requiring slower speeds and multiple passes to achieve desired heights.
- Exotic plant removal has been reduced from 227 acres controlled per year to 0 acres.

Animal Control: Animal Control is typically staffed with 5 Animal Control Officers. Currently, the County has one vacancy or a reduction of 20%. For FY04 through FY06 the County averaged approximately 8,100 calls or 1,600 per Animal Control Officer. With the vacancy, the average calls per office equal approximately 2,200; this also takes into consideration an increase in the total number of calls. Table 2 provides a comparison in responses times for certain types of calls between January 2007 and January 2008. The emphasis is still being placed on priority calls.

Table 3: Animal Control Calls for Service Response Time Comparison

Type of Call	2007 Response Time	2008 Response Time
Dangerous Dog	34 minutes	59 minutes
Confine Animal	1 hr 30 minutes	1 hr 40 minutes
Cruelty and Welfare	1 hr 5 minutes	5 hrs 40 minutes
Loose Animal	1 hr 45 minutes	7 hrs 50 minutes
Trap Sets	3 days	3 weeks

Engineering Services:

- *Engineering Coordination Program:* This program currently has one (1) unfilled Engineer Intern position, and the Engineering Design Program staff have been called on to assist with the workload that this position would have carried. The impact from this vacancy has been a reduction in the design and permitting of County projects and also to the response to citizen requests for assistance with roadway and drainage complaints. Of the 8 staff in these two programs that perform similar functions, the vacancy of the position represents an approximate 15% reduction in production.

- *Right of Way and Survey Program:* This program has one (1) unfilled Survey Technician I position. The impact from this vacancy has been a 25% reduction in production of survey data necessary for the design of County projects, construction layout and other survey services associated with citizen complaints and concerns. The program normally runs two full three-man survey crews. Reducing a three-man crew to a two man crew is effectively reducing it to a half crew.

Stormwater Management Program: This program has one (1) unfilled Environmental Review Specialist position. The primary function of this position is to administer the County's NPDES permit, but the position also participates in construction projects associated with environmental impacts and improvements. The position also supports the activities of the Water Quality Scientist in monitoring water quality. The impact from this vacancy is an impaired ability to respond to NPDES issues and to maintain records necessary for permit compliance demonstration. Engineering Design staff and consultants are being used to perform the construction related functions of the position, and Engineering Design staff are being called upon to assist with the associated water quality monitoring duties, further reducing design and response to citizen complaints and concerns.

Growth and Environmental Management: The Department's four divisions are currently experiencing a reduction in customer service levels as a result of the hiring freeze in the following areas:

- GEM Support Services: The division currently has one (1) unfilled Permit Intake Technician position. The impact from this vacancy has included an increase in customer service waiting times. This is primarily related to the high volume of on-demand, walk-in customer service activities associated with the division's staff including customer reception, permit intake, fiscal, records management, and licensing responsibilities. Due to the on-demand (telephone and walk-in) nature of the services provided, staff back-up responsibilities have been negatively impacted due to the vacancy, and therefore, overall customer service waiting times have increased.

- Development Services: The division currently has three (3) unfilled positions. They include a Planner II, Transportation Planner, and an administrative position. These vacancies have increased customer service response times, and will delay the implementation of the Board-approved Citizen's Blue Ribbon Committee's recommendations regarding the streamlining of the development review and permitting processes. Also, the vacancies have delayed completion of the BCC's annual report on Concurrency Management and full implementation of the significant benefits component of the County's revised transportation concurrency management ordinance as required by the State. Board-directed Land Development Code (LDC) revisions and other initiatives will also be delayed.

- Environmental Compliance: Currently, the division has two (2) unfilled positions, an Environmental Review Specialist and an Administrative Associate V. These frozen positions have also resulted in increased customer service response times, and will delay the implementation of the Board-approved Citizen's Blue Ribbon Committee's development review and permitting process recommendations. The final phase of the proposed LDC revisions to address and promote sustainable and green development initiatives in the County will be delayed, as well as other Board-directed studies and initiatives. Additionally, response times will be lengthened for all permitting required by the State-mandated National Pollutant Discharge Elimination System (NPDES), under Florida Statute 403.0885.

Management Information Systems: The TSC provides desktop computer, software and printer support. A computer support position has been vacant in that program since May, 2007. MIS has attempted to continue to meet prior service levels through the realignment of TSC staff; however the ongoing vacancy has reduced overall response times. To balance service delivery, MIS plans to make the following service reductions. In addition to the following, Attachment #1 provides a discussion of specific projects that have also been delayed or placed on hold as a result of the hiring freeze.

- Reduce dedicated TSC support from two positions to one position for Article V agencies. Currently, two positions dedicate their time to Article V agencies: one for the Courts, Guardian Ad Litem, and the Clerk' court functions, and a second for the Public Defender. MIS plans to reduce dedicated support for these agencies to one position.

  This planned reduction in support to Article V agencies would be consistent with that already instituted for Board offices. In FY 07/08, TSC staffing was reduced by one position due to funding reductions. In response, library support was reduced from two positions to one. Additionally, to help compensate for the current position vacancy, support for Growth and Public Works was reduced from dedicated to shared resources from the TSC pool.

- Reducing Software Instruction Support. Approximately 8% of the calls to the TSC are for instructions on how to use a function of their desktop software, such as e-mail, Word, or Excel, or telephone features. A portion of these calls may be responded to in a self-service manner through the addition of instructions on the County's website, thereby increasing staff resources for other call types. Therefore, MIS plans to prepare such instructions for release on the website and advise its customers to use that resource prior to calling the TSC.

GIS Services:

- Two GIS Specialist positions have been frozen since this fall. One of the positions supported Growth Management and the other supported Public Works. With these vacancies and a realignment of the resources, services to Public Works have been reduced by about 60% and services to Growth have been reduced by approximately 50%. Therefore, there have been delays in the production of ad hoc map productions and analysis (for example, the identification of impacted parcels, easements, and development of stormwater management information).

- In FY 06/07 there were three GIS Technician I positions that input and validate information for data layers, such as easements and streets. One position was eliminated last during last year's budget process, due to funding reductions. A second position has been vacant since this fall. This has delayed the maintenance, updating and validation of data layer information.

Planning: Due to current staffing constraints, the Planning Department is focused on three main objectives: 1) Completion of the State mandated Evaluation and Appraisal Report (EAR) amendments, 2) Implementation of State legislative requirements, and 3) Processing applications for amendments to the Comprehensive Plan, Official Zoning Atlas, and Planned Unit Developments as mandated by local regulations and policies. While the EAR amendments will be reviewed during the current amendment cycle, many policies defer action items for up to three years in an effort to allow staff sufficient time to complete the required work products. State mandates, through adopted legislation, appear to be greater than the past 10 years as witness with the passing of SB 360 during the 2005 legislation. Staff is still working through the transportation concurrency and school concurrency requirement issues. Resolutions to these issues are not schedule to be complete for the next two years or longer. Additionally, due to the state recession, staff is seeing significant amounts of proposed stimulation legislation that will further reduce local governments' ability to plan effectively. Any adopted legislation is sure to create the need for staff time to implement and is viewed by the Department as an unfunded mandate.

Other projects as directed by the County Commission such as implementing the Greenways Program, Southern Strategy Area Sector Plan implementation, and green space modifications have had little to no staffing. Additionally, the projects directed by the City Commission such as Downtown design standards, Gaines Street Revitalization initiatives, modification of significant slope policies, and development of affordable housing strategies have had little to no staffing. Additional reductions to staffing levels will essentially mean that staff will be focused on statutory and local regulatory tasks rather than on special projects or planning concerns raised by the Commissions.

Office of Management and Budget: The Office of Management and Budget is normally staffed with 5 analyst positions. There are currently 2 vacancies. Staff is deferring any management studies (such as the Tourist Development Council/Convention Visitors Bureau Review). In addition, staff is unable to perform normal monitoring and maintenance of departmental budgets; such as checking expenditure and revenue detail activity. This monitoring function has been reduced to coincide with mid-year and annual report generation and not on a regular basis.

Public Information Office: The PIO is normally staffed with a Director and 2 PIO Specialist positions. Currently, the office has 2 vacancies and is being staffed by 1 PIO specialist. The Deputy County Administrator has taken on additional responsibilities related to media inquires. Staff continues to prioritize and address the most pressing internal and external communications needs of the County. Specific level of service reductions which have been made due to the 67% decrease in staffing include: Suspension of publishing *The Courier,* the magazine-style employee newsletter previously published on a quarterly basis; Suspension of taping and monitoring of daily television news; Suspension of active Leon County news placement in national and statewide trade publications, and: Bi-weekly to once a month publishing of the *In the Loop* electronic employee newsletter.

County Attorney's Office: In 2006, the County Attorney's Office had one Legal Assistant position eliminated and one Assistant County Attorney and a Legal Records Specialist positions frozen. The County Attorney is preparing a separate memorandum outlining the impacts additional County Attorney staff cuts will have on handling County legal issues. A priority has been placed on handling matters with statutory or court-imposed deadlines and court hearings, while other matters, such as ordinance and contract review and drafting, as well as projects that are not of a legal nature, have been delayed.

Conclusion:
In order to position the County for the effects of property tax legislation, a hiring freeze was enacted. While this hiring freeze has provide the County more flexibility in dealing with reduced revenues, and to date has prevented employee layoffs, current service delivery has been impacted. In order to provide quality services to the public, project and workload adjustments have been made; however, even with these adjustments certain standards for service delivery are not being met. By acknowledging the current impact of the hiring freeze, and approving the current service level reductions, staff will be able to provide quality service in remaining program areas.

Options:
1. Ratify and endorse the current year service reductions and direct the reduction in branch library hours from 52 to 40 hours per week.
2. Do not ratify and endorse the current year service reductions and do not direct the reduction in branch library hours from 52 to 40 hours per week Board Direction.
3. Board direction.

Recommendation:
Option #1

Attachment #1 MIS/GIS Project Delays as a Result of Hiring Freeze

MIS/GIS Projects Delayed:

1. Replacements of SIRSI Classic Software for the Library and the Banner Finance/HR/Payroll/Purchasing Application - JAVA client software, which enables web-based delivery of the library's SIRSI application (the system used to maintain the inventory and database of materials, and to check items in and out of the library) needs to be installed as the current application (SIRSI Classic) has reached "end of life" and is no longer maintained by the company. JAVA client was scheduled to be installed in the summer of 2007, but was delayed due to a four-month freeze of the System Administrator position. This project was further delayed with the TSC vacancy and the loss of the one position last year that provided computer support to the libraries. In order to effectuate JAVA client, the new software and settings will need to be installed on 130 computers to enable the JAVA client. As support is at 50% of what it was last year, this phase of work is anticipated to take twice as long. During the summer of 2007, the System Administrator was also scheduled to install the current version of Banner, with the related upgrade of Oracle (ACS, which owns Banner, will no longer maintain the current version as of April 2008). This transition was delayed while the position was frozen. The position has since been approved to be filled and the new hire is slated to come on board in March.

2. Integration of Hansen 8 (Public Works and Facilities Management's work order system) – Hansen 8 is scheduled to be interfaced with Banner to pull personnel and labor costs forward for cost tracking purposes. With the freeze of the Database Coordinator and the Web Applications positions, this project, which was scheduled to be delivered fall 2007, has been delayed.

3. City Stormwater Database Development – A GIS Database Administrator position was frozen for about six months prior to an internal transfer. The County and City jointly fund this position through the GIS Interlocal Agreement. The vacancy delayed deployment of the infrastructure that supports a new server with a spatial geodatabase for City stormwater, thereby impacting their ability to develop stormwater modeling applications.

MIS/GIS Applications On Hold:

1. Work Program - The software application, used to track offenders' completion of work program time, was scheduled to become web-enabled, interfaced with the Justice Information System, with tracking functions added. This project is on hold due to the freeze in the Web Applications Development Analyst (vacant since July) and JIS Senior Applications Development Analyst position (vacant since August).

2. The Capital Area-Wide Flooding Network (CAFN) – This application is at the end of life and was scheduled for upgrade to the new version during the summer of 2007, with modifications to provide for integration of city data. With the vacancies of the Web Applications and Systems Administrator position, this project is on hold.

3. EMS Student Scheduling – The freeze of the Web Applications position placed a hold on the development of a new web-based application, which was requested by EMS to allow students to schedule ride-along dates, a requirement of their TCC curriculum.

4. Tax Calculator for the Property Appraiser's Web Site – A calculator for citizens to calculate the impact of Amendment 1 on their property taxes was requested by the Property Appraiser's office. However this feature is on-hold due to the Web Applications vacancy.

5. HR Electronic Management System (EDMS) Web Interface – MIS and HR are converting personnel records to an electronic format. Modifications are needed to provide security and search functionality before it can be deployed to employees. The project is on hold due to the vacancy of the Web Applications position.

6. Database Replication for GIS Systems – A project to implement database replication to ensure continuity of operations and the availability of GIS data has been delayed due to the vacancy of the Database Administrator and shifting of resources.

7. Concurrency Website for Schools and Transportation – SB 360 mandated concurrency for schools and transportation. A GIS website, that was to provide a tool for the County, City, School Board and Developers to meet this requirement, is on hold due to GIS vacancies in the database and web development areas.

VOLUNTARY SEPARATION PROGRAM

Board of County Commissioners

Budget Discussion Item

Date of Meeting:	March 11, 2008
Date Submitted:	March 5, 2008
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Lillian Bennett, Human Resources Director LB
Subject:	Board Adoption of a Voluntary Separation Incentive Program & Approval of Revisions to Section XII-"Separations" of the Leon County Personnel Policies and Procedures Manual

Statement of Issue:

This agenda item requests Board adoption of a Voluntary Separation Incentive Program (VSIP) to eliminate or minimize the need for a reduction in workforce (Attachment #1) and approval of the revision to Section XII –"Separations" of the Leon County Personnel Policies and Procedures Manual to include a section on the Voluntary Separation Incentive Program (Attachment #2).

Background:

In anticipation of the various property tax reform proposals submitted during the 2007 legislative session, the Board proactively initiated a hiring and travel freeze on February 26, 2007 (Attachment #3). Only critical positions having a significant impact on the essential level of service to the citizens of Leon County have been filled. As a result of the hiring freeze, the County currently has eighty-seven (87) vacant positions representing approximately seventy-seven (77) FTE's. This translates into a recurring savings of approximately $3.4 million (Attachment #4).

At the November 27, 2007 meeting, in preparation for the possible passage of the referendum on property tax reform, the Board adopted revisions to Section XII of the Personnel Policies and Procedures Manual titled "Separations" (Attachment #5). This policy was updated to reflect current government and industry separation practices and allow the County flexibility to adapt to an ever changing environment. The revised separation policy is designed to assist the County in meeting the challenges that are encountered during periods of restructuring, budget reductions, legislative mandates and other matters that may impact the level of services provided.

Analysis:

On January 29, 2008, the citizens of the State of Florida passed Amendment #1 on Property Tax Reform. The resulting fiscal impact to the County in the FY 2008/09 budget is estimated at $12.8 million. In anticipation of the potential impacts of this reduction to County programs and services, as well as to the County's workforce, staff is proposing Board adoption of a Voluntary Separation Incentive Program (VSIP).

A Voluntary Separation Incentive Program is a management tool that organizations utilize to eliminate or minimize the necessity for a reduction in workforce. This type of program allows some flexibility in dealing with the impacts of budget reductions and changing staffing needs. Many employers throughout the country have implemented Voluntary Separation Incentive Programs. This is usually implemented when employers experience financial constraints and as a result need to reduce positions (FTE's) within the workforce. The VSIP program offers financial incentives to encourage employees to voluntarily leave employment through resignation or through retirement to minimize involuntary reductions in workforce.

The United States Office of Personnel Management offers a VSIP to its employees during periods of budget constraints and downsizing (Attachment #6). Other governmental entities that offer Voluntary Separation Incentive Programs include the State of Washington, Arizona, South Carolina and Colorado (Attachment #7). Historically, Counties in Florida have not utilized voluntary separation programs; however, with the magnitude of budget reductions that counties are now facing, a number of counties are considering such programs to eliminate or reduce the need for involuntary reductions in workforce (layoffs). Collier County adopted their Voluntary Separation Program on January 29, 2008 and Martin County on February 25, 2008 (Attachment #8).

Leon County Voluntary Separation Incentive Program (VSIP) (Attachment #1)
The primary objective of the Leon County Voluntary Separation Incentive Program is to create additional vacant positions (FTE's) throughout the organization that can eventually be eliminated to assist in meeting the estimated $12.8 million needed in budget reductions. The VSIP can accomplish this objective by providing incentives for employees to voluntarily terminate employment through resignation or retirement. The VSIP also facilitates redeployment and reorganization of employees by filling critical vacant positions with employees from positions where programs and services may face budget reductions.

The VSIP program is totally voluntary for employees. Approval by the County will be dependent upon the strategic, financial and organizational needs of the department, division and that of the County as a whole. The VSIP program will be used at the discretion of the County and is not an employee entitlement. The ultimate goal of the program is the elimination of a position (FTE) through the approval of a VSIP, thereby eliminating or minimizing involuntary reductions in workforce. For a separation agreement to be approved, the Division Director must identify a position to be permanently eliminated. In eliminating a position, either the position occupied by the requesting employee or another position of equal FTE will have to be eliminated.

Staff reviewed and considered various eligibility and incentive payment options. A summary of those options and cost impacts are included in Attachment #9. Staff is recommending option #4, as contained in attachment #9, which is outlined below:

Eligibility:

The VSIP program will be offered to Board and Constitutional Office employees with the following eligibility criteria:

- Deferred Retirement Option Program (DROP) participants with mandatory service end dates beginning October 1, 2009 through the end of September 2013 or;
- Rehired Florida Retirement System (FRS) Retirees (Employees receiving an FRS pension benefit and rehired by Leon County) or;
- Employees with twenty (20) or more years of Florida Retirement System (FRS) service as of September 30, 2008 which includes a minimum of ten (10) years of Leon County service. Excluded employees include employees in grant funded positions, and DROP participants with mandatory service end dates in the 2007/08 and 2008/09 fiscal years.

Financial Incentive:

Employees who are approved for the VSIP program and voluntarily resign will receive the following incentive payment:

- An amount equal to 6 months (1040 hours) of their current annual base salary or $25,000; whichever is greater.
- Assistance with the cost of health insurance. Leon County will pay the cost of 50% of the employee's current medical insurance coverage for up to 18 months as a retiree or through COBRA contingent upon the employee continuing to make the remaining 50% premium contribution..

If all eligible employees are approved for the VSIP program, staff estimates that 131 employees could potentially be impacted at an estimated cost of $4.9 million. This cost assumes that all employees eligible for the program are approved. However, for example, if only 30% of the 131 eligible employees are approved for the program, the result would be a reduction of 39 additional positions (FTE's).

Table #1 below provides a summary of the estimated number of Board employees who will be offered the VSIP and the estimated cost of implementing the VSIP.

Table #1
Estimated Cost Impact of VSIP (Board Only)

Employees Offered VSIP FRS Service	Number of Employees	Cost of Financial Incentive	County 50% Cost of COBRA Medical Insurance	Total Cost
DROP end date in 2011-2013	16	$491,390	$110,290	$601,680
DROP end date in 2009-2010	6	$151,475	$40,550	$192,025
Re-employed Retirees	8	$190,522	$40,550	$231,072
30+ years of service	13	$443,086	$102,512	$545,598
25-29 years of service	28	$811,176	$220,667	$1,032,843
20-24 years of service	50	$1,408,734	$326,715	$1,735,449
19 years of service	10	$439,384	$70,830	$510,214
Total	131	$3,935,767	$912,114	$4,847,881

Educational Meetings:

Upon Board approval of the VSIP program, Human Resources staff will conduct educational sessions with the eligible employees to explain the program. Additionally, representatives from the Florida Retirement System (FRS) and Ernst and Young will conduct group educational sessions with employees on understanding the retirement options available under FRS, including whether or not to exercise the employees 2nd election for either the Defined Benefit Plan (Pension Plan) or the Defined Contribution Plan (Investment Plan).

Ernst & Young is the accounting firm contracted by FRS to offer unbiased education to employees on their retirement benefits and planning for their financial future. Ernst and Young does not request commissions or sell any products to the employee. Any eligible employee, who applies to be considered for the VSIP program, may contact a certified financial planner through the Financial Guidance Line to develop a financial plan. Once the financial plan has been completed, the employee may meet face to face with a certified financial planner with Ernst & Young to discuss their own personal financial situation. The cost to meet with a certified financial planner on an individual basis is $200 per hour. Leon County will pay the cost up to $200 per employee for an estimated cost of $28,000 assuming all eligible Board employees apply for the VSIP program.

Timelines

The following outlines the estimated timelines for implementation and conclusion of the VSIP program:

- VSIP program offered to eligible employees starting March 12, 2008.
- Applications submitted to Human Resources by March 31, 2008.
- FRS Educational Workshops held on March 25, 31 and April 1.

- Ernst and Young individual financial planning meetings with eligible employees.
- The County Administration will appoint an Executive Leadership Team that will approve or deny applications by April 9, 2008.
- Written Agreements sent to approved employees by April 16, 2008.
- Employees sign and return written agreements no later than June 2, 2008 (45 days)
    - (Federal Age Discrimination in Employment Act (ADEA) regulations require 45 days for employee to accept or reject offer)
- Employees have 7 days after signing the Agreement to revoke (June 9, 2008).
- Voluntary resignation followed by VSIP Payout on the pay period following the date of separation.
- Separations must occur no later than September 30, 2008.

Options:

1. Adopt the Voluntary Separation Incentive Program for Board and Constitutional Office employees and the revisions to Section XII-"Separations" of the Leon County Personnel Policies and Procedures Manual.
2. Approve the $200 per employee cost of the individual Ernst and Young financial planning meetings at an estimated Board employee cost of $28,000 from the general fund contingency account.
3. Do not adopt the Voluntary Separation Incentive Program for Board and Constitutional Office employees and the revisions to Section XII-"Separations" of the Leon County Personnel Policies and Procedures Manual.
4. Board Direction

Recommendation:

Options #1 and #2.

Attachments:

1. Draft Leon County Voluntary Separation Incentive Program Description
2. Draft Revision to Section XII-"Separations" of the Leon County Personnel Policies and Procedures Manual
3. Memo from County Administrator Announcing Hiring and Travel Freeze
4. Estimated Cost Saving of Salaries and Benefits of Frozen Positions
5. Agenda Item dated November 27, 2007 Adoption of Revisions to Section XII – Leon County Personnel Policies and Procedures Manual – "Separation" Policy
6. United States Office of Personnel Management Guide to Voluntary Separation Incentive Payments
7. States that have implemented Voluntary Separation Programs
8. Collier and Martin County Voluntary Separation Programs
9. Summary of Cost of VSIP options

DRAFT

LEON COUNTY BOARD OF COUNTY COMMISSIONERS

VOLUNTARY SEPARATION INCENTIVE PROGRAM (VSIP) DESCRIPTION

Purpose

The primary purpose of the VSIP is to enable the County to achieve budget reductions through voluntary separations of employees in order to avoid or minimize the need for a reduction in force. The program has been developed to provide an incentive to employees who are interested in voluntarily leaving their positions. The results of implementing a VSIP is to reduce cost and eliminate positions or reduce FTE's; filling vacant positions at a lower cost, or to facilitate redeployment and reorganization by filling positions with another employee who may be facing the elimination of his/her position. The VSIP is used at the County's discretion and is not an employee entitlement.

Summary

Once an employee is offered the opportunity to participate, the employee may voluntarily initiate a request for consideration for the Voluntary Separation Agreement. Approval by the County will be dependent upon the strategic, financial and organizational need of the department, division and that of Leon County as a whole. For a separation agreement to be approved, the Division Director must identify a position to be permanently eliminated. In eliminating a position, either the position occupied by the requesting employee or another position of equal FTE will have to be eliminated.

Recommendations to approve voluntary separation applications will be made by the Division Director, Group Director, Deputy County Administrator, Assistant County Administrator, Human Resources Director, with final approval by the County Administrator.

Re-employment

Employees who leave the County under the terms of the Voluntary Separation Program may not be re-employed for a period of 12 months following the ending of their employment under the Voluntary Separation Incentive Program. Employees who have separated under this program, may apply for positions for which they are qualified just as any other applicant. Return to employment will be at the sole discretion of the County.

Estimated Schedule

The program implementation will begin on March 12, 2008.
Applications will need to be submitted to Human Resources by March 31, 2008.
FRS Educational Workshops held on March 25, 31 and April 1.

FRS Ernst & Young individual financial planning meetings with interested eligible employees.
Executive Leadership Team approval or denial of applications by April 9th
Written Agreements sent to approved employees by April 16, 2008
Employees sign and return written agreements no later than June 2, 2008 (45 days)
Employees have 7 days after signing Agreement to revoke (June 9, 2008)
Separations may occur immediately or no later than September 30, 2008.
Lump Sum payments occur the pay period following the employee's date of separation.

Eligibility

The VSIP program will be offered to regular full time or part time employees of the Board and Constitutional Office with the following eligibility criteria:

- Deferred Retirement Option Program (DROP) participants with mandatory service end dates beginning October 1, 2009 through the end of September 2013 or;
- Rehired Florida Retirement System (FRS) Retirees (Employees receiving an FRS pension benefit and rehired by Leon County) or;
- Employees with twenty (20) or more years of Florida Retirement System (FRS) service as of September 30, 2008 which includes a minimum of ten (10) years of Leon County service.
- Excluded employees include employee in grant funded positions, and DROP participants with mandatory service end dates in the 2007/08 and 2008/09 fiscal years.

Payment Incentives under the VSIP

Employees who are approved for the VSIP program and voluntarily resign will receive the following incentive payment:

- An amount equal to 6 months (1040 hours) of their current annual base salary or $25,000; whichever is greater.
- Assistance with the cost of health insurance. The County will pay the cost of 50% of the employee's current medical insurance coverage for up to 18 months, as a retiree or through COBRA contingent upon the employee continuing to make the remaining 50% premium contribution.

Overtime payments, extra assignments, and other forms of hourly premiums will not be taken into account in calculating the payment incentive. Payments to part time employees will be prorated based on FTE. Payments to employees in GIS, Cooperative Extension and Planning will be prorated in direct proportion to Leon County funding.

Selection Criteria

The separation must help the division or program area achieve its strategic, budgetary and organizational needs. The County may approve those VSIP applications that provide the least amount of disruption to government services.
Departments and Divisions should consider and address:

- Retention of adequate levels of skilled workers in needed occupations and locations.
- Retention of employees in positions with skills that are key to achieving the Divisions mission, goals and priorities.
- Potential disruption due to overall loss of experienced workers.

Approval by the County will be dependent upon the strategic and organizational needs of the Department, Division and that of Leon County as a whole. For a separation agreement to be approved, the Division Director must identify a position to be permanently eliminated. In eliminating a position, either the position occupied by the requesting employee or another position of equal FTE will have to be eliminated.

Applying for a Voluntary Separation Agreement

Participation by employees is voluntary. Employees should consider their situation carefully. If an employee has been thinking of leaving their position for other opportunities, or preparing for retirement, a voluntary separation agreement may be appropriate. Employees must inform their Division Directors of their decision to apply to participate in the Program. Employees should contact Human Resources for the Application Form. Individual communications about an employees' possible voluntary separation will be shared only on a need-to-know basis.

Provisions

Payment will be made in a lump sum. All dollars received are considered wages and are subject to Federal and Social Security taxes.

The terms and conditions of separation will become effective for an employee only if he/she is approved for voluntary separation under this program and:
1. The County during its process of budgeting offers the requested separation agreement;
2. Both Leon County and the employee enter into a formal agreement signed and executed by the both.

The County will review and approve or disapprove voluntary separation applications as soon as feasible following receipt of a complete and timely filed application. The County reserves the right to reject applications in cases of ineligibility or in the exercise of its sole discretion in light of program, division and organizational goals. Leon County may also defer action on applications until a later date pending assessment of progress of goals. If the County defers action on an application and later offers the applicant an opportunity to participate in the program, the employee is not obligated to accept the offer at that time.

The County will consider and approve requests as soon after receipt as is reasonably possible. Applications for voluntary separation must be received by Human Resources by March 31, 2008.

Individuals offered a VSIP incentive will be given sufficient time to make a decision. Employees choosing to accept a VSIP will sign an Agreement indicating their decision to participate is voluntary. In accordance with the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, an employee will have up to a 45 day period following a formal offer of a separation agreement to consider signing it. During this period of time the employee will be advised to consult with his/her attorney and persons providing tax advice. After signing the Agreement, the employee may revoke his/her decision to accept the terms and conditions of the Agreement by submitting a written request to the Director of Human Resources, no later than 7 calendar days after the date upon which the employee signed the Agreement. The County cannot give tax advice, so employees should consult with their own tax advisors about tax consequences of the payment.

Employees will need to submit a written notice of resignation with their signed Agreement.

Upon termination of employment, the employee will be paid for any used annual leave, compensatory leave as well as 25% of the balance of their sick leave. Employees will be eligible to continue their medical insurance through COBRA or as a retiree. The County will pay for 50% of the cost of coverage for up to 18 months. Any monies owed to Leon County will be deducted from the separation payment.

Approval or denial of applications for the VSIP will be at the sole discretion of the County. All decisions made by employees to resign under this program are voluntary and are not considered grievable and will not be subject to appeal.

The VSP will be administered solely by Leon County. The County will have the final right to interpret its terms. Leon County may amend or terminate the Program but not adversely impact a staff member who has been approved under a written agreement.

VSIP Implementation Team

A Voluntary Separation Implementation Team has been established to provide technical advice and assistance to managers, directors and employees. The team is also responsible for tracking the status of and managing the process of approval or denial of applications. The team members are:

Lillian Bennett, Director of Human Resources; Amy Cox, Human Resources Manager; Clarence Moore, Employee Relations Manager

Separations

SECTION XII
SEPARATION

12.01 Resignation

To resign in good standing, except in the case of an emergency, an employee should give at least two weeks (14 calendar days) notice in writing to his or her supervisor. In the case of an emergency, the reason should be fully documented in the notice. Employees who resign shall receive payment for all accrued annual leave credit, compensatory time credit and 1/4 of sick leave credit.

12.02 Termination

Prior to termination of any regular Career Service or EMS employee, the employing Department/Division Director shall give the employee written notice and an opportunity for conference.

12.02.1 9 Procedure: Notification of Termination

1. The employee shall be given written notice of the proposed action at least five (5) working days prior to the date the action is to be taken.

2. The termination notice shall be hand delivered to the employee in the presence of a witness, and when possible, signed for by the employee; or shall be mailed to the employee by certified mail, return receipt requested.

3. The termination notice shall be signed by the person authorized by the employing department to take or to recommend the action and shall include the following:

    a. The effective date of the proposed action.

    b. A statement advising the employee that he or she may, within three (3) working days of receipt of the notice, submit a request in writing to make an oral or a written statement, or both, to the department to refute or explain the charges made against the employee.

    c. The name, address, and telephone number of the person to whom the request shall be directed

d. The employee shall be notified that the conference will be held within two (2) working days after the request is made or upon a mutually agreed upon time.

e. The place is determined by the Department/Division Director.

f. The conference shall be held during regular business hours and prior to the proposed effective date of the action.

g. A statement to the employee which states that he or she may bring witnesses to the conference or may submit statements from witnesses in the form of affidavits.

12.02.2 <u>Procedure: Conference</u>

If the charges are initiated by the Division Director, the conference must be conducted by the Division Director. Otherwise, a representative for the Division Director may be appointed to conduct the conference, provided such representative is either:

An officer or employee who is higher in the chain of command than the supervisor bringing the charges; or

An individual within the employing Division who occupies a staff relationship to the Division Director to make the final decision.

The conference shall be informal and held as an evidentiary hearing. The employee may bring an attorney or a witness to the incident to assist or advise.

The employee shall be permitted to submit any relevant information he/she desires, oral or written. If the employee chooses to make no response, the employing Department will proceed on the basis of the best information it can obtain.

12.02.3 <u>Procedure: Notice of Final Action</u>

If the employing Department determines after the conference that it will proceed with the termination, the employee shall be promptly notified by certified mail, return receipt requested. Such notice shall include explanation of the employee's right of appeal.

12.03 Appeals Process

The employee has five (5) working days after receipt of final notice to notify the County Administrator in writing of desire to appeal.

The appeal must be in writing and must contain the following:

1. The specific action or actions giving rise to the appeal.
2. The specific issues to be addressed by the employee.
3. Who will be in attendance at the appeal. (An employee may be represented by an attorney. Attorney fees are the responsibility of the employee.)
4. Any specific rules and/or regulations alleged to have been violated.

The County Administrator or a designee will meet with the employee and others affected within five (5) working days of the filing of the appeal. The County Administrator or the designee shall render a decision in writing within fourteen (14) days following the meeting. The decision shall be final.

12.03.1 Timing in the Appeal Procedure

Any time limit designated herein shall exclude the length of time an employee or designated supervisor or official from whom a response or action is required is out of town on official business or on approved leave. Further, the time limit at any phase of the appeal procedure may be extended by the mutual consent of the affected parties. In the absence of an extension, an employee's failure to observe the time limits herein shall constitute withdrawal from the appeals process. The supervisor's failure to observe the time limits shall be noted in their performance assessment.

12.04 Reduction In Work Force

Leon County is a performance based organization and strives to provide a stable employment environment for employees. However, reductions in work force and/or elimination of positions, programs and services may be necessary from time to time for various governmental reasons. The County is committed to a policy of Equal Employment Opportunity, which manifests the right of all persons to advance on the basis of merit, ability and potential. Any such reductions shall not be made on the basis of or because of an employee's age, race, creed, sex, color, ethnic background, religion, national origin or disability.

The provisions of this policy are guidelines for reductions in work force. The County reserves the right to alter this policy, and may choose another process in order to meet the governmental and organizational needs of the County with minimal impacts as possible to employees.

Separations

A reduction in work force may occur due to specific circumstances which may include but are not limited to the following:
a. Unfunded legislative mandates;
b. Budget reduction, constraints, lack of or shortage of funds;
c. Changes in organizational structure;
d. Lack of work, reduction in services, program discontinuation, outsourcing of functions, changes in technology;
e. Material changes in a job;
f. Any condition of serious distress or disaster that may be determined or declared by the Board of County Commissioners.

12.04.1 Procedure: General Provisions

The County Administrator shall determine the organizational unit(s), in which the reduction may best be accomplished based on whether services are mandatory, non-mandatory or support. In addition, reductions in levels of service may be recommended in mandatory, non-mandatory and support functions by the Office of Management and Budget. Every effort will be made to place impacted employees in other vacant positions for which they are qualified. However, placement cannot be guaranteed and will be based on the number and type of vacant positions available, as well as the qualifications of the employee. All recommendations will be coordinated and processed by the Office of Human Resources.

If it becomes necessary to reduce the work force of any Division; the Division Director, in consultation with the Department Director, will determine the number, positions and employees that will be affected by the reduction in force based on service requirements.

The Division Director, in consultation with the Department Director, will select program area(s)or services where reductions in positions will have the least amount of negative impact on the vital programs or functions of the area.

In the event of a reduction in work force, employees in OPS, Probationary, Regular part-time and full-time classifications may be separated from employment.

The factors in determining which positions are scheduled for the reduction in work force shall include, but -are not limited to, whether services provided are Mandatory, Non-Mandatory, Support and/or essential services provided by particular employees in the classification of the department/division, group, operating unit, or other function affected.

Separations

Within the impacted program area or service, the separation of regular employees will be based primarily on the elimination or reduction of the program area or service. Other factors that will be considered may include:

a) Recent performance evaluation;
b) Overall Conduct and corrective actions;
c) Overall record on attendance (unexcused absence or abuse of leave);

Primary consideration for retention of employees, will be given to an employee's performance record, experience, training, education, professional credentials, knowledge, skills and abilities to perform the essential functions needed by the particular Division, Department or needs identified in other program areas.

Only in the event of similar job performance, knowledge, skills and abilities, preference in retention may be granted to employees with the longest service with the County; or to veterans who may qualify for Veterans Preference in accordance with Florida Law.

Division and Group Directors shall present a proposed list of affected program areas, services and corresponding positions to the Office of Management and Budget and to the Office of Human Resources. The Human Resources Director will provide the County Administrator a recommendation on which employees will be impacted by the reduction in force. Upon approval by the County Administrator, Human Resources, in collaboration with the Department and Division Director, will coordinate the communication process with the affected employees.

When a Division Director determines that an employee is essential to the efficient operation of the division because of special skills or abilities and needs to retain this employee in preference to an employee with a higher performance rating as provided above, the Division Director upon approval of the Department Director, will submit a written request to the Human Resources Director for permission to do so. This request must set forth in detail the specific skills and abilities possessed by the individual and the reasons why such an individual is essential to the effective operation of the department/division. If the Human Resources Director and the County Administrator approve the request, the employee may be retained.

The duties previously performed by a an employee affected by the reduction in work force may be reassigned to other employees already working in positions in similar job classification and/or pay grades.

12.04.2 Notice to Impacted Employees

Employees who will be separated from employment due to the reduction in work force shall be given written notification of the separation by Human Resources.

Separations

Upon approval by the Board, employees may receive separation pay in the amount of one month of their regular base pay. Upon approval by the Board, the County may also pay for the cost of the health insurance premium for a period of 6 months just as long as the employee continues their health insurance coverage through COBRA. The separation pay and payment of health insurance premium is not mandatory and is based upon Board approval and funding availability.

Reduction in work force decisions are not grievable under Section XI of the Human Resources Policies and Procedure. However, employees may request an Appeal under Section 12.09.

Employees impacted by the reduction in work force shall be paid out for all accrued annual leave, compensatory leave, and one-fourth of accrued sick leave. Employees may continue medical, dental and vision insurance coverage through COBRA. Employees who will retire and receive a benefit from the FRS Pension Plan will be eligible to continue Health Insurance as a Retiree.

The Human Resources Director, with approval by the County Administrator, may provide assistance to employees in the form of career counseling, guidance, assistance with job searches, resume and job interview preparation.

12.04.3 Retention of Employees

Employees who are scheduled for a reduction in work force shall not have "bumping rights" to other positions in any division or department.

Employees scheduled for a reduction in work force may be considered for other vacant ~~County~~ positions for which they are qualified.

1. An employee with an acceptable record of employment may, at the discretion of the Department or Division Director, be offered a transfer to a vacant position of equal or lesser pay grade within the same Department or Division if the employee is qualified for the position. Employees in positions scheduled for a reduction in work force may also be transferred to another vacant position of equal or lesser pay grade outside of their Division or Department upon approval of the County Administrator. In some instances, training may be available.
2. The Department or Division Director of the vacant position, in consultation with, the Human Resources Director, shall determine the appropriate level of compensation to be offered to employees considering a move to a different position. The provisions of Section V Pay Plan shall apply.
3. An employee who does not accept transfer to another position that the County offers will not have a position with Leon County.
4.. An employee subject to a reduction in work force may apply for any posted position and compete with all other applicants for that position.

12.04.4 Rehire of Impacted Employees

Separations

1. Employees may be rehired following a reduction in work force if they had an acceptable work record, meet the minimum qualifications of the vacant position and successfully complete the background check and drug screening.
2. If an employee is rehired within 1 year of the reduction in work force, the employee will be credited with the remaining unpaid sick leave accrual balance. Also, the employee will be granted credible service for the accrual of annual leave based on their previous service with the County.

12.05 Voluntary Separation Incentive Program

This policy authorizes the County Administrator, with Board approval, to develop and offer a Voluntary Separation Incentive Program. The purpose of offering the Program is to enable the County to achieve budgetary reductions through voluntary separations of employees in order to avoid or minimize the need for a reduction in force. The Program will provide an incentive to employees who are interested in voluntarily leaving employment through resignation or retirement. The program shall be utilized at the County's sole discretion and shall not constitute an employee entitlement. Eligibility and any payment incentive will be determined at the time the Program is approved by the Board. Approval of the voluntary separation applicants will be at the sole discretion of the County. The Office of Human Resources is responsible for the communications and administration of the program.

12.~~05~~ 06 Termination

Following consultation with the Human Resources Director, a hiring authority may terminate an employee whenever an employee's work habits, attitude, production, or personal conduct falls below acceptable standards for continued employment or whenever an employee has been found guilty of serious or repeated violations of rules, policies or procedures. Terminations may be appealed. (See appeal section.)

12.~~06~~ 07 Retirement

An employee of the County may retire subject to the provisions of the Florida Retirement System. An employee planning to retire shall notify the Human Resources Office at least ninety (90) days prior to the planned date of retirement.

12.~~07~~ 08 Death While Employed

The official date of termination shall be the date of death. All compensation and benefits due to the employee as of the effective date of termination shall be paid to the beneficiary of record, surviving spouse, or to the estate of the employee as determined by law or by forms executed by the employee.

12.~~08~~ 09 Exit Interviews

Division Director shall make every reasonable effort to interview separating employees. A written summary of this exit interview or reason for not conducting an interview shall be forwarded to the Human Resources Division with the Personnel Action Form. Human Resources will conduct a sign out session with the employee when an exit interview has not been possible between departing employee and the Division Director.

12.~~09~~ 10 Appeal Policy

In cases of a reduction in force or employee dismissal, the employee may file a notice of appeal in writing to the County Administrator. Such an appeal must be filed within five (5) working days of the termination.

Attachment # 3
Page 1 of 1

BOARD of COUNTY COMMISSIONERS
Interoffice Memorandum

DATE: February 26, 2007

TO: Vincent Long, Deputy County Administrator
Alan Rosenzweig, Assistant County Administrator
Lillian Bennett, Human Resources Director
Kim Dressel, Management Services Director
Tony Park, Director of Public Works
David McDevitt, Director of Growth & Environmental Management

FROM: Parwez Alam, County Administrator

SUBJECT: 120 Day Hiring and Travel Freeze

As you are aware, there are a number of property tax reform proposals being initiated during the current legislative session. At this point in time, the County is unsure which proposal(s) will ultimately become law; however, there is a strong likelihood that the County will have reduced revenues for the upcoming budget cycle. When this happens, we do not want to be in the position of releasing employees.

To position the County to respond to these revenue reductions, I am immediately initiating a 120 day hiring freeze, with the exception of those positions having a significant impact on the essential level of service to the citizens of Leon County. Holding these vacancies open now will provide us the ability to realign staff between program areas if that becomes necessary. I know that each of you is committed to providing the highest quality of services possible and that this freeze may require you to reduce levels of services in certain functions. In such cases, I will work with you to determine if a position should be filled or weather the realignment of a position from another program is warranted.

In addition, I am freezing all travel and training for this period of time, with the exception of training which requires travel for the purposes of maintenance of licenses, certifications, etc. Travel which has already been approved may continue as scheduled.

I will be advising the Board on these and other related measures that I am recommending for immediate action at a Board workshop just scheduled for Tuesday, February 27th at 11:30 AM. Please plan to attend. These efforts are in the interest of pre-positioning the County to avoid any interruption of essential services to our citizens and to properly plan for the current uncertainty with respect to revenue projections.

cc: The Honorable Chariman and Members of the Board
Constitutional Officers
Herbert W.A. Thiele, County Attorney
Jen Meale, Public Information Officer

Estimated Cost Savings of Frozen Positions

Department	Positions Frozen	FTE's	Minimum Salaries	Medical Insurance	Life Insurance	FRS	Workers Comp	FICA	Medicare	Total
County Attorney	2	2.00	$87,319.00	$24,406.56	$816.96	$9,360.60	$289.20	$5,413.78	$1,266.13	$128,872.23
OMB	2	2.00	$83,012.00	$24,406.56	$921.84	$8,898.89	$366.58	$5,146.74	$1,203.67	$123,956.28
Public Services	35	25.00	$652,686.27	$275,156.40	$3,753.60	$69,967.97	$3,051.81	$40,466.55	$9,463.95	$1,054,546.55
Planning	3	3.00	$57,189.00	$18,304.92	$331.20	$6,130.66	$252.55	$3,545.72	$829.24	$86,583.29
Mgmt Services	11	11.00	$361,661.81	$134,236.08	$2,748.96	$38,770.15	$3,376.93	$22,423.03	$5,244.10	$568,461.06
Public Works	28	28.00	$628,988.00	$341,691.84	$4,100.36	$67,427.60	$46,171.54	$38,997.31	$9,120.34	$1,136,496.99
GEM	6	6.00	$183,545.00	$73,219.68	$1,026.72	$19,676.02	$2,935.97	$11,379.79	$2,661.40	$294,444.58
Total	**87**	**77.00**	**$2,054,401.08**	**$891,422.04**	**$13,699.64**	**$220,231.89**	**$56,444.58**	**$127,372.92**	**$29,788.83**	**$3,393,360.98**

Board of County Commissioners
Agenda Request 10

Date of Meeting: November 27, 2007
Date Submitted: November 21, 2007

To: Honorable Chairman and Members of the Board
From: Parwez Alam, County Administrator
Lillian Bennett, Director of Human Resources
Subject: Adoption of Revisions to Section XII– Separation and Section I – Introduction of the Leon County Personnel Polices and Procedures Manual

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Statement of Issue:
This agenda item requests Board adoption of proposed revisions to Section XII- Separation and Section I – Introduction of the Leon County Personnel Policies and Procedures Manual (Attachment #1).

Background:
Section XII of Leon County Personnel Polices and Procedures is related to Employee Separations, including, but not limited to, employee resignations, terminations, and layoffs. The language in Section 12.04, titled "Layoffs", developed in the 1980's, does not reflect current practices in workforce reduction policies. The current policy is based on collective bargaining practices such as seniority, retention points, bumping, and call back rights.

In addition, the current policy does not take into consideration reductions or elimination of specific programs and services and the associated positions within that program area or service; does not consider an employee's performance, specific knowledge, skill sets, and abilities required to effectively perform the responsibilities associated with a position; and, does not allow for retention of positions with the experience and training essential for continued operations of critical functions in the event of a reduction in services. As such, much of the policy is outdated and revisions are necessary.

Staff has reviewed the reduction in workforce polices of several counties; Alachua, Brevard, Osceola, Polk, Okaloosa, and Lee (Attachment #2) and the State of Florida (Attachment #3). These organizations have reduction in force policies that are performance based. Based on this review, Leon County's workforce reduction (layoff) policy requires updating to meet the current needs of the organization during periods of restructuring, budget reductions, legislative mandates, and other matters that may impact the level of services provided. Accordingly, staff has prepared proposed revisions to the policy to reflect current government and industry practices as well as allow Leon County flexibility to adapt to an ever-changing environment.

Analysis:
Leon County is a performance based organization and strives to provide a stable employment environment for employees. However, reductions in workforce and/or elimination of programs and services may be necessary for various governmental reasons. This action does not reflect negatively on the employee. The proposed Reduction in Workforce Policy provides a process for reductions in force when County programs and/or services are reduced or eliminated.

The proposed Policy provides that the County Administrator shall determine the organizational units in which reductions can best be accomplished based on whether services are categorized as mandatory, non-mandatory, or support services, as outlined in Leon County Policy No. 93-44 - Fiscal Planning. Item number 5 of the Policy states:

> The County will establish fiscal planning practices to: Provide that expenditures which support

existing capital investments and mandated service programs will be prioritized over those supporting activities or non-mandated service programs.

The Reduction in Workforce Policy has been developed to be consistent with the directive of Policy No. 93-44. A reduction in workforce may occur due to specific circumstances which may include but not limited to: unfunded legislative mandates; budget reductions; changes in organizational structure; program discontinuation; outsourcing of functions; changes in technology; downsizing of the organization; or any other reason within the discretion of the Board. The proposed Policy allows flexibility to address these issues.

In the event of a reduction in force, a listing of programs and services for reduction will be identified by the Office of Management and Budget (OMB). Human Resources, in coordination with Department Managers, will identify employees impacted by the reduction in force. County employees in programs and/or services designated for reduction or elimination will be considered for transfers to vacant positions in essential program areas throughout Leon County. Human Resources will make every effort to place employees, in positions designated for reduction, into vacant positions where essential services will continue. Where feasible, training will be provided to employees who may not meet minimum qualifications to fill vacant positions. However, depending upon the extent and number of reductions required to meet budgetary limitations, some employees may continue to be subject to the reduction in force.

Within the impacted program area or service, the dismissal of regular employees will be based primarily on the elimination of the program area or service. In accordance with the County's "Pay for Performance" system, the proposed Reduction in Workforce Policy also allows for consideration of an employee's performance record, experience, training, education, professional credentials, knowledge, skills, and abilities to perform the essential functions needed by the particular Division or Department, as well as identified in other program areas in the County organization.

Human Resources will review all recommended reductions in force to determine compliance with Section 2.01 – Equal Employment Opportunity of the Leon County Personnel Policies and Procedures Manual.

In the event of a reduction in force, and upon Board approval, the proposed Policy provides for a Separation Pay Program to employees impacted by the workforce reduction. The employee may receive separation pay in the amount of one month of base pay. In addition, Leon County may pay for the cost of the health insurance premium for a period of six months, as long as the employee continues their health insurance coverage through COBRA. The Separation Pay Program is not mandatory and is based upon Board approval and funding availability. In addition, employees impacted by the reduction in the workforce may be eligible for Unemployment Compensation benefits.

In the event of a reduction in force, Human Resources will prepare a formal communications and transition plan for those employees affected. Additionally, staff will coordinate with employment agencies, such as Workforce Plus, to provide employee assistance in the form of career counseling, guidance, assistance with job searches, resume and job interview preparation.

Options:

1. Adopt revisions to Section XII- Separation and Section I – Introduction of the Leon County Policies and Procedures Manual.
2. Approve the implementation of a Separation Pay Program for employees in the event of a reduction in workforce.
3. Do not adopt revisions to Section XII- Separation and Section I – Introduction of the Leon County Policies and Procedures Manual.
4. Board Direction

Recommendation:

Options #1 and #2

Attachments:

1. Proposed revisions to Section XII- Separation and Section I- Introduction of the Leon County Policies and Procedures Manual
2. Florida Counties Workforce Reduction Policies
3. State of Florida Workforce Reduction Regulation #60L-33.004

Back Print

Separations

SECTION XII
SEPARATION

12.01 Resignation

To resign in good standing, except in the case of an emergency, an employee should give at least two weeks (14 calendar days) notice in writing to his or her supervisor. In the case of an emergency, the reason should be fully documented in the notice. Employees who resign shall receive payment for all accrued annual leave credit, compensatory time credit and 1/4 of sick leave credit.

12.02 Termination

Prior to termination of any regular Career Service or EMS employee, the employing Department/Division Director shall give the employee written notice and an opportunity for conference.

12.02.1 9 Procedure: Notification of Termination

1. The employee shall be given written notice of the proposed action at least five (5) working days prior to the date the action is to be taken.

2. The termination notice shall be hand delivered to the employee in the presence of a witness, and when possible, signed for by the employee; or shall be mailed to the employee by certified mail, return receipt requested.

3. The termination notice shall be signed by the person authorized by the employing department to take or to recommend the action and shall include the following:

    a. The effective date of the proposed action.

    b. A statement advising the employee that he or she may, within three (3) working days of receipt of the notice, submit a request in writing to make an oral or a written statement, or both, to the department to refute or explain the charges made against the employee.

    c. The name, address, and telephone number of the person to whom the request shall be directed

    d. The employee shall be notified that the conference will be held within two (2) working days after the request is made or upon a mutually agreed upon time.

e. The place is determined by the Department/Division Director.

f. The conference shall be held during regular business hours and prior to the proposed effective date of the action.

g. A statement to the employee which states that he or she may bring witnesses to the conference or may submit statements from witnesses in the form of affidavits.

12.02.2 Procedure: Conference

If the charges are initiated by the Division Director, the conference must be conducted by the Division Director. Otherwise, a representative for the Division Director may be appointed to conduct the conference, provided such representative is either:

An officer or employee who is higher in the chain of command than the supervisor bringing the charges; or

An individual within the employing Division who occupies a staff relationship to the Division Director to make the final decision.

The conference shall be informal and held as an evidentiary hearing. The employee may bring an attorney or a witness to the incident to assist or advise.

The employee shall be permitted to submit any relevant information he/she desires, oral or written. If the employee chooses to make no response, the employing Department will proceed on the basis of the best information it can obtain.

12.02.3 Procedure: Notice of Final Action

If the employing Department determines after the conference that it will proceed with the termination, the employee shall be promptly notified by certified mail, return receipt requested. Such notice shall include explanation of the employee's right of appeal.

12.03 Appeals Process

The employee has five (5) working days after receipt of final notice to notify the County

Separations

Administrator in writing of desire to appeal.

The appeal must be in writing and must contain the following:

1. The specific action or actions giving rise to the appeal.
2. The specific issues to be addressed by the employee.
3. Who will be in attendance at the appeal. (An employee may be represented by an attorney. Attorney fees are the responsibility of the employee.)
4. Any specific rules and/or regulations alleged to have been violated.

The County Administrator or a designee will meet with the employee and others affected within five (5) working days of the filing of the appeal. The County Administrator or the designee shall render a decision in writing within fourteen (14) days following the meeting. The decision shall be final.

12.03.1 Timing in the Appeal Procedure

Any time limit designated herein shall exclude the length of time an employee or designated supervisor or official from whom a response or action is required is out of town on official business or on approved leave. Further, the time limit at any phase of the appeal procedure may be extended by the mutual consent of the affected parties. In the absence of an extension, an employee's failure to observe the time limits herein shall constitute withdrawal from the appeals process. The supervisor's failure to observe the time limits shall be noted in their performance assessment.

12.04 Reduction In Work Force

Leon County is a performance based organization and strives to provide a stable employment environment for employees. However, reductions in work force and/or elimination of positions, programs and services may be necessary from time to time for various governmental reasons. The County is committed to a policy of Equal Employment Opportunity, which manifests the right of all persons to advance on the basis of merit, ability and potential. Any such reductions shall not be made on the basis of or because of an employee's age, race, creed, sex, color, ethnic background, religion, national origin or disability.

The provisions of this policy are guidelines for reductions in work force. The County reserves the right to alter this policy, and may choose another process in order to meet the governmental and organizational needs of the County with minimal impacts as possible to employees.

Separations

A reduction in work force may occur due to specific circumstances which may include but are not limited to the following:
a. Unfunded legislative mandates;
b. Budget reduction, constraints, lack of or shortage of funds;
c. Changes in organizational structure;
d. Lack of work, reduction in services, program discontinuation, outsourcing of functions, changes in technology;
e. Material changes in a job;
f. Any condition of serious distress or disaster that may be determined or declared by the Board of County Commissioners.

12.04.1 *Procedure: General Provisions*

The County Administrator shall determine the organizational unit(s), in which the reduction may best be accomplished based on whether services are mandatory, non-mandatory or support. In addition, reductions in levels of service may be recommended in mandatory, non-mandatory and support functions by the Office of Management and Budget. Every effort will be made to place impacted employees in other vacant positions for which they are qualified. However, placement cannot be guaranteed and will be based on the number and type of vacant positions available, as well as the qualifications of the employee. All recommendations will be coordinated and processed by the Office of Human Resources.

If it becomes necessary to reduce the work force of any Division; the Division Director, in consultation with the Department Director, will determine the number, positions and employees that will be affected by the reduction in force based on service requirements.

The Division Director, in consultation with the Department Director, will select program area(s)or services where reductions in positions will have the least amount of negative impact on the vital programs or functions of the area.

In the event of a reduction in work force, employees in OPS, Probationary, Regular part-time and full-time classifications may be separated from employment.

The factors in determining which positions are scheduled for the reduction in work force shall include, but -are not limited to, whether services provided are Mandatory, Non-Mandatory, Support and/or essential services provided by particular employees in the classification of the department/division, group, operating unit, or other function affected.

Within the impacted program area or service, the separation of regular employees will be based primarily on the elimination or reduction of the program area or service. Other factors that will be considered may include:

Separations

a) Recent performance evaluation;
b) Overall Conduct and corrective actions;
c) Overall record on attendance (unexcused absence or abuse of leave);

Primary consideration for retention of employees, will be given to an employee's performance record, experience, training, education, professional credentials, knowledge, skills and abilities to perform the essential functions needed by the particular Division, Department or needs identified in other program areas. ~~throughout Leon County~~.

Only in the event of similar job performance, knowledge, skills and abilities, preference in retention may be granted to employees with the longest service with the County; or to veterans who may qualify for Veterans Preference in accordance with Florida Law.

Division and Group Directors shall present a proposed list of affected program areas, services and corresponding positions to the Office of Management and Budget and to the Office of Human Resources. The Human Resources Director will provide the County Administrator a recommendation on which employees will be impacted by the reduction in force. Upon approval by the County Administrator, Human Resources, in collaboration with the Department and Division Director, will coordinate the communication process with the affected employees.

When a Division Director determines that an employee is essential to the efficient operation of the division because of special skills or abilities and needs to retain this employee in preference to an employee with a higher performance rating as provided above, the Division Director upon approval of the Department Director, will submit a written request to the Human Resources Director for permission to do so. This request must set forth in detail the specific skills and abilities possessed by the individual and the reasons why such an individual is essential to the effective operation of the department/division. If the Human Resources Director and the County Administrator approve the request, the employee may be retained.

The duties previously performed by a an employee affected by the reduction in work force may be reassigned to other employees already working in positions in similar job classification and/or pay grades.

12.04.2 NOTICE TO IMPACTED EMPLOYEES

Employees who will be separated from employment due to the reduction in work force shall be given written notification of the separation by Human Resources.
Upon approval by the Board, employees may receive separation pay in the amount of one month of their regular base pay. Upon approval by the Board, the County may also pay for the cost of the health insurance premium for a period of 6 months just as long as the employee continues their health insurance coverage through COBRA. The separation pay and payment

of health insurance premium is not mandatory and is based upon Board approval and funding availability.

Reduction in work force decisions are not grievable under Section XI of the Human Resources Policies and Procedure. However, employees may request an Appeal under Section 12.09.

Employees impacted by the reduction in work force shall be paid out for all accrued annual leave, compensatory leave, and one-fourth of accrued sick leave. Employees may continue medical, dental and vision insurance coverage through COBRA. Employees who will retire and receive a benefit from the FRS Pension Plan will be eligible to continue Health Insurance as a Retiree.

The Human Resources Director, with approval by the County Administrator, may provide assistance to employees in the form of career counseling, guidance, assistance with job searches, resume and job interview preparation.

12.04.3 RETENTION OF EMPLOYEES

Employees who are scheduled for a reduction in work force shall not have "bumping rights" to other positions in any division or department.

Employees scheduled for a reduction in work force may be considered for other vacant ~~County~~ positions for which they are qualified.
1. An employee with an acceptable record of employment may, at the discretion of the Department or Division Director, be offered a transfer to a vacant position of equal or lesser pay grade within the same Department or Division if the employee is qualified for the position. Employees in positions scheduled for a reduction in work force may also be transferred to another vacant position of equal or lesser pay grade outside of their Division or Department upon approval of the County Administrator. In some instances, training may be available.
2. The Department or Division Director of the vacant position, in consultation with, the Human Resources Director, shall determine the appropriate level of compensation to be offered to employees considering a move to a different position. The provisions of Section V Pay Plan shall apply.
3. An employee who does not accept transfer to another position that the County offers will not have a position with Leon County.
4.. An employee subject to a reduction in work force may apply for any posted position and compete with all other applicants for that position.

Separations

12.04.4 REHIRE OF IMPACTED EMPLOYEES

1. Employees may be rehired following a reduction in work force if they had an acceptable work record, meet the minimum qualifications of the vacant position and successfully complete the background check and drug screening.

2. If an employee is rehired within 1 year of the reduction in work force, the employee will be credited with the remaining unpaid sick leave accrual balance. Also, the employee will be granted credible service for the accrual of annual leave based on their previous service with the County.

~~12.04.1 Prior to Layoff~~

~~Employees with career status who are filling positions to be abolished may be transferred to vacant positions for which they are qualified. Employees must be notified in writing of the transfer. The letter will include notification to the employee of the reporting date, time, and place. Failure to report to the new position will constitute abandonment of position.~~

~~Employees with career status who are filling positions to be abolished shall be given priority consideration for vacant positions for which they qualify. No original appointment of a new employee may be made to fill a vacant position until all eligible and interested employees facing layoff have been considered. If the hiring authority does not wish to appoint an affected employee, justification for the action is to be provided to the Human Resources Director prior to advertising for recruitment to fill the position.~~

~~12.04.2 Notice of Layoff~~

~~When it becomes necessary to abolish positions, specific steps must be taken as follows:~~

~~Employees who are to be laid off will be notified by the County Administrator or designee in writing. Notice shall be sent to the employee by certified mail, return receipt requested, and except for positions for which grant funding ends sooner, will be mailed at least fourteen (14) calendar days prior to layoff. In lieu of the fourteen (14) calendar day notice, the employee (except those in grant funded positions) may be paid two (2) weeks pay at the employee's current rate or a combination of days notice and pay.~~

~~The notice shall advise the employee of the action, the reason for the action, and the right of appeal to the County Administrator. An appeal must be based upon whether the layoff was conducted in accordance with defined procedure. The notice will also advise the employee that within five (5) working days after receiving notice of layoff, the employee will have the right to request transfer (or bump) within the County, in lieu of layoff, to a class in which the employee held permanent status; or the employee may request a transfer to a class within the same class series at a level below the class in which the employee held permanent status. Such transfer~~

~~cannot be effected to a higher class.~~

~~A requested transfer by an employee being laid off will be granted except when the result would be to cause the layoff of another regular employee with more retention points than the employee who is requesting the transfer, or unless the employee is not qualified for the requested class.~~

~~If an employee fails to exercise the right to request transfer, such action will, in lieu of other options being available, result in the employee being laid off. Failure to submit a request for transfer within five (5) working days will result in the employee's loss of transfer right as described in this section.~~

~~12.04.3 Procedure: Notice of Layoff~~

~~Except for positions funded by grants, the County Administrator, upon approval of the Board, shall advise the Human Resources Director and the appropriate Department Head(s) of the position(s) to be abolished; including effective date(s) at least twenty-one (21) calendar days prior to the date they are to be abolished.~~

~~A regular employee who is bumped as a result of the transfer of another employee having greater retention points has the same right to request transfer provided in these rules.~~

~~12.04.4 Order of Layoff~~

~~Within the affected class employees will be laid off in the following order:~~

1. ~~Emergency or temporary (O.P.S.) excluding grant funded employees.~~
2. ~~Employees in their initial probationary period.~~
3. ~~Regular employees.~~

~~An employee who is in probationary status in any class may be laid off without the provisions of this section applying.~~

~~No employee with regular status in any class may be bumped or laid off while an employee who does not hold regular status in the class is serving in that class. Employees serving a promotional trial period shall have retention rights in the class from which they were promoted.~~

~~Employees filling grant funded positions will have rights of transfer within the grant only, but shall be given priority consideration for vacant positions and priority consideration for reemployment.~~

~~Among regular employees the order of layoff within each class will be based on the total~~

Separations

~~retention points earned each calendar month of service following evaluation at the Met or Exceeded Expectations level.~~

~~No credit may be granted for a month in which:~~

~~A. The employee's overall performance evaluation was at the "Did Not Meet Expectations" level.~~

~~B. The employee was on suspension any length of time during the month.~~

~~C. The employee was on unapproved leave of absence of one or more workdays.~~

~~D. The employee was on leave without pay or on layoff for a consecutive period of over thirty (30) days (except for Maternity or Disability Leave).~~

~~Retention points shall be earned only for the most recent term of continuous County service.~~

~~Other special conditions which apply for retention point earnings are:~~

~~A. Special performance evaluations initiated within three months of the layoff will not be used in the calculation of retention points.~~

~~B. An employee will be considered to have met expectations during the periods not covered by an evaluation.~~

~~C. The period since the last evaluation will be considered at the same performance level as the last evaluation.~~

~~Employees who work less than full-time will have their retention points computed in proportion to the percentage of time worked.~~

~~In extraordinary cases in which a Division Director deems it necessary to maintain essential County services to retain an individual in preference to one who has greater retention points, the Division Director shall submit a written request to the County Administrator, through the Human Resources Director. This request shall set forth in detail the specific skills and abilities possessed by the individual to be retained and the reasons why such individual is essential to the operation of the department. With the approval of the County Administrator, the individual may be retained.~~

~~12.04.5 Procedure: List Preparation of Layoff~~

Separations

~~Layoff lists will be prepared by listing retention points for employees in the affected class, and by placing the employee with the highest total at the top of the list, and the employee with the lowest total at the bottom of the list. Layoff shall be in inverse order, beginning at the bottom of the list. Non-permanent employees in an affected class will not appear on a layoff list for that class.~~

~~Should two or more employees have the same retention points, the order of layoff will be determined by preference for retention in the following sequence:~~

1. ~~The employee with the highest overall rating on his or her most recent performance evaluation.~~
2. ~~The employee with the longest service in the class.~~
3. ~~The employee who is entitled to veterans' preference.~~

~~If no preference is determined by the above, the County Administrator will make the final determination.~~

~~12.05 Call Back~~

~~Within a period of one year, when a vacancy occurs, or a new position is established, in a class from which an employee was adversely affected, preference for reinstatement will be given to employees in order of their retention points. This policy will be applied in the following order:~~

~~A. Employees who voluntarily transferred to vacant positions in a different class.~~

~~B. Employees who were "bumped".~~

~~C. Employees who were laid off.~~

~~Reinstatement of such employees may be with permanent status at the discretion of the hiring authority. An employee who refuses such offer of reinstatement forfeits any priority rights to subsequent placement offers.~~

~~No original appointment of a new employee may be made until all qualified adversely affected employees and former employees on the register have been considered.~~

~~An employee who accepts a voluntary transfer or is bumped to a lower skill level in lieu of layoff, and who is subsequently reinstated to the class from which he or she transferred, may be reinstated with permanent status at the discretion of the hiring~~

~~authority. The provisions of Section V (Pay Plan) will apply with respect to pay.~~

~~12.05.1 Procedure: Call Back~~

~~The name, current mailing address, classification, and current application, if available, for all employees adversely affected or laid off will be forwarded to the Human Resources Director by the department head.~~

~~The employees' name will be placed on a register to be distributed to all departments. Names will remain on the register for period of one year unless the employee submits a written request to have his or her name removed. The names of non permanent employees who are laid off will not be placed on the register.~~

~~12.06 Treatment of Benefits at Layoff~~

~~12.06.1 Break in Service~~

~~Except as provided by contractual retirement plan provisions, employees who are separated because of layoff, and who have permanent status in any class at the time of layoff, are not considered to have had a break in service if reemployed within a period of one (1) year from the time of layoff. However, time spent in a layoff status shall not be included when computing retention points.~~

~~12.06.2 Leave Credits~~

~~Upon layoff, employees shall receive payment for all accrued annual leave, compensatory leave, and one fourth of accrued sick leave. If the employee is reemployed within a year of the layoff, the employee will be credited with the remaining unpaid sick leave.~~

~~12.06.3 Insurance~~

~~Employees who are participating in the County health and life insurance programs at the time of layoff may convert their group coverage to a direct payment contract by contacting the insurance carrier within thirty (30) days from the commencement of the layoff.~~

Separations

~~12.06.4 Pay Upon Reemployment~~

~~An employee who is reemployed in the same class within one (1) year following layoff shall be paid at the same rate being paid at the time of layoff, except that the employee shall be granted any general pay adjustment which occurred while the employee was laid off.~~

12.05 ~~12.06.5~~ Termination

Following consultation with the Human Resources Director, a hiring authority may terminate an employee whenever an employee's work habits, attitude, production, or personal conduct falls below acceptable standards for continued employment or whenever an employee has been found guilty of serious or repeated violations of rules, policies or procedures. Terminations may be appealed. (See appeal section.)

12.06~~.6~~ *Retirement*

An employee of the County may retire subject to the provisions of the Florida Retirement System. An employee planning to retire shall notify the Human Resources Office at least ninety (90) days prior to the planned date of retirement.

12.07 ~~12.06.7~~ Death While Employed

The official date of termination shall be the date of death. All compensation and benefits due to the employee as of the effective date of termination shall be paid to the beneficiary of record, surviving spouse, or to the estate of the employee as determined by law or by forms executed by the employee.

12.08 ~~12.06.8~~ Exit Interviews

Division Director shall make every reasonable effort to interview separating employees. A written summary of this exit interview or reason for not conducting an interview shall be forwarded to the Human Resources Division with the Personnel Action Form. Human Resources will conduct a sign out session with the employee when an exit interview has not been possible between departing employee and the Division Director.

Separations

12.09 ~~12.06.9~~ **Appeal Policy**

In cases of ~~employee layoff or~~ *a reduction in force* or employee dismissal, the employee may file a notice of appeal in writing to the County Administrator. Such an appeal must be filed within five (5) working days of the termination.

1.01 Intent

The Human Resources objectives of Leon County are:

A. To recruit, select, and advance employees on the basis of their ability, knowledge, skill and demonstrated performance.

B. To provide a pay plan and employee benefits which are fair and competitive.

C. To train and develop employees to assure successful performance and to provide for personal growth.

D. To retain and advance employees on the basis of their ability to successfully perform their jobs.

E. To assure fair treatment of applicants and employees in all aspects of Human Resources administration without regard to race, color, national origin, sex, age, disability, religion or political affiliation; and with regard for their privacy and constitutional rights.

F. To promote a grievance procedure which will provide prompt and appropriate settlement of employee grievances.

1.02 Scope

THESE POLICIES ARE NOT INTENDED TO CREATE AN EMPLOYMENT CONTRACT WITH THE PERSONS TO WHOM THEY MAY BE APPLICABLE.

These policies shall apply to employees under the jurisdiction of the Board of County Commissioners except for the following categories:

A. Members of the Board.

B. Board appointees.

C. Persons employed on a contractual basis.

1.03 Definitions

For purposes of administering these policies, the following definitions shall apply:

The Board
The Leon County Board of County Commissioners.

Affirmative Action
Any activity initiated by the County which contributes toward the greater utilization of minorities, females, the elderly, and the disabled.

~~**Bumping Right**~~
~~The right of an employee to claim entitlement of a position at time of layoff based on experience in the position and the accumulation of retention points.~~

~~**Call Back**~~
~~Reinstatement to active job status after a lay-off.~~

Career Service Position
A position in which the employee has the right of grievance and appeal. The employee must have completed the probationary period. The position may be full-time or part-time. ***Human Resources will maintain a list of current titles as part of the pay plan.***

Classification Plan
A systematic arrangement and inventory of positions. The plan shall group similar positions into classes which shall be ordered, according to their degree of difficulty and responsibility, into different skill levels for purposes of establishing pay relationships. The Classification Plan shall be based on a thorough job analysis and shall be maintained on a current basis by Human Resources.

Demotion
An action which occurs when the employee has violated policy or performance standards. An employee is moved from a position in one classification to a position in a lower

classification assigned to a lower pay grade.

E-Mail

Electronic Mail; i.e. messages typed into a terminal and sent, as by telephone line, to a receiving terminal, such as documents, memoranda, notes, letters, statements or communications of any kind produced by county employees for the purpose of transacting county business.

Emergency Medical Services (EMS)Position

Those employees who work in the division of the Leon County Board of County Commissioners that provide and/or support first response, basic and advanced life support medical services, support and transport. Employees in these position have the right of grievance and appeal. ***Human Resources will maintain a list of current titles as part of the pay plan.***

Employee

Any person occupying a position with Leon County Board of County Commissioners.

Equal Employment Opportunity

The provision of an environment which manifests the right of all persons to work and to advance on the basis of merit, ability and potential.

Executive Service Position

Members of management team whose primary duty is to manage the County or to manage a County Department. This is not a designation of FLSA status. Employees who do not meet this definition of "executive service", for example, may be considered exempt executives for FLSA purposes. ***Human Resources will maintain a list of current titles as part of the pay plan.***

Executive Support Service Position

Employees who serve "at will" in functions supporting the offices of the County Administrator or the County Attorney. ***Human Resources will maintain a list of current titles as part of the pay plan.***

Exempt Employees

Those employees in administrative, executive, and professional positions as defined under the Fair Labor Standards Act, who are not subject to the overtime compensation provisions of the Act.

FLSA

- The Fair Labor Standards Act. Federal legislation which sets minimum wage, overtime pay, equal pay, record keeping, and child labor standards for covered employment.

Grant Appointment

Positions created and funded by a grant. These positions may be either O.P.S. or regular status, depending upon the nature of the work, the duration of the grant, the likelihood for continuation, recruitment consideration, and budget provisions in the grant. The classification, rate of pay, and type of appointment of grant positions shall be approved by the Human Resources Director..

Hiring Authority

County Administrator or designee, department director, division director, or supervisory employees (designated by department division) with authority to appoint or remove an employee from the County.

Immediate Family

Spouse, the grandparents, parents, brothers, sisters, children, and grandchildren of both the employee and the spouse.

Intern\Work Study Position

Positions provided for students participating in an accredited educational or vocational program to perform services on a temporary basis.

~~Layoff~~ *Reduction in Force*

Termination of employment due to abolishment of positions necessitated by a shortage of funds, or work, or a material change in the duties or organization of the County. A ~~layoff~~ ***reduction in force*** shall be effected only upon prior approval of the County Administrator and of the Board. ~~and shall not be used as a means of eliminating unsatisfactory employees~~. The provisions of this section do not apply to employees serving in positions defined as Executive Service.

Non-exempt Employees

Those employees in positions subject to the overtime compensation provisions of the FLSA.

Overtime

The hours worked in excess of 40 hours during the established workweek. These hours must be at the direction of the department head or other designated supervisory staff, and must not include leave with pay.

Pay Range

The range of permissible pay from the "minimum" rate to the "maximum" rate. Such range is established to administer pay for positions in each skill level.

PRN

A position in EMS, that works on an "as needed" basis, without a set schedule, for an indefinite period of time, and is not benefits eligible.

Position Class

All positions which are sufficiently similar as to kind or subject matter of work, level of difficulty or responsibility, and qualification requirements, to warrant the same treatment as to title, pay range, and other Human Resources transactions.

Promotion

An action which moves an employee from a position in one classification to another position in a different classification and to a higher pay grade.

Protected Class

As defined by Title VII of the Civil Rights Act of 1964, those groups who have borne, in the eyes of Congress and the courts, the brunt of discriminatory employment practices in the past, namely women and minorities.

Public Area

Those areas to which the general public has unrestricted access.

Reclassification

An action taken to change an established position in one class in a series to a higher or lower class in the same series; or to a class in a different series, which is the result of a natural change in the duties and responsibilities of the person.

Red Circled

Marked to acknowledge that the incumbent's salary has reached the ceiling of a salary range.

Reinstatement

Job changes in which an employee is moved to a position in the same class, or a different class within or below the same skill level, from which he or she was previously demoted, transferred or reclassified.

Separation

The severing of employment with Leon County.

Separation Pay

Earned leave pay, severance pay and any other pay entitlements due at the time of departure from Leon County.

Skill Level

Level of difficulty and responsibility of a position as determined by job analysis and evaluation. Classes of comparable difficulty and responsibility are assigned to the same skill level and have the same pay range.

Senior Management Service Position

Members of management team whose primary duties are to manage a division or planning and administering a County program activity or major capital improvement project. They have authority to use discretion and judgement in administering program(s). They may act on behalf of the Department or Division Director; may have the responsibility to hire and fire; and/or may execute special assignments of a sensitive nature. ***Human Resources will maintain a list of current titles as part of the pay plan.***

Temporary (O.P.S.) Position

Positions of specific duration not to exceed two years. The positions may be full-time or part-time.

Transfer

The assignment of an employee from one position to another within the same classification or the assignment of an employee to a lower classification when requested by the employee.

Work Area

Areas where work of employees is performed.

Working Hours

An employee's normally scheduled hours of work (excluding lunch breaks and rest breaks).

~~**1.04 Department Directors**~~

~~Community Services Director~~

~~Director of Growth & Environmental Management~~

~~Management Services Director~~

~~Policy & Administration Director~~

~~1-06 Positions (This is not a designation of FLSA exempt or non-exempt status)~~

~~1-06-1 Executive Service Positions~~

~~County Administrator **~~

~~County Attorney **~~

~~Community Services Director~~

~~Director of Growth & Environmental Management~~

~~Executive Director of Tourist Development~~

~~Management Services Director~~

~~Policy & Administration Director~~

~~Public Works Director~~

~~Senior Assistant County Attorney~~

~~Positions are not within the Executive Service category, however they receive like benefits **~~

~~1-06-2 Senior Management Service Positions (not including Division Directors)~~

~~Administrative Operations Coordinator~~

~~Administrative Supervisor~~

~~Affordable Housing Coordinator~~

~~Agenda Coordinator~~

~~Assistant County Attorney~~

~~Assistant Management Information Systems Director~~

~~Assistant to the Community Services Director~~

~~Assistant to the Management Services Director~~

~~Assistant to the Public Works Director~~

~~Chief of Construction Management~~

~~Chief of Engineering Design~~

~~Chief of Right of Way & Surveys~~

~~Chief of Stormwater Engineering~~

~~Commission Aide **~~

~~Right-of-Way Management Superintendent~~

~~Roadway Superintendent~~

~~Safety & Loss Control Specialist~~

~~Senior Design Engineer~~

~~Senior Environmental Engineer~~

~~Senior Management & Budget Analyst~~

~~Solid Waste Superintendent~~

~~Special Projects Coordinator~~

~~Stormwater Superintendent~~

~~Support Services Manager~~

~~Transportation Systems Coordinator~~

~~Volunteer Services Coordinator~~

~~EMS Deputy Chief~~

~~EMS Operations Supervisor~~

~~EMS Training and Quality Manager~~

~~Positions are not within the Senior Management category, however they receive like benefits **~~

~~1-06.3 Executive Support Service Positions~~

~~Administrative Associate IV~~

~~Administrative Associate VI~~

~~Legal Administrator~~

~~Legal Secretary I~~

~~Legal Secretary II~~

~~Management & Budget Technician~~

~~Paralegal~~

~~Receptionist – County Commission & Administration~~

~~Secretary to the County Administrator~~

Attachment # 5
Page 30 of 42

LEE COUNTY
SOUTHWEST FLORIDA

REDUCTION IN WORKFORCE POLICY

Policy
It is the policy of the County that reductions in workforce and elimination of regular Board approved positions may be necessary from time to time for various business reasons

Comments/Procedures
311 1 GENERAL PROVISIONS

1 The provisions conditions and principles of this policy apply exclusively to regular Board approved full and part time positions Employees covered under the Supplemental Workforce Policy Number 309 and certain grant funded positions are exempted from the provisions of this policy

2 Reduction in Workforce means the abolishment of Board approved full and/or part time positions due to operational needs re organization lack of work outsourcing of functions shortage of funds or other reasons deemed appropriate by the County A reduction in workforce covered by the provisions of this policy is not intended to be a short term adjustment where positions are re established after they have been abolished or eliminated

3 Reductions in workforce and elimination of positions may be necessary as a result of but not limited to shortage or reduction of funds lack of work material changes in job duties or organizational structure contracting/outsourcing of functions loss of funding source abolishment of a position group division or department or other reason within the discretion of the County A reduction in force under the provisions of this policy should result in a net savings to the County or other operational efficiencies

4 Analysis and decisions on reduction in workforce will be limited to the affected position group within the Department or Division

5 The order of dismissal will be based upon several factors including (in no particular order of consideration or importance)
   a) Performance for the past three years
   b) Conduct and corrective actions for the past three years
   c) Record of unexcused absence or abuse of leave for the past three years
   d) Elimination of position or position group and

6 Supervisors shall present a proposed list of affected employees and corresponding positions with all supporting documentation to a Reduction in Force (RIF) Committee The RIF Committee shall consist of the Director of Human Resources Budget Director a representative from County Administration and the County Attorney (or assigned designees) The Department and/or Division Directors of the affected departments will be consulted as appropriate The Communications Director shall be responsible for the dissemination of appropriate information regarding the RIF process The Committee will provide recommendations on the final list to the County Manager along with documented reasons for the decisions
   - The RIF Committee shall give consideration to the County s diversity goals and Veteran s Preference In the event of similar job performance preference in retention may be granted to veterans and under represented individuals within the work unit A decision to eliminate a position held by a qualified veteran must be documented in accordance with Rule 55A 7 015(2) FAC

10

7 In instances where allegations of discrimination against a category of protected persons are made regarding a reduction in workforce decision the complainant may contact the Office of Equal Opportunity for further review

8 Reorganizations of Departments Divisions or Programs are not subject to the provisions of this policy and will be handled on a case by case basis with review by the Department of Human Resources

9 The provisions of this policy are guidelines for reductions in workforce only the County reserves the right to alter this policy with or without notice and may choose another process for reduction in workforce at any time with the approval of the Board of County Commissioners

311 2 RETENTION OF EMPLOYEES

1 A qualified employee with an acceptable record of work performance may at the discretion of the Department or Division Director be offered a voluntary transfer to vacant position of equal or lesser grade within the same Department or Division

2 The Department or Division Director of the vacant position in consultation with and with the concurrence of the Director of Human Resources shall determine the appropriate level of compensation to be offered to employees considering voluntary transfer

3 Any employee subject to reduction in workforce may apply for any posted position throughout the County and compete with all other applicants for that position

311 3 STATE & FEDERAL FUNDED POSITIONS

1 Persons in positions funded by state or federal grant funds will be subject to reduction in workforce upon the elimination or cutback of such funds No reduction in workforce shall be conducted in conflict with any State or Federal grant regulation prohibiting the layoff of employees

2 Persons in positions that are partially funded by state or federal program funds are subject to workforce reduction in accordance with the provisions of this policy

311 4 REHIRE

1 Employees may be rehired following a reduction in force if they had an acceptable work record and were not dismissed as a result of a corrective action employment misconduct or similar circumstance

2 The ordinary six month probationary period shall be waived for an employee that has been rehired after an involuntary reduction in workforce

3 An employee that has been rehired after an involuntary reduction in workforce may be eligible to begin to accrue benefits based on the appropriate BOCC service including continuous service prior to the involuntary separation of employment provided certain conditions are met (see 311 5)

311 5 SERVICE CONTINUATION

1 Employees subject to an involuntary reduction in force as a result of shortage or reduction of funds lack of work material changes in job duties or organizational structure contracting/outsourcing of functions loss of funding source abolishment of a position group

division or department or other reason within the discretion of the County shall have their original recent continuous BOCC service credited for purposes where service date is the basis of the benefit if rehired in accordance with 311 5(2)

2 The provisions of service continuation shall not cover employees terminated from employment due to performance policy infraction employment misconduct corrective action or similar circumstance [See section 311 1(5)]

3 Employees given special consideration for the reduction in force (e g Early Out Program) shall not be credited for prior County service if re employed at a future date

4 Rehired employees will assume the responsibility to inform Human Resources of prior continuous BOCC service
- Human Resources will verify and certify the appropriate service credit to be applied
- A Report of Personnel Action form (RPA) will establish the new service date to be applied
- The service covered by the adjusted service date shall be considered current and consecutive service for provisions of Lee County Policy
- Benefits and accruals will begin on the effective date of the RPA based upon the adjusted service date – no retroactive benefits or accruals will be applied

311 6 HEALTH BENEFITS FOR REHIRED EMPLOYEES

1 Employees rehired following an involuntary reduction in workforce into a regular full time or part time Board approved position, shall be eligible to receive health benefits from the first of the month following the date of rehire or the establishment of the new service date (which ever is later)

2 Pre existing conditions shall follow the rules set forth in the Health Insurance Portability and Accountability Act (HIPAA) and the Lee County BoCC health insurance summary plan documents

311 7 AT WILL NATURE OF EMPLOYMENT

1 The provisions of this policy neither alter amend or modify the at will nature of employment of all County employees nor in any way restrict the County s right to terminate any employee at any time for any reason with or without cause as stated in the County s Employment At Will Policy The County also reserves its right to change the terms and conditions of employment at its will and discretion with or without notice

2 Employees have the right to end the employment relationship at any time for any reason with or without cause

Effective 6/16/2(

Alachua County Employee Policy Manual

Layoff

Policy No 8 4
Revision No

Effective 06/16/03
Review Date xx/xx/xx

OVERVIEW County action regarding layoff procedures is described by this policy

SCOPE *This policy applies to all persons employed by the Board of County Commissioners*

PROVISIONS

1 At the recommendation of the Administrating Official and upon approval of the Board all layoff procedures shall be coordinated and processed by the Human Resources Office

2 Layoff is a period of enforced unemployment by the County due to specific circumstances including but not limited to
   a Budget constraints
   b Changes in organizational structure
   c Lack of work
   d Material changes in a job description or
   e Any other reasons within the discretion of the Board

3 A layoff shall not be implemented in conflict with any State or Federal grant regulation prohibiting the supplanting of employees
   a *County personnel employed with and paid by Federal or State grant funds will be laid off* or terminated upon the elimination or cut back of such funds regardless of their length of service

4 In the event of a reduction in work force employees in the same classification and department(s) affected shall be laid off in the following order
   a Temporary employees
   b Probationary employee and
   c Permanent employees

5 In the event of a layoff employees in the same classification and department(s) with the highest values of the following factors as determined by the department director shall be retained

a Performance review ratings
b Ability to do the work and
c Qualifications to do the work

6 If these factors are relatively equal the least senior employee by initial hire date in the same classification shall be laid off first

7 Veterans Preference shall be considered in accordance with Chapter 295 Florida Statutes and Chapter 55A 7 Florida Administrative Code

8 A laid off employee shall be paid for all accrued vacation leave sick leave and compensatory time in accordance with applicable policies

BREVARD COUNTY
MERIT SYSTEM POLICIES
POLICY XIV

Title: SEPARATION FROM COUNTY SERVICE

I OBJECTIVE

To provide consistent criteria for employees separating from County service

II DIRECTIVES

A RESIGNATIONS

An employee wishing to leave County Service in good standing shall provide written notice of resignation to the appropriate supervisor or appointing authority stating the date and reasons for leaving. The resignation should be submitted at least fourteen (14) calendar days prior to the date of leaving. The appointing authority may waive the required fourteen (14) days notice if extenuating circumstances exist. Failure to provide proper notice may be cause for denial of reemployment rights or forfeiture of payment of any unused leave benefits

B LAYOFFS

When for any reason it becomes necessary to reduce the work force of any department or office, the appointing authority shall determine the number and classes of employees to be laid off. In determining order of layoff within a class, the appointing authority shall consider past employee performance based upon each employee's most recent performance evaluation. Employees shall be laid off without prejudice as layoff is not considered a disciplinary action

The following factors shall be used in determining the order of layoff

1 The appointing authority shall first layoff the individual or individuals with the lowest past employee performance within the selected classification in the department unless an employee is considered an essential employee

2 When there are individuals who are subject to being laid off with equal past employee performance in a class the individual with the shortest length of service shall be laid off first. If two or more employees with equal past employee performances have the same length of service the individual with less total County service shall be laid off first

3 No Career Service employee shall be laid off while there are emergency, temporary or probationary employees serving in the same classification within the jurisdiction of the same appointing authority, unless such employees have been designated as essential. If a Career Service employee is scheduled to be laid off, the employee shall be offered a demotion to a lower class if a vacancy exists within the office or department and the employee is qualified to fill the position in the lower class

SEPARATION FROM COUNTY SERVICE (continued)

Career Service employees to be laid off shall be given written notification of such layoff by the appointing authority Career Service employees receiving less than two (2) weeks notice of layoff shall be entitled to payment in lieu of said notice

C MEDICAL DISMISSALS

In the event it becomes necessary to terminate the employment of a County Service employee due to physical inability to perform the job such termination shall be deemed a medical dismissal Medical dismissals shall be without prejudice and the employee shall receive payment of leave benefits if otherwise eligible Such employees shall be eligible for reemployment as their medical condition permits

D DISMISSAL OF APPOINTIVE SERVICE EMPLOYEES

Appointive service employees may be dismissed either for cause or for the convenience of the County Authority to dismiss appointive service shall rest with the appropriate appointing authority except that no Administrative Officer II or above may be terminated by his/her Administrative Officer IV/V (working title department/office director) without the concurrence of the County Manager

Effective 08/01/96

BREVARD COUNTY
MERIT SYSTEM PROCEDURES
PROCEDURE XIV

Title SEPARATION FROM COUNTY SERVICE

I <u>PURPOSE AND SCOPE</u>

To implement the Separation From County Service Policy

II <u>DEFINITIONS AND REFERENCES</u>

Merit System Policy XIV Separation From County Service Policy

III <u>LAYOFFS</u>

A In the event the appointing authority determines an individual is an essential employee but said individual has a past employee performance which would make him subject for layoff within this class the appointing authority must submit a written request to the Office of Human Resources Director in order to retain such individual Such request shall contain a description of the specific skills knowledges and abilities possessed by the employee and why the individual is an essential employee Such request must be approved by the County Manager prior to the date another individual in the same class with a better past employee performance is separated from County service as a result of layoff

B Employees shall be laid off without prejudice as layoff is not considered a disciplinary action

IV <u>RESERVATION OF AUTHORITY</u>

The authority to issue and/or revise this Procedure is reserved to the County Manager

Effective 08/01/96

OSCEOLA

A Separation shall be effective as of the date of death

B The deceased employee will be treated as if s/he had resigned in good standing and all accrued but unused leave balances will be credited to the compensation due at the time of death

2 93 **Layoff**

A Layoff or reduction in force is defined as a situation when for any reason such as -- but not limited to -- lack of funds, shortage or work, abolition of positions or organization change, it becomes necessary for the Board of County Commissioners to reduce the workforce in any operating or staff Department, Division or Unit

B Should the Board of County Commissioners determine that such situation exists, the Board shall direct the County Manager's Office to prepare recommendations regarding the number and categories of employees to be laid off These recommendations shall be reviewed by the County Manager and approved by the Board of County Commissioners

C The following guidelines shall be utilized when layoff or reduction in force is deemed to be necessary

1 Generally the order of employees to be laid off within each job classification, function and/or operating unit approved for reduction in force is in order of the first to be laid off, as follows

a limited term employees

b temporary and emergency appointment employees,

c regular part-time probationary employees,

d regular full-time probationary employees,

e regular part-time employees who work less than twenty (20) hours per workweek,

f regular part-time employees who work at least twenty (20) hours per workweek

g regular full-time employees

2 Veterans' preference rights will be granted in accordance with state law

3 Factors in determining the order of layoff shall include, but not be limited to

a the particular department/division group, operating unit or other function affected

b the job classification(s) involved

c essential services provided by particular employees in the classification

d each employee s job knowledge quantity/quality of work, dependability work habits, attitude (performance evaluation job fact ratings during County service) and,

e length of continuous service within the County in any classification or Department

D The County will attempt to give employees as much advance notice as possible of any layoffs or reductions in force, and will abide by any or all laws applicable to layoffs and notice provisions

E All employees who are separated during a layoff will be listed on a reinstatement consideration list in reverse order of release Laid off employees will be given first consideration for County position vacancies and accorded the preference given to internal job applicants for a one (1)- year period (See Section 2 32(G))

2 94 <u>Discharge</u>

A A discharge is defined as the involuntary separation of an employee from County service as a result of disciplinary action, unacceptable performance rejection of probation misconduct failure to comply with County policies and procedures etc

B Employees discharged from County service shall <u>not</u> be eligible to receive payment for any unused leave upon termination

C Discharged employees may not be eligible for re-employment rights to County service

2 95 <u>Financial Obligations to County</u> When outstanding debts have been incurred and remain unpaid by a separating County employee, such as

A payment due for abuse misuse willful loss or destruction of County property

B shortages in paid leave accounts which in an unusual circumstances might occur through error when an employee utilizes paid leave beyond his/her accrual and

POLK

Attachment # 5
Page 44 of 47

Attachment # 2
11 of 12

14 00 LEAVING COUNTY EMPLOYMENT

14 01 LAY OFF

An employee may be laid off when it becomes necessary by reasons of but not limited to Shortage of funds lack of work the abolition of job positions or material changes in job duties or organization structure or for other reasons which are beyond the employer s control As a guideline every effort will be made to provide employees with a minimum of 30 calendar days notification prior to lay off No benefits shall be accrued during the period of lay off

Employees shall be laid off in the following order

1. Temporary employees
2. Probationary employees
3. Regular employees

Layoffs in each affected position classification shall be made in inverse order giving primary consideration to an employee s performance record and secondary consideration to seniority and service The same method shall be used when considering employees for re employment Any person who is re employed in a regular classified position within one year of the effective date of lay off shall be reinstated

1. With no loss of seniority for accrual of sick annual leave etc
2. At a rate of pay comparable to others in the same job classification with a comparable length of service
3. With reinstatement of the sick leave hours not paid at the time of termination
4. With immediate life and health insurance coverage

Employees re employed in a regular classified position within one year of the effective date of lay off will receive a new hiring date even though their accrual date (adjusted to deduct time not worked during actual lay off period) will remain as it was prior to lay off Such employees will also be subject to serving a trial period (as defined section 5 01 third paragraph) Further such employees will be eligible to use any reinstated sick leave newly accrued vacation leave or PTO which has not been used during the current calendar year immediately upon returning to county employment

14 02 RESIGNATION

Should it become necessary for you to resign your position with Polk County government we ask that you submit a letter of resignation to your supervisor at least 2 weeks prior to the date of your resignation Your letter of resignation should indicate the last day of work and your reason for resigning After notice of termination has been given employees may not use vacation leave sick leave or PTO except for bonafide documented emergencies which must be approved by the Department Director Employees are expected to work out their notice Upon mutual

Okaloosa

An employee who without valid reason fails to report to work for three consecutive workdays without authorized leave shall be separated from the payroll and reported as a compulsory resignation

Section D Reduction in Force (Layoff) Policy

An employee may be laid off when it becomes necessary by reason of but not limited to lack of work shortage of funds abolishment of a position or changes in organizational structure This action does not reflect discredit upon the service of the employee Employees affected by such reductions in force shall receive not less than two (2) weeks written notice of termination of employment if possible

The order of such layoffs shall be based on overall performance record disciplinary record training and experience attendance and length of service with the county When two employees are relatively equal with respect to these factors the less senior employee will be laid off

Laid off regular employees will receive full payment for all accrued annual leave at the employee s current rate of pay up to the maximum limits prescribed in this policy

Regular employees with less than ten years of continuous service with Okaloosa County who are laid off shall receive payment for twenty five percent (25%) of accrued sick leave up to a maximum of 240 hours Regular employees with more than ten years of continuous service with Okaloosa County who are laid off shall receive payment for accrued sick leave in accordance with the schedule stated in this policy

Employees who are laid off may apply for internal vacancies for a period equal to one-half of the employee s service of employment with the county at the time of layoff or one year whichever is less

RECALL

The anniversary date for a laid off employee who is recalled shall be adjusted forward by the number of days that the employee was laid off
For purposes of annual and sick leave accrual rate recalled employees shall retain credit for prior service Recalled employees shall have any accrued annual and sick leave for which the employee did not receive any payment at the time of layoff restored The employee may have all vacation and sick leave restored if the employee repays the full amount of payment received within sixty days following reinstatement

The employee may be paid at a rate comparable to others in the same job classifications with a comparable length of service if the department budget will permit

Recalled employees shall be granted first day coverage in health life and dental insurance sition the agency may contract with a person or firm to conduct a multistate executive search provided the rson or firm satisfies the following criteria

) Willingness to accept contingency contracts with fees not to exceed thirty percent of the annual salary of applicant to be paid upon employment of an applicant produced by the search

) Demonstrated capacity to perform effectively at competitive industry prices

Attachment # 3
Page 1 of 2

) Evidence of successful placements in the public sector by level and type of placement

) Agreement for the delivery of services within ninety calendar days from the date of the requested search the employing agency unless an extension is granted by the agency

) Evidence of ability to attract minorities and women into applicant pools generated for previous clients

ecific Authority 110 1055, 110 403(3)(c) FS Law Implemented 110 105(1) 110 403 FS History–New 1 8 02

L-33 004 Workforce Reduction and Employee Transition

) A workforce reduction is the deletion of positions Agencies may delete both vacant and filled positions encies may delete positions for a variety of reasons including budget cuts program reductions resulting from tsourcing or privatization efforts or program phase outs Agencies shall accomplish workforce reductions in an derly, systematic and uniform manner in accordance with this rule

) Each agency shall have a Department approved workforce transition plan The goal of the plan is to sure that the agency makes reasonable efforts to provide a smooth transition for the career service employees versely affected by the workforce reduction The plan shall identify the steps the agency will take during the rkforce reduction to advance this goal The following steps are reasonable and shall be included in any plan less the plan justifies in writing why they are not included

(a) Appoint a workforce transition team which is responsible for overseeing and administering the workforce reduction

(b) Develop a communications plan designed to ensure open honest and frequent communication regarding staffing changes Provide clear avenues for employees to seek and obtain information and assistance Address necessary communications with the Department the Agency for Workforce Innovation and unions

(c) Assess the positions to be deleted and the mission and goals of the residual program (that is the program area that will remain after the deletion of functions and positions) Identify the employees and programs or services that will be affected by the workforce reduction Identify the knowledge skills and abilities that employees will need to carry out the residual program

(d) Assess employees

1 If the workforce reduction affects law enforcement or correctional officers, firefighters or professional health care providers develop procedures to establish the relative merit and fitness of these employees Include a formula for uniform application within a competitive area taking into consideration the type of appointment the length of service and the evaluation of the employee s performance within the last five years of employment The Department may authorize selective competition within the competitive area based upon specific qualifications deemed necessary for a position if the duties and responsibilities requiring such qualifications are clearly reflected in the official position description on file with the agency

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2 If the workforce reduction affects any other career service employee, consider the comparative merit demonstrated skills and experience of each employee In determining which employees to

retain consider which employees will best enable the agency to advance its mission in this context consider how each employee fares with respect to the following factors commitment, cooperation excellence fairness honesty/integrity initiative respect and teamwork 3

) A permanent career service employee facing layoff as a result of a work force reduction shall have an portunity for first interview within any agency for a vacancy for which the employee is qualified and has plied

Before laying off a permanent career service employee as part of a work force reduction, an agency shall ovide the employee reasonable notice of the intended action Where possible the agency shall provide at least rty days notice and in all cases the agency shall provide at least ten days notice or in lieu thereof pay or a nbination of notice and pay

The Agency for Workforce Innovation through its existing programs shall make available placement istance to affected agencies and employees

Agencies shall update and maintain the workforce transition database and provide to the Department on request any additional information related to the database

Consequences of a workforce reduction including a layoff are not disciplinary actions

cific Authority 110 1055 110 201(1) 110 227(2) FS Law Implemented 110 201 110 227 FS History–New 02 Amended 4 3 03

.-33 005 Other Personal Services Employment

Other personal services (OPS) employment is a temporary employer/employee relationship used solely the completion of short term or intermittent tasks OPS employees do not fill established positions OPS oloyees shall not be assigned the duties of any vacant authorized position

The following criteria shall form the basis of an agency s request to the Office of Policy and Budget for roval to retain an OPS employee beyond 1 040 hours

(a) The agency has requested a full time equivalent position in its agency legislative budget request to fulfill the duties of the OPS position on a permanent basis and the Legislature has not previously rejected such a request

(b) The employee is currently working on a special project originally scheduled for completion within the 1 040 hours but due to unforeseen circumstances documented by the agency the project requires more time and it would be further delayed by hiring and training a new OPS employee

(c) The employee possesses specific knowledge or skills in a mission critical area of expertise for which there in an immediate but not permanent need and training a new employee is not cost justified

(d) The agency hired the employee to perform the duties of a permanent employee on extended leave and the services are still needed

The Office of Policy and Budget shall approve extensions beyond 1 040 hours on a fiscal year basis

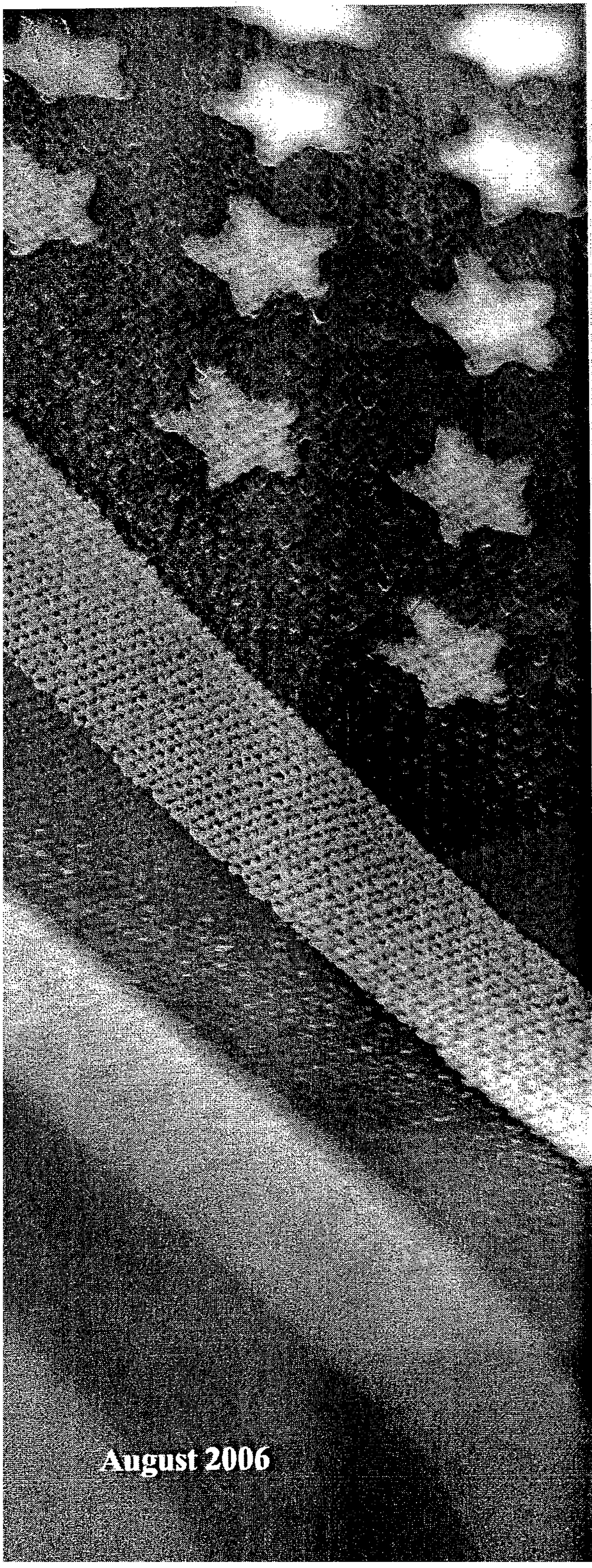
Office of Policy and Budget approval of an extension beyond 1 040 hours shall not guarantee approval of requests for extension for the same employee

10

fic Authority 110 1055 110 131(3) 110 201(1) FS Law Implemented 110 131 FS History–New 1 1 02

33 006 Volunteers

Attachment # 6
Page 1 of



UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT

GUIDE TO VOLUNTARY SEPARATION INCENTIVE PAYMENTS

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Working for America

TABLE OF CONTENTS

1. *The Purpose of VSIP*

The Voluntary Separation Incentive Payment (VSIP or buyout) Authority allows agencies to offer lump-sum payments to employees who are in surplus positions or have skills that are no longer needed in the workforce, as an incentive to separate. Under VSIP, agencies may pay up to $25,000, or an amount equal to the amount of severance pay an employee would be entitled to receive, whichever is less. Employees may separate to accept VSIP by resignation, optional retirement, or by voluntary early retirement, if authorized.

VSIPs are an option for increasing voluntary attrition in agencies that are downsizing or restructuring. Besides providing an incentive for employees to voluntarily retire or resign to avoid potential reduction in force actions, the agency may also offer VSIP to employees in safe positions that could then provide placement opportunities for employees holding surplus positions.

In its request to the Office of Personnel Management (OPM) for VSIP approval, the agency should clearly outline how VSIP would assist the agency in reaching its restructuring or downsizing goals. At all stages of developing an individual VSIP plan or a combined VSIP/VERA (Voluntary Early Retirement Authority) plan, the agency must always consider whether a sudden increase in attrition will compromise the agency's:

(1) Ability to effectively carry out its mission; and/or,

(2) Available fiscal resources.

2. *Statutory Basis for VSIP Regulations*

Section 1313(b) of the Chief Human Capital Officers Act of 2002 (Public Law 107-296, approved November 25, 2002) authorized the VSIP option under regulations issued by OPM, as codified in sections 3521 to 3525 of title 5, United States Code (U.S.C.).

3. *VSIP Regulations*

OPM implements the statutory VSIP requirements through regulations in part 576 of title 5, Code of Federal Regulations.

- The National Archives and Records Administration (NARA) provides a copy of current VSIP regulations at http://www.gpoaccess.gov/ecfr/.
- VSIP regulations do not apply to the Department of Defense (DoD). Public Law 108-136, approved November 24, 2003, gives DoD permanent agency-specific VERA and VSIP authority.

4. *VSIP Planning for Organizational Effectiveness*

An agency may request VSIP from OPM, and has the discretion to make certain decisions concerning how and when to use an approved VSIP authority. Before requesting VSIP, the agency should consider how VSIP would assist the agency in reaching a specific goal in human capital planning. For example, when an agency (or an agency component) is undergoing substantial restructuring or downsizing, it may consider offering VSIP as a more cost-effective and less disruptive plan than involuntary actions such as reduction in force. A comprehensive strategic workforce plan that addresses current and future human capital needs will help the agency develop the data needed to submit a formal request for VSIP authority.

The agency's plan to use the VSIP option should reflect management decisions such as whether the agency will:

(1) Modify the structure of its components (e.g., consolidate field locations, merge line programs into smaller organizations, open field locations closer to agency customers);

(2) Modify the span of control (e.g., eliminate existing layers of supervision, delegate additional program and administrative authority to lower level managers);

(3) Exclude certain positions or organizations from the VSIP option to maintain organizational effectiveness (e.g., the agency would have difficulty replacing employees in certain lines of work, components, and/or geographic locations);

(4) Use vacancies that become available because of VSIP retirements or resignations as placement opportunities for employees in surplus positions;

(5) Offer VSIPs to all or only some of its excess employees (e.g., how many VSIP offers are possible under the agency's budget); and,

(6) Offer VSIPs only for certain periods of the fiscal year (e.g., the agency can maximize savings if employees separate for a VSIP earlier rather than later in the fiscal year).

- ***Additional Fiscal Issues When Planning for VSIP***

An agency may pay a VSIP only from appropriations or funds available for the basic pay of the employee who separates for the incentive [5 U.S.C. 3523(b)(7)].

The one-time VSIP financial costs are particularly critical if the agency plans to offer VSIPs to employees with obsolete skills, and then restaff the positions with employees who have skills currently needed by the agency. For example, in a downsizing situation, the agency can readily achieve savings from the VSIPs in the present or the next fiscal year if the agency has a net reduction of a position because of the VSIP. In contrast, a reshaping situation generally provides no savings when the agency replaces an employee with obsolete skills who received a VSIP by the appointment of another employee with different skills. Because the agency has no net reduction in the workforce, the agency must plan for the same level of continuing salary expenses in addition to the cost of the VSIP for employees who retired or resigned.

When planning for VSIP, the agency should use a collaborative approach involving agency management, Human Resources, and Finance. The agency's decision-makers must be closely involved in all phases of plans to offer VSIPs, particularly in reshaping situations.

5. *Preparing for VSIP*

An agency should begin planning for VSIP as soon as it appears likely that the organizational changes the agency needs to make cannot be accomplished by lesser measures (e.g., hiring freeze, normal attrition, reassignments). Early planning will ensure that the VSIP authority is available in time for both the agency and its employees to make the most effective use of the option. At the activity or subagency level, the organization should recognize that some lead time is required to develop the data to support the VSIP request, to submit the request to the agency headquarters, and then for the headquarters to formally request OPM approval of the VSIP. At each level, the activity may be asked to clarify the VSIP request, or develop additional data to support the request.

Also, to ensure that there are no agency delays in planning for VSIP offers, agency with bargaining unit employees should review existing labor agreement(s) and consider whether it has any collective bargaining obligations. The agency should follow any applicable procedures contained in the labor agreement. If, however, an agency finds it has bargaining obligations, it should plan for early negotiations.

In addition, to maximize the benefit of VSIP, the agency should allow sufficient time for important decisions such as developing activity or subagency policy on the coverage and application of the authority, preparing the human resources staff, counseling employees, holding retirement seminars, computing annuities for those considering retirement, etc. VSIP often results in an additional major workload for an agency's human resources staff. For example, the agency must inform eligible employees of the VSIP opportunity. The agency must also advise interested employees on the amount of their incentive payment, their annuity and related issues. This process requires additional time and staff when eligible employees are widely dispersed and/or do not have access to a local human resources office. Once OPM receives an agency's VSIP request, OPM reviews the package to verify that the request is consistent with the controlling statutory and regulatory requirements.

While the VSIP request is pending approval at higher levels of the agency or at OPM, the agency should continue planning how it will use its VSIP authority. The agency should also monitor whether any of the assumptions that serve as the basis for the VSIP request have changed.

6. *Competitive Sourcing Situations*

An agency that is undergoing a competitive sourcing study and anticipates the need for restructuring or workforce reduction to implement the outcome of the study (e.g., contracting out or establishing a Most Efficient Organization), may initiate a request for VSIP authority before the study is completed. Because of the detailed requirements related to a competitive sourcing study and the need for strict confidentiality in the process, it is difficult for the agency to forecast either the outcome of the study or the effects of the study on the agency's workforce. As a result, an agency may not be able to furnish the kind of specific data about the positions for which they wish to offer VSIP. In this situation, the agency should submit a request to OPM projecting possible outcomes, presenting "if-then" scenarios for either (1) retaining the function; or (2) contracting out. OPM may provide the agency with contingent approval for the VSIP option (i.e., the agency's need for VSIP would be subject to the outcome of the competitive sourcing study).

Before extending VSIP offers to employees, the agency must notify OPM of the outcome of the competitions. If the competitive sourcing decision will result in the agency contracting the function, OPM will authorize immediate use of the VSIP. If the competitive sourcing decision is to retain the function in the agency, the agency must provide OPM with updated information to support the VSIP.

Contingent approval benefits agencies because it:

(1) Provides for early review of the agency's VSIP request by OPM and OMB;

(2) Enables both the agency and OPM to respond quickly to a decision on the agency's VSIP request when the competitive sourcing study is completed;

(3) Helps the agency retain skilled workers and maintain productivity in a competitive sourcing situation; and

(4) Allows the agency to demonstrate positive efforts to assist employees who may be negatively affected by the results of the competitive sourcing study.

7. *Agency VSIP Decisions*

An agency may:

(1) Request VSIP authority from OPM;

(2) Decide whether to use an approved VSIP authority;

(3) Decide which employees are covered by VSIP;

(4) Establish the VSIP window;

(5) Determine the number of employees who may separate with a VSIP; and

(6) Determine the maximum amount to be paid for each VSIP (with a cap of $25,000).

8. *VSIP Request From Agency Headquarters*

An agency's request to OPM for VSIP must be signed by:

(1) The head of the agency; or

(2) A specific designee (i.e., a senior officer or official within an agency who has been specifically designated to sign requests for VSIP under a designation from the head of the agency).

The agency should send its VSIP request to OPM at:

U.S. Office of Personnel Management
Division for Human Capital Leadership and
Merit System Accountability
Room 7470
1900 E Street, NW.
Washington, DC 20415

To expedite processing of the VSIP, the agency may fax its VSIP request to the appropriate OPM Human Capital Officer (Fax: 202-606-1798).

For additional guidance on VSIP, the agency should contact OPM's Division for Human Capital Leadership and Merit System Accountability (202-606-2131).

For more information, refer to the checklist for VSIP requests in Section 29.

9. *Information in VSIP Request to OPM*

The agency may submit either a specific VSIP implementation plan outlining the intended use of the incentive payments, or the agency's human capital plan, which outlines the intended use of VSIPs. The request to OPM for VSIP authority must contain the following information:

(1) Identification of the specific positions and functions to be reduced or eliminated, identified by organizational unit, geographic location, occupational series, grade level and any other factors related to the position;

(2) A description of the categories of employees who will be offered VSIP, identified by organizational unit, geographic location, occupational series, grade level, and any other factors, such as skills, knowledge, or retirement eligibility;

- Although the category listing should be general in nature, it should not be difficult to determine all of the categories of employees who will be offered VSIP, and the geographic location(s) where each category will be offered VSIP. For example: **Do say** "We plan to offer VSIP to auditors and accounting technicians in Des Moines, IA; accounting technicians in Dallas, TX; and auditors, accounting technicians and payroll clerks in Orlando, FL." **Do not say** "We plan to offer VSIP to auditors, accounting technicians, and payroll clerks in Des Moines, IA, Dallas, TX, and Orlando, FL."

- When considering 'retirement eligibility' to determine the categories of employees who will be offered VSIP, agencies are advised to ensure they are in compliance with the Age Discrimination in Employment Act of 1967 (ADEA), as amended.

(3) The time period during which incentives may be paid;

- The request should include a narrative of the time period during which VSIP will be offered and the date by which employees accepting VSIP should be off the rolls. The agency should identify factors that might cause delays or complications. The agency should provide an explanation for the length of the time period required.

(4) The number and maximum amounts of VSIPs to be offered;

(5) A description of how the agency will operate without the eliminated or restructured positions and functions;

(6) A proposed organizational chart displaying the expected changes in the agency's organizational structure after the agency has completed the VSIPs;

- This chart should show the agency (or component within the agency, if the VSIP request is for a single component) minus the eliminated, restructured or redescribed positions (different grade, title, function(s), etc.). To effectively show the meaning of this information, it would be useful to display a current organization chart as well.

(7) A short explanation of how Voluntary Early Retirement Authority (VERA) will be used in conjunction with VSIP, if the agency has requested, or will request VERA.

- This discussion should explain the extent to which the agency believes it will reach its goals by combining VERA with VSIP as an enticement for voluntary separation. If the agency believes that VERA, when used with VSIP, may encourage employees to retire early to receive a VSIP, it should provide that information and explain the anticipated, positive effect that VERA will have on the VSIP acceptance rate.

(8) A description of how VSIPs offered under another statutory authority are being used, if the agency is offering incentives under any other statutory authority.

- This item is for agencies that may still have a single agency VSIP law. If that is the case, the agency should discuss the number of incentives it plans to offer under each VSIP authority, broken down as described in item two above. If the agency has no single agency VSIP authority, it should enter "not applicable." in response to this item.

The VSIP template in Section 29 provides more information about these requirements.

10. *Basis for OPM Approval of VSIP Request*

OPM will conduct a review of the agency request in the context of the agency's human capital or VSIP implementation plan and goals, and ensure that all necessary information is included to evaluate the need.

OPM will consult with the Office of Management and Budget regarding the plan and subsequent modifications to the plan, and may consider the costs and benefits associated with using the authority. If there are questions concerning the agency's plan, OPM may contact the agency, inform agency staff of its concerns, and ask the agency to submit additional information to support its request or revise the plan to comply with VSIP regulations.

Before OPM will approve a new VSIP authority for an agency, the agency must forward any outstanding reports (generally, a copy of the most recent quarterly report) on the use of any previously approved VSIP authorities, as required under the original authority.

OPM will notify the agency once the VSIP authority is approved and will fax a signed copy of the response to the contact person listed on the request immediately upon approval. To ensure a prompt response from OPM, it is critical that the VSIP request include the name, title, telephone number, and fax number of an agency contact person.

11. *Maximum Time Period for VSIP Option*

OPM may approve an agency's VSIP request to be effective through either:

(1) The entire period of the agency's restructuring period as detailed in the VSIP implementation plan; or

(2) The initial portion of the period covered in the VSIP implementation plan, with a requirement for subsequent information and justification if the period covers multiple years.

12. *General Eligibility for VSIP*

To be eligible to separate with a VSIP, an employee must:

(1) Be serving under an appointment without time limitation;

(2) Be currently employed by the Executive Branch of the Federal Government for a continuous period of at least 3 years;

(3) Be serving in a position covered by an agency VSIP offer as described above;

(4) Apply for and receive approval for a VSIP from the agency making the VSIP offer; and

(5) Not be included in any of the ineligibility categories listed in Section 13 below.

13. *Ineligibility for VSIP*

Employees in the following categories are not eligible for VSIP:
Employees who:

(1) Are reemployed annuitants;

(2) Have a disability such that the individual is or would be eligible for disability retirement;

(3) Are in receipt of a decision notice of involuntary separation for misconduct or unacceptable performance;

(4) Previously received any VSIP from the Federal Government;

(5) During the 36-month period preceding the date of separation, performed service for which a student loan repayment benefit was paid, or is to be paid;

(6) During the 24-month period preceding the date of separation, performed service for which a recruitment or relocation bonus was paid, or is to be paid; or

(7) During the 12-month period preceding the date of separation, performed service for which a retention bonus was paid, or is to be paid. (This applies to General Schedule employees only.)

14. *Employees on Active Duty in the Armed Forces*

Chapter 43 of title 38, United States Code, requires that agencies treat employees on military duty, for all practical purposes, as though they were still on the job. Further, employees are not to be disadvantaged because of their military service. An employee on active duty in the Armed Forces who would otherwise be eligible for a VSIP offer will have 30 days following restoration to the agency to accept or reject the agency's offer of VSIP.

- The restored employee has the right to accept or reject the agency's offer of VSIP, even if the authority approved by OPM has expired.

15. *Employees on Leave without Pay, Workers' Compensation, Details, etc.*

Agencies must inform employees on leave without pay, workers' compensation, details outside the agency, etc., of VSIP offers that would cover them.

16. *Employees with Service Agreements*

Common service agreements cover an employee's obligation to perform service with the agency for a specific period of time following training, relocation, or similar situations. An agency should request an interpretation from its legal staff before deciding whether to release from a service agreement an employee who is interested in separating for a VSIP.

17. *Implementing the VSIP Plan*

- **Organizational Basis for VSIP Offers**

After the agency has received authority from OPM to offer VSIP [whether throughout the entire agency or for specific organizational unit(s)], the agency shall further limit the availability of the VSIP based on:

(1) One or more organizational unit(s);

(2) One or more occupational series or grade(s);

(3) One or more geographic area(s);

(4) Skill, knowledge, or other factors related to a position;

(5) Specific time periods during which eligible employees may elect to accept a VSIP offer; or

(6) Any combination of the factors listed above.

An agency cannot expand voluntary separation incentive offers beyond the scope of the authority approved by OPM.

- **Selecting Employees for VSIP**

A VSIP is not an entitlement for an employee who is potentially eligible for a VSIP. For situations where the agency may need to limit the number of employees who are approved for VSIP, the agency should have an impartial formal procedure to make these decisions.

The agency should finalize its selection procedures before accepting applications from employees for VSIP separations.

For consistency, the agency may also decide to use the same procedure to determine which employees will separate under a Voluntary Early Retirement Authority (VERA) when a VSIP is not offered.

Standard selection procedures may include (but are not limited to):

- Total creditable Federal civilian service;

- Total creditable Federal civilian service in the agency or in the organizational component offering the VSIP; or

- First-in, first-out (i.e., accepting the first applications received, up to an established limit).

The agency's selection procedure should be clearly communicated to its employees in the notice announcing the VSIP plan.

- **Establishing "Windows"**

The agency has the right to establish 'windows;' that is, the time period(s) during which it will accept applications for VSIP and to set the time period(s) for employees to retire or resign for VSIP. The agency may open such windows at any time during which it has VSIP authority, provided that the agency includes the information in its VSIP plan to OPM, and OPM subsequently approves the plan after consultation with OMB.

Neither the controlling statute nor OPM's implementing regulations defines a maximum or minimum time period for a VSIP window. The only restriction is that an employee may not separate for a VSIP past the ending date of the OPM-approved VSIP plan.

If the agency is also offering employees the option of retiring under a Voluntary Early Retirement Authority (VERA), the agency should coordinate the VSIP and VERA windows to maximize the effectiveness of both programs.

The agency has many potential options to implement effective VSIP windows for employees. Some examples include:

- In a budget driven situation, only offering VSIP early in the fiscal year to maximize net savings after including the cost of each VSIP;

- Establishing opening and closing dates which are announced to employees at the time of the initial offer;

- Receiving a specified number of applications for a VSIP, provided that, at the time of the initial offer, the agency notified employees that it retained the right to limit voluntary VSIP on that basis; or

- Extending the VSIP offer only to employees in specific organizational unit(s), occupational series or grade(s), geographic area(s), or employees in possession of certain knowledge or skills -- as long as the authority issued by OPM covers them.

Generally, the agency must notify employees whenever the parameters of a VSIP offer have changed.

- **Additional Considerations**

The agency may subsequently establish a revised closing date, or a revised number of VSIP applications, if management's downsizing and/or reshaping needs change. If the agency issues a revised closing date, or a revised number of VSIP applications to be accepted, the revised date or number of applications must be announced to the same group of employees included in the original announcement. If the agency issues a new window with a new closing date, or a new instance of a specific number of VSIP applications to be accepted, the new window or number of applications may be announced to a different group of employees as long as they are covered by the approved VSIP authority.

After announcing a time period during which employees may apply for VSIP, the agency may terminate the offers before the closing date upon receipt of a previously specified number of VSIP applications — if the announcement indicated that a specified number of VSIP applications would be sought. If the offer did not discuss a specific number of applications the agency wished to receive, the specified window for receipt of applications should be observed unless conditions necessitate a reduction in or cancellation of the requirements for VSIP. The agency's notice should also advise employees that, subject to changes in the situation on which the VSIP was based, the agency may need to further limit VSIP offers after such offers are announced.

Agencies are urged to consider the impact of the length, timing, and availability of VSIP offers on employee decisions to separate. For example, long-term availability or repeated offers may create an atmosphere in which employees choose not to accept VSIP because they assume that another opportunity will be available--should they decide to wait. Brief offers which do not afford employees the opportunity to consider the impact of this major career decision may also minimize effectiveness. VSIPs are most effective when offers are definitive, brief (but of sufficient duration to allow employees to make proper decisions), and not likely to be repeated.

- **Accepting Applications for VSIP**

An agency must accept VSIP applications from all employees eligible under the OPM-approved plan.

The agency must limit the number of actual separations for a VSIP to no more than the number in the OPM-approved VSIP plan.

18. *VSIP Offers Must Be Consistent With OPM-Approved Authority*

An agency may offer VSIP only as authorized in the agency-specific authority approved by OPM.

- An agency may not offer or process VSIP actions beyond the expiration date stated in the VSIP plan approved by OPM.
- An agency may not offer VSIP to employees not covered in the VSIP Plan approved by OPM.

19. *Computation of Payments*

An agency computes a VSIP on the basis of the **lesser** of:

(1) An amount equal to the amount of severance pay the employee would be entitled to receive, as computed under 5 U.S.C. 5595(c), without adjustment for any previous payment made; or

(2) An amount determined by the agency head, not to exceed $25,000.

In counseling employees and providing VSIP estimates, the agency should stress that an employee who separates for a VSIP actually receives a net amount after mandatory withholding deductions, not the gross amount of the VSIP.

In counseling employees interested in voluntarily separating for a VSIP, the agency should advise employees that the agency may reduce the gross amount of the VSIP for certain outstanding employee debts, including any:

- Debt the employee owes to the agency;
- Commercial garnishment (including supplemental fees or court-ordered interest);
- Alimony covered by a court order; and/or
- Child support covered by a court order.

20. *Waiver of Usual Participation Requirement to Continue Health Benefits into Retirement*

Employees retiring in conjunction with a VSIP or VERA authority must have been covered under the FEHB Program either: (1) for the last 5 years of their Federal civilian service in order to continue such coverage in retirement, or (2) if less than 5 years, for all service since the employee was eligible for FEHB program benefits unless these requirements are waived.

OPM will grant pre-approved waivers to employees who meet (1), (2), or (3).

(1) Have been covered under the FEHB Program continuously since the beginning date of the agency's latest statutory VSIP authority, or OPM-approved VSIP or VERA authority;
and
- Retire during the statutory VSIP or OPM-approved VSIP/VERA period;
and
- Receive a VSIP.

(2) Take early optional retirement.

(3) Take discontinued service retirement based on an involuntary separation due to RIF, directed reassignment, reclassification to a lower grade, or abolishment of position.

Employees who meet (1), (2), or (3) do not need to request a waiver. Instead, agencies must attach a statement to the employee's retirement application noting that the employee meets the requirements for a pre-approved waiver by OPM as set forth in OPM's specific instructions to the agency; refer to Benefits Administration Letter (BAL) 04-208, dated September 8, 2004. If the VSIP authority is based on a specific legal authority, the agency will need to provide an appropriate citation. Otherwise, the agency must provide the VSIP authority or VERA approval number that OPM assigned to the agency, and include the beginning and ending dates of the agency's VSIP or VERA authority.

Some employees who retire during a VSIP or VERA period may not be eligible for a pre-approved waiver. These include employees who retire on a regular optional retirement but do not qualify for a VSIP. Employees who do not qualify for a pre-approved waiver may request a waiver on a case-by-case basis by writing to OPM and asking OPM to waive the participation requirement in their case. OPM may grant waivers to some of these employees; each case will be considered on its own merits, based on criteria that are applied to all other retiring employees as outlined in the FEHB Handbook in the section entitled Annuitants and Compensators.

BAL 04-208 explains OPM's policy on waivers of the usual participation requirements for employees who retire during a period during which their agency has statutory authority to offer VERA or VSIP. This is available from OPM's website at www.opm.gov.

21. *Ensuring that VSIP Separations are Voluntary*

The agency is responsible for ensuring that employees are not coerced into separation under VSIP, and for ensuring that the employee's decision is not based on erroneous or misleading information.

When announcing an opportunity to separate with a VSIP, the agency should inform its employees that separation by retirement or resignation for a VSIP is a voluntary action by the employee. If the agency finds that an employee was coerced into separating, the agency has the responsibility to take appropriate corrective action. An employee who separates with a VSIP, but who believes that the separation was involuntary, may appeal the basis for the separation to the Merit Systems Protection Board.

An agency's optional canvass letter to determine potential employee interest in a VSIP is not coercion, but is simply an accepted tool to help the agency meet its present and future staffing needs.

22. *Processing VSIP Separations*

The "Guide to Processing Personnel Actions" contains processing instructions for VSIP separations.

(1) For CSRS employees retiring with a VSIP under the VERA option, the Guide states that Authority Code "ZLM/P.L. 107-296, VERA No. and date" covers employees under the Civil Service Retirement System.

(2) For FERS employees retiring with a VSIP under the VERA option, the Guide states that Authority Code "USM/5USC Chapter 84 and AZM/OPM Office, VERA No. and date" covers employees under the Federal Employees Retirement System.

(3) For regular optional retirements, follow the instructions in Chapter 30 of the Guide.

(4) For resignations, see Chapter 31 of the Guide.

The Guide states that the agency may use blocks 6A through D of the same Standard Form 50 to record receipt of the VSIP using Nature of Action "825/Separation Incentive" and Authority Code "ZAA/P.L. 107-296" to record the employee's receipt of the VSIP.

23. *Establishing Effective Dates*

An agency may establish "off the rolls" dates for VSIP recipients. Separation dates must occur within the time period during which the agency has an OPM-approved VSIP authority, as identified in the agency's approval letter.

24. *Agencies with Statutory VSIP Authority*

Agencies exercising VSIP authority in effect on January 24, 2003, may continue to offer VSIP consistent with that authority until it expires. An agency that is eligible to offer VSIP under the authority described in this Guide and under any other statutory authority may choose which authority it wishes to use, or offer VSIP under both.

25. *Waiver of VSIP Repayment Requirement*

An executive branch employee who received a VSIP and accepts employment for compensation with the Government of the United States within 5 years of the date of the separation on which the VSIP is based, including work under a personal services contract or other direct contract, must repay the entire amount of the VSIP to the agency that paid it before the individual's first day of reemployment.

If the proposed employment is with an agency other than the Government Accountability Office, the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if the proposed reemployment is with an Executive agency, and

(1) The individual involved possesses unique abilities and is the only qualified applicant available for the position; or

(2) In case of emergency involving a direct threat to life or property, the individual:

  (a) has skills directly related to resolving the emergency; and

  (b) will serve on a temporary basis only as long as the individual's services are made necessary by the emergency.

If the proposed reemployment is with an organization in the legislative branch, the head of the organization or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

If the proposed reemployment is with the judicial branch, the Director of the Administrative Office of the U.S. Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

Some agencies may still have their own buyout laws, or have had buyout laws that have expired only recently. Many employees received buyouts under these laws. The eligibility of these employees to be reemployed by the Government within 5 years of buyout receipt or to have prospective employing agencies request buyout repayment waivers from OPM depends on the provisions of the buyout laws under which these buyouts were paid.

*Note: The Department of Defense (DoD) has its own VSIP law, Public Law 108-136, and the provisions for DoD VSIP recipients who may be subject to VSIP repayment if reemployed by DoD differ from the requirements stated above.

26. *Agency Management of VSIP*

Once the agency receives VSIP authority, the goals defined in the agency's implementation plan will assist the agency in monitoring the authority and, if necessary, in adjusting the plan while it is underway (for example, to close the VSIP window after reaching the agency's workforce targets).

- Should the agency find that the basis under which it requested and received VSIP from OPM no longer exists, it must suspend its use of VSIP and immediately notify OPM.
- OPM may modify or terminate an agency's VSIP authority if OPM determines that the agency is no longer undergoing the substantial reorganization, reduction in force, transfer of function, or other workforce restructuring or reshaping which formed the basis for OPM's approval of the authority or if the agency deviates significantly from the VSIP plan it submitted. OPM may also take steps to amend, limit, or terminate an authority to ensure that the agency makes VSIP offers in a manner that is consistent with applicable laws, regulations or program policies.

27. *VSIP Reports to OPM*

Agencies are required to provide quarterly reports on the use of their VSIP authority. A report is due 30 days after the end of each quarter following approval of the authority. The quarterly report should include data specific to the quarter which just closed as well as cumulative fiscal year data (as of the end of the fiscal quarter which the report covers). OPM's VSIP approval letter includes a copy of the VSIP report. Agencies MUST use the reporting format included with the approved VSIP authority. Agencies are advised to carefully review the reporting format before offering VSIP to anticipate and track the data required in this report.

Agencies must submit a completed report to OPM even if there has been no VSIP activity in the agency.

The agency should send its VSIP reports to OPM at:

U.S. Office of Personnel Management
Division for Human Capital Leadership and
Merit System Accountability
Room 7470
1900 E Street, NW.
Washington, DC 20415

The agency may also fax its VSIP reports to the appropriate OPM Human Capital Officer (Fax 202-606-1798); however, the agency must also provide OPM with an official paper copy of each VSIP report.

For more information, see Section 30 below for the VSIP report template.

28. *OPM Oversight of VSIP*

OPM may modify or terminate an agency's VSIP authority if OPM determines that the agency:

(1) Is no longer undergoing a period of substantial restructuring or downsizing that was the basis for OPM's approval of the VSIP; or

(2) Did not administer the authority in a manner that is consistent with applicable law or regulations; or

(3) Failed to meet reporting deadlines or requirements.

29. *Checklist for VSIP Request*

The VSIP checklist is an easy to follow document that can be used to help develop VSIP requests. A thorough response to each element on the checklist should result in properly submitted VSIP requests and may reduce the amount of time needed by OPM to process the request.

- Agency headquarters may contact its OPM Human Capital Officer for more information and/or assistance in completing its VSIP request.

Checklist for VSIP Requests

Agency: ______________________
Component(s): ______________________
Date of Request: ______________________

A. The agency's request includes a: ____ VSIP Implementation Plan ____ Human Capital Plan?

The intended use of VSIP:
____
____

The plan includes:

1. ____ Identification of specific positions and functions to be reduced or eliminated (identified by organizational unit, geographic location, occupational category, grade level and any other factors related to the position).

2. ____ A description of the categories of employees who will be offered incentives (identified by organizational unit, geographic location, occupational category, grade level and any other factors such as skills and knowledge, or retirement eligibility)

3. ____ The time period during which incentives may be paid.

4. ____ The number and maximum amounts of voluntary separation incentive payments to be offered (i.e., approved).

5. ____ A description of how the agency will operate without the eliminated/restructured positions.

6. ____ A proposed organizational chart displaying the expected changes in the agency's organizational structure after the agency has completed the incentive payments.

7. ____ If the agency has requested VERA, an explanation of how that authority will be used in conjunction with VSIP.

8. ____ If the agency is offering separation incentives under other statutory authority, a description of how that authority is being used.

9. ____ Verification that Agency VSIP/VERA reports are up to date (i.e., have been submitted to OPM in compliance with any existing authorities.

30. VSIP Report Template

INSTRUCTIONS FOR REPORTS TO OPM
USE OF VOLUNTARY SEPARATION INCENTIVE PAYMENT (VSIP) AUTHORITY

1. Agencies must provide quarterly and final VSIP reports on a timely basis so that OPM can track and evaluate trends, help anticipate staffing needs in OPM's Center for Retirement and Insurance Services (to allow prompt processing of retirement applications), and meet other reporting requirements.

2. Types of Reports

   (a) Quarterly Reports: A report is due 30 days after the end of each quarter following approval of the authority. The quarterly report should include data specific to the quarter which just closed as well as cumulative fiscal year data (as of the end of the fiscal quarter that the report covers). At the beginning of a new fiscal year, the report should include data concerning VSIP in the new fiscal year only (i.e., there is no need to report cumulative data which covers multiple fiscal years).

   (b) Final Report: A final report is due 60 days following the closing date of the authority.

CONTENT OF REPORTS

1. Each report to OPM on the use of a VSIP must contain the information in the enclosed sample reporting format.

2. Agencies must use the reporting format included with the authority. (Do not use an old report format with new authority reports.)

3. Agencies are advised to carefully review this reporting format before offering VSIPs in order to anticipate and track the data required in this report.

4. Agencies should submit a completed report to OPM even if there were no VSIPs during the quarter. Otherwise, OPM cannot determine whether the agency had no activity, the agency failed to report, or the report was not complete when it reached OPM. Reports should cover activity occurring only during the period of the authority.

5. OPM may suspend or terminate an authority if the agency fails to comply with the reporting requirements included in the authority.

WHERE AND WHEN AGENCIES SHOULD REPORT

1. Please mail reports to:

   Office of Personnel Management
   Marta Brito Pérez
   Associate Director
   Division for Human Capital Leadership and Merit System Accountability
   Room 7470
   1900 E Street, NW.
   Washington, DC 20415

2. Agencies can also fax the reports to (202) 606-1798 or (202) 606-2663.

3. Reporting Schedule

QUARTER	QUARTER ENDING DATE	REPORT DUE BY
First	December 31	January 30
Second	March 31	April 30
Third	June 30	July 30
Fourth	September 30	October 30

FINAL Report (due 60 days following the closing date of the authority)

REPORT TO OPM
USE OF VOLUNTARY SEPARATION INCENTIVE PAYMENT (VSIP) AUTHORITY

Department or Agency: ______________________________

Component(s): ______________________________

VSIP Authority Number: ____________________

Date of Report: ____________________ QUARTER 1st 2nd 3rd 4th *(circle)*

<u>VOLUNTARY SEPARATION INCENTIVE PAYMENTS</u>

	QTR TOTAL	FY TOTAL
1. Total number of VSIPs available	________	________
2. Total number of employees offered VSIPs	________	________
3. Total number of employees who accepted VSIPs and separated by:		
(a) Optional Retirement	________	________
(b) Voluntary Early Retirement	________	________
(c) Resignation	________	________

4. VSIPs paid during the quarter:

Geographic Location	Organizational Unit	Occ. Series	Grade Level	# of VSIPs
			Total Number of VSIPs Paid	

5. Additional questions:

(a) How has this VSIP impacted the shape of your workforce?
(b) Did the VSIP have the desired results? Why or why not?
(c) What is the average cost of VSIPs paid during the quarter?

Note: All agencies should use this form. This form supercedes previous reporting requirements.

Attachment # 7
Page 1 of 54

STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

July 3, 2007

TO: Agency Directors

FROM: Victor A. Moore VAM
Director

SUBJECT: VOLUNTARY SEPARATION AND DOWNSHIFTING INCENTIVE PROGRAM

The Legislature reauthorized the Voluntary Separation and Downshifting Incentive Program for the 2007-09 Biennium in the biennial operating budget (Laws of 2007, Chapter 522, Sections 908 and 909.)

The program allows a good deal of flexibility in designing a plan to meet your agency's changing staffing needs, while reducing the impact of those changes on employees. While I encourage you to explore alternatives that meet your particular situation, it is important that plans clearly specify the business needs that are to be addressed and the criteria for participation that will be used. I recommend that each agency develop internal policies and procedures governing the application of the Voluntary Separation and Downshifting Incentive Program prior to implementation.

I have enclosed the program guidelines which have been updated and approved for the 2007-09 Biennium. *Please be aware that participation in the program for employees covered by a collective bargaining agreement depends upon the provisions of that agreement. The new guidelines also include revised reporting deadlines, as well as some clarifying language.*

Agencies planning to participate should submit their plans to the Office of Financial Management (OFM) for approval by OFM, the Department of Retirement Systems, and the Department of Personnel. Agencies with approved plans are required to report the results of their plans to OFM for submission to the Legislature. I want to reiterate the importance of prior approval to ensure that your plan meets your needs, conforms to program requirements, and benefits from the experiences of the previous biennia.

Attachment
cc: Natividad Valdez, Department of Personnel
Dave Nelsen, Department of Retirement Systems
Jane Sakson, Office of Financial Management

VOLUNTARY SEPARATION AND DOWNSHIFTING INCENTIVE PROGRAM FOR STATE EMPLOYEES

GUIDELINES FOR 2007-09 BIENNIUM

The Legislature reauthorized the Voluntary Separation and Downshifting Incentive Program for the 2007-09 Biennium in the state operating budget (Laws of 2007, Chapter 522, Sections 908 and 909).

This program gives agencies the option to offer financial incentives to employees to voluntarily separate from state service, either through retirement or resignation. As an alternative to separation, agencies also may offer employees financial incentives to voluntarily "downshift." Examples include leave without pay, work hour reduction, or movement to a lower paying position.

GENERAL PARAMETERS

Purpose — In an effort to meet a specifically articulated legitimate business need, the voluntary separation and downshifting incentive programs aim to reduce salary costs and FTE usage, and to make more effective use of human resources.

Agency Discretion — Within certain parameters, agencies have discretion to design targeted incentive options that best meet their business needs. Plans must be submitted to the Office of Financial Management for approval **prior** to implementation. **Participation for employees covered by a collective bargaining agreement also depends on the provisions of that agreement.**

Availability — The incentive program is available through June 30, 2009. Payments and cost recovery must be accomplished by June 30, 2009.

Management Tools — The incentive program is a management tool, not an employee right. No employee shall have a contractual right to a financial incentive offered through this program.

Eligibility — To be minimally eligible for a separation or downshifting incentive, an employee must have permanent status and three years of service. In addition, for the retirement financial incentive, an employee must have been eligible for normal retirement for at least 12 months.

Maximum Payment — The *maximum* incentive amount that may be offered is $25,000. The cost of the incentives must be recovered through salary expenditure savings.

Strategic Targeting

Plans must meet a specifically articulated legitimate business purpose. Therefore, agencies must strategically target those who would be offered the incentive options to avoid disruption of government services. Plans should address:

- Retention of adequate levels of skilled, talented workers in needed occupations and locations.
- Retention of positions, occupations, and skills that are key to achieving the agency's mission and priorities.
- Reduction of supervisory levels and overhead positions.
- Difficulty or cost of replacing employees with particular skill requirements or in certain locations.
- Potential disruption due to the overall loss of experienced workers.
- Overall cost of the incentives.
- Incentive options shall not be targeted on the basis of individual or personal factors.

Agency Contact

Each agency must designate someone to serve as a point of contact for employees who may have an interest in the program. The agency contact's name and contact information should be included in the plan submitted for review.

Unemployment Compensation

Employees accepting a separation incentive are ineligible for unemployment compensation. Agencies should obtain the employee's signature indicating that he/she has been advised of this condition.

Repayment

Following a separation payment, any employee who returns to state service within five years (as an employee or contractor) must repay the incentive. An exception to this provision may be granted, provided the new agency seeking to hire the former employee has sought and gained approval from the Director of the Office of Financial Management prior to the date of hire. Exceptions granted to this provision may require partial repayment of part of the incentive on a pro-rata basis.

Effect on Retirement System

Separation incentive options cannot propose or require changes to current pension statutes, and cannot increase pension contribution rates. A separation payment must be a lump sum. It is subject to the income tax and social security tax, but is not considered income for retirement (average final compensation) purposes.

Reporting Requirements

Participating agencies must report by June 30, 2009 on the outcomes (or anticipated outcomes) of their plan to the Office of Financial Management. The report shall at a minimum address:

- The specific business objective the program was intended to achieve, and any success or failure in meeting that outcome.
- The costs of the program, including the financial incentives offered, the savings gained, and the net outcome.
- The number of agency employees eligible to participate.
- The number of agency employees who participated.

A detailed accounting of the savings achieved by the program.

Contacts

Employee questions concerning the application of these guidelines within an agency should be directed to the agency designee. Please contact your agency designee or Human Resources staff for assistance.

- Agency assistance with plan design: Natividad Valdez (DOP), 360-664-6318.
- Agency questions concerning retirement systems: Dave Nelsen (DRS), 360-664-7304.
- Agency questions about insurance: Steven Norsen (HCA), 360-412-4201.
- Questions about setting up accounts for insurance payment: Ryan Jory (HCA), 360-923-2865.
- Other questions, including repayment waivers: Jane Sakson (OFM), 360-902-0549.

Guidelines for Voluntary Separation Incentives begin on page 4 of this document.
Guidelines for Downshifting Incentives begin on page 8.

VOLUNTARY SEPARATION INCENTIVE PROGRAM

PROGRAM CONCEPT AND GOALS

The Voluntary Separation Incentive Program gives agencies the option to offer employees a financial incentive to voluntarily separate from state service through either retirement or resignation.

The program aims to reduce salary costs and FTE usage, as well as to facilitate redeployment, re-organization, and other efforts to make more effective use of human resources.

This *is not* an early retirement program. It is not to be used to target employees on the basis of individual or personal factors.

Each agency has the discretion to design an incentive formula and process that best meets its business needs and objectives, provided that the agency plan is consistent with the basic provisions outlined below.

Incentive plans must be cost neutral or result in cost savings.

Plans must be submitted to OFM for approval prior to implementation. *The name and contact number of your agency designee must be identified on your plan when submitted for approval.*

BASIC PROVISIONS

- The Voluntary Separation Incentive Program is a management tool, not an employee right. No employee shall have a contractual right to a financial incentive offered through this program.
- The voluntary separation option is available through June 30, 2009. The incentive payment and cost recovery must be accomplished by June 30, 2009.
- Accepting the offer is entirely voluntary.
- Employees who accept a separation incentive option will be ineligible for unemployment compensation. Agencies should obtain the employee's signature indicating that he/she has been advised of this condition.
- To be minimally eligible, an employee must have permanent status and three years of service. **In addition, to be eligible for a financial incentive to retire, an employee must have been already eligible for normal retirement for at least 12 months.**
- Employees who return to state service (as an employee or contractor) within five years must repay the separation payment unless returning under a full or partial exception granted to the hiring agency by the Director of the Office of Financial Management prior to the date of hire. If the exception is granted, the OFM Director shall have discretion to waive all or part of the separation payment. (Employment with a local government jurisdiction or school district, however, does not trigger the repayment requirement.)
- The maximum separation payment allowable is $25,000. The cost of the separation payment must be recovered through salary expenditure savings.
- Programs cannot propose modifications or require changes to current pension statutes. Programs cannot increase pension contribution rates.

- The separation payment will be a lump sum subject to the income tax and social security tax, but will not be considered income for retirement (average final compensation) purposes.
- A separation incentive can be offered subsequent to receipt of a downshifting incentive, provided the combination of the incentives does not exceed the $25,000 maximum.
- Agencies must strategically target those who would be offered the incentive options to avoid disruption of government services. The options may be made available to all or any part of the agency. Targeting considerations include:
    - Retention of adequate levels of skilled, talented workers in needed occupations and locations.
    - Retention of positions, occupations, and skills that are key to achieving the agency's mission and priorities.
    - Reduction of supervisory levels and overhead positions.
    - Difficulty or cost of replacing employees with particular skill requirements or in certain locations.
    - Potential disruption due to the overall loss of experienced workers.
    - Overall cost of the incentives.
- Incentive options shall not be targeted on the basis of individual or personal factors.
- The earlier in the biennium that an incentive offer is accepted, the more cost savings an agency can potentially realize. Therefore, offering higher levels of incentives earlier in the biennium to motivate earlier separation may be a consideration.
- To avoid disruption, agencies may want to offer the incentives at staggered intervals.
- Agencies should establish internal provisions to ensure the incentives are offered in a fair fashion. Incentives should not be targeted on the basis of individual or personal factors.
- Individuals offered a voluntary retirement incentive will be given sufficient time to make a decision from the date of receiving accurate and complete information about the offer.
- Employees choosing to accept a voluntary separation incentive offer will sign a form indicating that their decision to participate is <u>entirely</u> voluntary and that they fully understand the re-employment and other restrictions.

POSSIBLE FORMULAS FOR VOLUNTARY SEPARATION INCENTIVES

The following are examples of possible incentive formulas for the Voluntary Separation Incentive Program. Within certain parameters, each agency has the discretion to design whatever formulas best meet its business needs, provided that the plan is consistent with these guidelines and is approved by OFM.

Example 1: Incentive Based On Years of Service

Employee would receive a "separation payment" according to a formula such as the following:

Years of Service	Separation Payment
Less than 3 years	None
3-4 years	3 weeks pay
5-9 years	1 month pay
10-14 years	2 months pay
15-19 years	3 months pay
20-24 years	4 months pay
25 plus years	5 months pay

[Note: Modeled after the federal government's program]

Example 2: Incentive Based Solely on Years of Service

Employee would receive a "separation payment" equal to $XX per year of service (YOS). For example, if the incentive was $1,000/YOS, an employee with 20 years would receive $20,000.

Example 3: Health Care Premium Payment as Incentive

The incentive payment would be deposited into an account at the Health Care Authority. The Health Care Authority will credit the monthly premium cost for health care coverage against that account. The monthly premium will be determined by the health care plan selected, the number of individuals covered, and current insurance rates. Any increase in premium rates will be reflected in the monthly charge. The length of coverage would be determined by the cost of the monthly premiums.[1]

Example 4: Split Incentive Payment

An employee could receive a separation of up to $25,000. The employee could elect to split the incentive payment, receiving a portion of the incentive as a cash payment with the remainder deposited into an account at the Health Care Authority. The Health Care Authority would credit the cost of the employee's health care premium against that account. The number of months of coverage would depend upon the amount deposited, and the cost of the health care premiums for the plan selected by the employee.

Example 5: Repayment of Incentive if Employee Returns to State Service

An employee elects a voluntary separation from state service. Within five years of the date of separation, the former employee chooses to return to state service as an employee or a contractor. The employee will be required to repay the incentive payment. (An exception to this provision may be provided if the hiring agency has sought and gained approval of the Director of the Office of Financial Management prior to the date of hire. The OFM Director shall have the discretion to waive repayment of all or part of the incentive.)

These scenarios are provided as examples only. Agencies are encouraged to explore alternate formulas and processes designed to meet their business needs, provided the incentives are consistent with the basic provisions of the guidelines.

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[1] Not all employees may be eligible to continue health insurance. Agencies should check first with the Public Employees Benefits Board (PEBB). (See page 3 for contact information.) Employees also must be careful to observe existing PEBB rules and deadlines. In addition, agencies should be sure to specify what should be done with any extra funds in the account – normally, in the case of a voluntary separation incentive, they should be returned to the employee.

DOWNSHIFTING INCENTIVE PROGRAM

PROGRAM CONCEPT AND GOALS

Agencies may offer employees a financial incentive to voluntarily shift into an employment situation of fewer hours and/or a lesser salary on either a temporary or permanent basis.

The Downshifting Incentive Program is aimed at career employees who would like time to develop new skills for career enhancement or who are ready to move into a less stressful situation. The program gives them the financial incentive and job security to make such a move. At the same time, the program is intended to save salary costs, reduce FTE usage, retain experienced workers, and make more effective use of existing human resources.

Each agency has the discretion to design a Downshifting Incentive Program that best meets its business needs and objectives, provided that the program is consistent with the program goals and basic provisions outlined in these guidelines.

Plans must be approved by OFM prior to implementation.

BASIC PROVISIONS AND REQUIREMENTS

- The Downshifting Incentive Program is a management tool, not an employee right. No employee shall have a contractual right to a financial incentive offered through this program.
- Downshifting incentive options may be offered through June 30, 2009. Any incentive payment and cost recovery must be made by June 30, 2009.
- The cost of the separation payment must be recovered through salary expenditure savings.
- Accepting a downshifting incentive offer is completely voluntary.
- To be eligible, an employee must have permanent status and three years of service.
- To be eligible for a downshifting incentive, the downshifting agreement must be for a minimum of one year.
- If the employee returns to his/her previous employment situation (or a comparable situation) within the time period specified in the downshifting agreement, he/she must repay the incentive payment.
- Agencies must demonstrate that offering the option will not have an adverse impact on the delivery of governmental services to the public.
- Incentive payments that take the form of a lump sum will be subject to the income tax and social security tax, but will not be considered income for retirement (average final compensation) purposes.
- Only one downshifting incentive can be offered to an employee during the course of the biennium.
- The incentive options may be made available to all or any part of the agency, but must be strategically targeted with the following considerations:

- Retention of adequate levels of skilled, talented workers in needed occupations and locations.
- Retention of positions, occupations, and skills that are key to achieving the agency's mission and priorities.
- Reduction of supervisory levels and overhead positions.
- Difficulty or cost of replacing employees with particular skill requirements.
- Difficulty or cost of replacing employees in certain geographic or organizational locations.
- Potential disruption due to the overall loss of experienced workers.
- Overall cost of the Downshifting Incentive Program.
- Incentive options shall not be targeted on the basis of individual or personal factors.

- Agencies shall establish internal provisions to ensure the incentives are offered in a fair fashion.
- Examples of options for which a downshifting incentive could be given include (but are not limited to): voluntary move from full-time to part-time; voluntary leave without pay; and voluntary downward reallocation or voluntary demotion.

EXAMPLES OF POSSIBLE DOWNSHIFTING OPTIONS

Example 1: Voluntary Move from Full-time to Part-time

- Employee would receive up to 25 percent of his/her annual salary in a lump sum for moving from full-time to part-time.
- Employee would continue to receive 100 percent retirement service credits, provided he/she works a minimum of 90 hours per month, and full insurance benefits. Partial retirement service credits may be awarded for less than 90 hours worked per month.
- Employee must retain part-time status for minimum of one year.

Example 2: Voluntary Downward Reallocation or Voluntary Demotion

Provide a lump sum of XX percent of the employee's current annual salary as an incentive for a voluntary downward reallocation (position reallocated to a job class of lower pay), or a voluntary demotion (move to a different position in a job class of lower pay).

Example 3: Voluntary Leave Without Pay

- Employee would receive two hours pay for each day of LWOP, *provided that* the employee takes a minimum of four days of LWOP per month for a minimum of one year.
- Employee would continue to receive 100 percent retirement service credits, provided he/she works a minimum of 90 hours per month, and full insurance benefits. Partial retirement service credits may be awarded for less than 90 hours worked per month.
- Employee must re-pay incentive amount (in one lump sum), if he/she opts out of LWOP program within the time period specified in the downshifting agreement.

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N ACT
MENDING SECTION 41-783, ARIZONA REVISED STATUTES; AMENDING LAWS 1992, CHAPTER 312, ECTION 22; RELATING TO PERSONNEL RULES.

e it enacted by the Legislature of the State of Arizona:

ection 1. Section 41-783, Arizona Revised Statutes, is amended to read:

1-783 . Personnel rules

he personnel rules shall include:

. A position classification plan for all positions in the state service.

. Provisions for competitive examinations to test the relative qualifications of applicants for positions in state service. ll competitive examinations shall be given statewide. For purposes of this paragraph, "statewide" means that a ompetitive examination shall be given in an office of the department of economic security in each city or town of the ate in which such office is located, unless the director designates another location within such city or town.

. Evaluation of performance of employees for the purpose of improving staff effectiveness.

. Promotions or transfers between classes which shall give appropriate consideration to the applicant's qualifications, ecord of performance and conduct.

. Establishment of eligibility lists for appointment and promotion, upon which lists shall be placed the names of uccessful candidates in the order of their relative excellence in their respective examinations.

. Rejection of candidates for appointment or promotion who fail to fulfill reasonable requirements.

. Delivery of a list of qualified applicants to any state agency requiring it in order that such state agency may select nd hire an employee from such list.

. A reasonable period of **ORIGINAL** probationary service during which the probationary employee shall perform the ctual duties of the position before his appointment ***or promotion*** may be final, and during which period a probationer nay be discharged or reduced in class or rank, or replaced on the eligibility list. In no event shall a reasonable period of robationary service be construed to mean less than ***ninety days*** **ONE YEAR** .

. A reasonable period of provisional employment without competitive examination if there is no eligibility list vailable for the position.

Emergency appointments for not more than thirty days with or without examination as provided by the rules.

. Temporary appointments to positions which occur, terminate and recur periodically regardless of the duration of the sition.

. Provision for transfer from a position in one department to a similar position in another department involving nilar qualifications, duties, responsibilities and salary ranges.

. Provision for reinstatement to an eligibility list of previous employees who have resigned in good standing, or who ere separated from their positions without fault on their part.

. PROVISIONS ALLOWING AN AGENCY TO OFFER A VOLUNTARY SEPARATION INCENTIVE ROGRAM TO AVOID OR REDUCE THE NEED FOR A REDUCTION IN FORCE. THE VOLUNTARY EPARATION PROGRAM MAY OFFER PAYMENTS THAT DO NOT EXCEED ONE WEEK OF PAY AT HE EMPLOYEE'S CURRENT WEEKLY SALARY FOR EVERY FULL YEAR OF SERVICE. IF A AYMENT IS MADE, THE MINIMUM PAYMENT UNDER THIS PROGRAM SHALL BE FOR TWO 'EEKS. PAYMENTS FOR PARTIAL YEARS OF SERVICE SHALL BE PRORATED. AN EMPLOYEE 'HO SEPARATES FROM STATE SERVICE UNDER THIS PROGRAM AND WHO ELECTS TO ECEIVE PAYMENTS UNDER THIS PROGRAM ALSO IS ELIGIBLE, SUBJECT TO AVAILABLE UNDING, TO CONTINUE IN THE HEALTH, DENTAL AND LIFE INSURANCE PROGRAMS FOR UP O SIX MONTHS. THE AGENCY AND THE SEPARATED EMPLOYEE SHALL CONTINUE TO MAKE HE SHARED PREMIUM PAYMENTS FOR THESE PROGRAMS FOR UP TO SIX MONTHS AFTER EPARATION IF THE EMPLOYEE IS PARTICIPATING IN THESE PROGRAMS AT THE TIME OF EPARATION AND THE AGENCY HAS SUFFICIENT MONIES TO OFFER THESE INSURANCE ROGRAMS. THE TIME PERIOD UNDER THE CONSOLIDATED BUDGET RECONCILIATION ACT OF 985 (P.L. 99-272, 100 STAT. 82) FOR A SEPARATED EMPLOYEE SHALL BEGIN AFTER THE ENEFITS PROVIDED UNDER THIS VOLUNTARY SEPARATION INCENTIVE PROGRAM HAVE ERMINATED. EMPLOYEES WHO RETURN TO STATE EMPLOYMENT OR WHO APPLY FOR ETIREMENT OR EARLY RETIREMENT WITHIN SIX MONTHS AFTER ELECTING TO ARTICIPATE IN THE VOLUNTARY SEPARATION INCENTIVE PROGRAM MUST REFUND THIS TATE IN FULL FOR ANY PAYMENT RECEIVED PURSUANT TO THIS PROGRAM. THIS PROGRAM S LIMITED TO EMPLOYEES WHO:

ı) HOLD POSITIONS THAT ARE SCHEDULED FOR ABOLISHMENT OR WHO HOLD POSITIONS IN 'HE SAME JOB CLASSIFICATION AS THE POSITIONS THAT ARE SCHEDULED FOR ABOLISHMENT ND WHO HAVE PERMANENT STATUS.

ɔ) DO NOT ACCEPT EMPLOYMENT WITH A CONTRACTOR UNDER ANY RIGHT-OF-FIRST-REFUSAL PROVISIONS OF ANY STATE PRIVATIZATION CONTRACT FOR A PROGRAM OR A ERVICE.

4. **15.** Reduction in force by reason of lack of funds or work, or abolition of a position, or material change in duties or rganization, **OR THE INTRODUCTION OF QUALITY IMPROVEMENTS OR OTHER COST REDUCTION NITIATIVES,** and for reemployment of employees separated by reduction in force, giving **GREATER** consideration n both reduction in force and reemployment to the person's performance record *and* **THAN TO** seniority in service. **THE RULES SHALL PROVIDE FOR THE REDUCTION IN FORCE TO BE LIMITED IN TERMS OF SCOPE TO AN AGENCY, AN ORGANIZATIONAL UNIT OR SUBUNIT OF AN AGENCY OR TO AGENCY OPERATIONS IN A GEOGRAPHICAL AREA. IN A REDUCTION IN FORCE, EMPLOYEES SHALL BE CONSIDERED FOR RETENTION ONLY WITHIN THEIR CURRENTLY HELD JOB CLASSIFICATION. UNLESS THE DIRECTOR AUTHORIZES A LONGER TIME PERIOD, THE EMPLOYEE HAS FIVE DAYS AFTER RECEIVING NOTIFICATION OF SEPARATION IN WHICH TO REQUEST THAT THE DIRECTOR REVIEW THE PROCEDURE RESULTING IN THE SEPARATION. THE DIRECTOR MAY POSTPONE ANY PORTION OF THE REDUCTION IN FORCE PENDING THE**

OMPLETION OF THE REVIEW. THE DIRECTOR SHALL RESPOND TO THE EMPLOYEE WHO EQUESTED THE REVIEW WITHIN FIVE BUSINESS DAYS OF RECEIVING THE EMPLOYEE'S EQUEST FOR REVIEW. EMPLOYEES WHO ARE SEPARATED AS A RESULT OF A REDUCTION IN ORCE ARE ELIGIBLE TO RECEIVE SUBJECT TO FUNDING AVAILABILITY A SEVERANCE AYMENT OF NOT MORE THAN ONE-HALF WEEK OF PAY AT THE EMPLOYEE'S CURRENT EEKLY SALARY FOR EACH FULL YEAR OF SERVICE. PARTIAL YEARS OF SERVICE SHALL BE RORATED. THE SEVERANCE PAYMENT PROVISIONS DO NOT APPLY TO EMPLOYEES WHO ECT ON SEPARATION TO ACCEPT EMPLOYMENT WITH A CONTRACTOR UNDER ANY RIGHT-F-FIRST-REFUSAL PROVISIONS OF ANY STATE PRIVATIZATION CONTRACT FOR A PROGRAM R A SERVICE. Where, by legislative action, or otherwise, part or all of the functions of one department or agency e transferred to another department or agency, the affected employees shall be accepted as transfers by the receiving partment or agency at the same pay grade unless the receiving department or agency has no need for the particular sition or positions in which event the rules concerning reduction in force shall apply, except that where personnel lministration functions are transferred from one department or agency to another, the employees shall not be ansferred to the receiving department or agency with the transfer of the function and such employees shall have duction in force rights in the department or agency from which the function has been abolished or transferred.

5. **16.** Provisions that set forth the circumstances under which an employee may be suspended without pay.

6. **17.** Establishment of a plan for resolving employee grievances and complaints and in cases of alleged scrimination for referral to the appropriate agency if an employee is not otherwise satisfied with the final grievance solution.

7. **18.** Provisions for attendance, including hours of employment, annual, sick and special leaves of absence, with or ithout pay or with reduced pay. Rules on hours of employment shall provide for the implementation of flexible hours f employment as an option for employees if the director of an employing agency decides, in his discretion, that isting services can be maintained. Rules shall provide:

) For the transfer of accumulated annual leave from one employee to another employee in the same agency. Such ansfers may occur if the employee to whom the leave is transferred has a non-job related, seriously incapacitating and xtended illness or injury or a member of his immediate family has a seriously incapacitating and extended illness or jury and the employee has exhausted all available leave balances. Transferred annual leave shall be increased or educed proportionally by the difference in the salaries of the employees as determined by rule of the department of dministration.

) That if a permanent status employee is unable to work due to a non-job related, seriously incapacitating and xtended illness or injury, as certified by a physician of the employee subject to confirmation by a physician chosen by e agency, and the employee has exhausted all leave balances and any leave transferred pursuant to subdivision (a) of is paragraph, the employee shall be placed on leave without pay status for up to one hundred eighty days or until able return to work, whichever is sooner.

8. **19.** Development of policies and procedures for the employment of qualified handicapped job applicants.

9. **20.** Establishment of a clerical pool in any locality where the demand for temporary clerical help warrants.

'0. **21.** Leaves of absence to allow employees in state service to accept appointment to nonelective positions in state mployment which are exempt from the terms of this article and article 5 of this chapter.

'1. **22.** The adoption of special rules applicable solely to special classes of employees whose duties, as determined by he director, justify the adoption of rules applicable only to a specific class of employees.

'2. **23.** The establishment of standards of ethical conduct for employees.

24. Provision that reasonable public notice shall be given of the examinations for a position and the examination es.

25. Authorization to publish and make available to all employees a handbook outlining pertinent rules.

26. A determination as to which positions in state employment shall qualify the employee to receive overtime pay. making his determination the director shall consider all employees who are covered under the fair labor standards act 1938 (52 Stat. 1060; 29 United States Code section 201), as amended and interpreted, and shall exclude all nployees who meet exemption requirements as defined in such act, as amended and interpreted. No overtime or mpensatory time may be granted to the following positions and persons:

All elected positions.

) All positions which are appointed pursuant to section 38-211.

) All professional positions.

) Persons whose primary duty is to manage the state agency or state agency subdivisions, and:

Who use discretionary powers.

) Who direct the work of at least two other employees.

i) Who have the authority to hire and fire.

5. **27.** Provision for compensatory time off for employees, except those employees in positions ***as defined*** **RESCRIBED** in paragraph *25* **26** of this section.

7. **28.** Provision for approving overtime pay for positions eligible for compensatory time off pursuant to paragraph *26* 7 of this section because their primary duty is management when either of the following criteria is met:

) The practice is determined by the director to be a prevailing condition in the Arizona labor market and when pay ifferentials between subordinates and supervisors are reduced by overtime pay received by the nonexempt ıbordinates to the extent that it is no longer an incentive to remain in the supervisory position.

) When temporary emergency conditions arise that make it more practical to pay overtime than to grant ompensatory leave.

8. **29.** Establishment of a plan for the impartial review of complaints.

ec. 2. Laws 1992, chapter 312, section 22 is amended to read:

ec. 22. Relocation reimbursement; transfer of law enforcement merit system employees to state service

. Notwithstanding section 41-783, Arizona Revised Statutes, the department of administration shall establish rocedures for:

. A service credit buy-out program to avoid or reduce the need for a reduction in force. Payment under such a rogram shall be limited to those employees whose jobs are scheduled for abolishment and who elect to separate rom state government rather than invoke reduction in force rights or avail themselves of retirement, early etirement or the department of public safety enhanced retirement program. Payment shall not exceed one week of ay at the employee's current weekly salary for every one year of service up to a maximum of twelve weeks pay, with

ırtial years of service being prorated. Employees who return to state government employment or who apply for ·tirement, early retirement or the department of public safety enhanced retirement program within six months of ɔting to take the service credit buy-out program must refund the state in full for any payment received under this ·ction.

1. A limited relocation reimbursement expense program to avoid or reduce the need for a reduction in force. otwithstanding the provisions of section 35-196.01, Arizona Revised Statutes, payment may be made for reasonable ·location expenses to employees whose work location will be changed to a distance of more than seventy-five miles om their current work location. All such payments are subject to the availability of monies and shall not exceed one ıousand dollars for any individual.

. **2.** Employees covered by the law enforcement merit system council to transfer into state service positions, as pproved by the director of the department of administration, to avoid or reduce the need for a reduction in force. This ·ction does not mean that the retirement rights and privileges earned by the employee under the law enforcement merit ystem council are transferred to state service.

;. In carrying out the provisions of this section the rules are exempt from the administrative procedures act as outlined ı *section 41-1055* **TITLE 41, CHAPTER 6, ARTICLE 5** , Arizona Revised Statutes.

Click here to return the A.L.I.S. Home Page.

ARIZONA DEPARTMENT OF ADMINISTRATION
Human Resources
Policies and Procedures

Subject: RIF Guidelines
Manual Section: Article 9: Separations – RIF (Reduction-in-Force)
Supersedes: N/A

Issued: 07/01/04
Effective: 07/01/04
Revised: 00/00/00

AUTHORITY
R2-5-902
ARS §41-763-03
ARS §41-763-04

DEFINITIONS
"Reduction in Force (RIF)" means a reduction in the number of persons employed by a business, government department/agency, especially for budgetary reasons.

POLICY

PROCEDURE

- Pertinent Questions:
- Why is a RIF being considered?
- Have alternatives been discussed?
- Will the agency eliminate state service positions? Uncovered positions? Reduction-in-force rules apply only to state service positions and employees, but ADOA can assist with separations and transfers of uncovered employees.
- If the RIF goes forward, will the RIF be agency wide or limited to a smaller group, i.e., organizational unit, agency operations in a geographic area, etc.?
- How does the agency plan to determine the positions to be eliminated?
- Has the agency considered that the state service employees selected for separation pursuant to the personnel rules, may not be the incumbents in the positions the agency wants to eliminate?
- When does the agency plan to accomplish any necessary transfers?
- Are the positions actually going to be abolished or is the funding simply gone for the positions? Develop a list of the state service positions proposed for elimination. Form RIF 3 should be used for this purpose.

Voluntary Separation Plan (VSP)

- Can the agency offer a voluntary separation plan? Only permanent status state service employees in state service positions are potentially eligible to receive a voluntary separation offer. Uncovered employees and employees who do not have permanent status are not eligible.

- Employees accepting the plan may be given one week of pay at the present salary for each year of state service and the state may pay the employer's share of specified benefits for up to six months. If the agency cannot offer the full package due to budgetary constraints, lesser amounts may be offered.

- When deciding whether the agency has the funds to offer the salary component of the VSP, remember that the agency must pay off the annual and compensatory leave balances for departing employees.

- If the money is not available to offer the salary component, can the agency pay the employer's share of benefits for any period from one to six months?

available at least for the rest of the fiscal year? Which agency person will check on this with the budget director for the agency?

- Will the plan be offered only to state service employees in positions scheduled for elimination or will the plan also be offered to agency employees in the same job classification? Discuss the pros and cons of each choice.

  For example:

  A. Offering it only to employees in positions to be eliminated means:
     1. Fewer employees will be offered the VSP. This may make it easier to administer the VSP and cause less disruption in the agency.
     2. If the employees in the positions that are scheduled to be eliminated are the employees that will be separated through operation of the reduction-in-force rules, those employees may have a greater incentive to accept the VSP.
     3. The agency does not run the risk of losing valuable employees who, because of retention points, would not be separated by the RIF but may take the VSP.

  B. Offering it to employees in the same job classification as positions scheduled for elimination means:
     1. A greater number of employees will be able to volunteer for a VSP. If a sufficient number volunteer, the agency will not have to conduct a RIF.
     2. More disruption may be caused in the agency because more employees will get the VSP letter.
     3. It may be harder to administer.
     4. The agency must plan to select participants for the VSP if more employees accept the offer than the agency needs based on the number of positions to be eliminated.

- Because an agency may not encumber funds which have not yet been appropriated, the agency may not agree to pay the employer's share of benefits for a subsequent fiscal year.

- If a VSP is available, use sample Letter B to outline the RIF request and the VSP for the ADOA HR Assistant Director. If no VSP is being offered, use sample Letter A when requesting RIF approval.

Dates

- The agency plan should be sent to ADOA thirty days before the date the agency intends to begin the RIF.

- How much advance notice will employees who are being separated be given, e.g., one week, two weeks, one day?

- Dates for calculating retention points based on performance are different from the dates used for calculating retention points based on length of service. Performance points involve the three most recent performance evaluations in the twenty-four months concluded *before the date of request* for the reduction-in-force. Length of service points accrue at one per month of state service in the current class series during the sixty months *before the reduction-in-force implementation date*. *(form RIF-1)*

- Date to send VSP offer letters to employees. (Letter C)

- Date to begin sending job offer letters to employees. (Letter E)

- Date to separate state service employees who do not have permanent status. (Letter F)

- employees with permanent status. (Letter G)

- Expected end date of RIF.

Other Matters

- Depending on the operational needs of the agency, the agency head may direct that vacant state service positions in the agency will be held open for possible use during the RIF.
- Depending on the operational needs of the agency, the agency head may decide to stop salary increases for state service positions unless the raise is mandated by law.
- The agency head may want to keep the impending RIF in mind when making any personnel related decisions such as deciding whether to approve salary increases for positions not in state service, reorganizing agency units, establishing new positions, etc.
- If uncovered employees will also be let go because of funding or for other reasons, they are not a part of the RIF because the RIF only applies to state service positions; however, ADOA can help the agency with the separation letter.
- Will employees be allowed to take leave time or use state time to look for jobs or go to job interviews? See Letter G.

Communications with agency employees

- Remind the agency head or designee to decide what communications will be sent to agency employees and when the communications will be made: (1) to announce the reduction-in-force; (2) any statements on progress of the reduction-in-force; and, announcing completion of the reduction-in-force.

OTHER

LETTER A
REQUEST FOR RIF APPROVAL – NO VSP

Date

ADOA HR Assistant Director
100 North 15th Avenue, Suite 261
Phoenix, Arizona 85007
Dear HR Assistant Director:

Due to (reason for RIF), and in accordance with A.A.C. Rule R2-5-902, I request approval to conduct a reduction in force within the (agency name.)

We believe that the agency and its employees will best be served by conducting this reduction in force on a (geographic, agency, division, unit) basis because (reasons for selected area – geographic, agency, division, unit). The reduction in force date is to be effective (beginning date). **NOTE: This request should be made 30 days in advance, if agency is not able to provide 30 day notice, provide reason.**

In developing this reduction in force proposal, the agency considered a voluntary separation program. After consideration, it has been determined that sufficient funding does not exist to allow this agency to offer this program.

of organizational charts which show the state service positions proposed for elimination. Your expeditious approval of this request will be appreciated.

Sincerely,

Agency Director

Enclosure

cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager

09/03

LETTER B
REQUEST FOR RIF APPROVAL - VSP

Date

ADOA HR Assistant Director
100 North 15th Avenue, Suite 261
Phoenix, Arizona 85007
Dear HR Assistant Director:

Due to (________reasons for RIF________), and in accordance with A.A.C. R2-5-902, I respectfully request approval to conduct a reduction in force within the (________agency name.)

We believe that the agency and its employees will best be served by conducting this reduction in force on a (geographic, agency, division, unit) basis because ___________(reasons for selected area – geographic, agency, division, unit). The reduction in force date is to be effective ____(beginning date). **NOTE: This request should be made 30 days in advance, if agency is not able to provide 30 day notice, provide reason.**

In developing this reduction in force proposal, the agency considered a voluntary separation program. After consideration, it has been determined that sufficient funding does exist to offer the following voluntary separation program (VSP). The VSP will be offered to *(choose one)* permanent status state service employees in positions scheduled for elimination due to the reduction in force OR permanent status state service employees in the same class and designated area as positions scheduled for elimination.

The VSP proposal shall include:

- *The job classification and state service position number of each state service position designated for reduction in force.*
- *The name, social security number, current rate of pay, job classification, and state service position number of either the state service employees in a position scheduled for elimination due to a reduction in force or all of the state service employees in the same class and same designated area of the agency as a state service position scheduled for elimination due to a reduction in force.* ***[List the employees in the group chosen above]***
- *The number of funded, vacant state service positions within the agency by job classification.*
- *The efforts the agency has made to place state service employees designated for reduction in force in other state service positions in the same pay grade within the agency or other state agencies.*
- *... of the voluntary separation program.*

- *An available funding statement.*
- *The expected duration of the voluntary separation program.*
- *The benefits the agency plans to provide to each voluntarily separated state service employee.*
- *The procedures the agency plans to use to effect the voluntary separation program. These procedures shall include at a minimum:*
    - *An agency head's notification to a state service employee of eligibility to participate in the voluntary separation program within 5 working days of the agency's receipt of the ADOA's approval and a copy of the voluntary separation program information about state service employee eligibility, program duration, severance pay calculation, length of shared insurance premiums extension, method of payment, and program procedures.*
    - *A method of selecting among volunteers for separation when more than 1 state service employee is eligible that includes a review process in which the agency head's decision is final.*
    - *A specified time for a state service employee to consider and accept the voluntary separation severance pay and shared insurance premium payments.*
    - *A requirement that an eligible state service employee who volunteers for separation sign a written agreement that the state service employee agrees to the voluntary separation and that outlines the separation date, amount of payment, length of shared insurance premium payments, exceptions to severance and insurance, method of payment, and information pertinent to any return to work in state service or employment with a contractor who provides services to the state.}*

Enclosed is a list of specific state service positions to be eliminated (ATTACH FORM RIF-3) as well as copies of organizational charts which show the state service positions proposed for elimination. Your expeditious approval of this request will be appreciated.

Sincerely,

Agency Director
Enclosure

cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager
Agency Benefits Liaison

09/03

LETTER C
VOLUNTARY SEPARATION PROGRAM OFFER

Date

Name
Address

Dear

As you may know, there have been substantial reductions to our budget. Despite our best efforts to avoid a reduction in force, we believe a reduction in force is inevitable. **[Choose which group of employees will be offered the VSP]** You are a permanent status state service employee in a state service position scheduled for elimination due to a reduction in force **[If known add – and you will not be offered a position or However, you will be offered a position]** OR You are a permanent status state service employee in the same job classification in the same agency as positions scheduled for elimination due to a reduction in force. **[If the agency knows that the employee will not be offered a job and will be separated, the employee should be told.]**

In an effort to reduce the number of people involuntarily separated, we are first offering a Voluntary Separation Program. If you were to accept this, you would be able to continue your health, dental and life insurance programs for __________. Your insurance coverage would normally end on (date). You will be able to continue your insurance until (date).

If you choose to participate in the voluntary separation program, and you choose to retain your current coverage, then your payments will be _______, and would be due on the (date) of each month. Payments should be forwarded to agency benefits liaison name and phone number. If you wish to make changes to your current coverage, please see your agency benefits liaison for the appropriate forms.

You are also eligible for, on a pro rated basis, one week of pay at your current salary for each year of service. Based on our calculations, you are eligible to receive ____ for ____ years of service.

If the needed staff reduction is not accomplished through this Voluntary Separation Program, then a reduction in force will be conducted in accordance with A.A.C. R2-5-902.

Those accepting the voluntary separation program will be retained in their current position until the close of business _________. Six months after your voluntary separation date you will be eligible for reinstatement. [if applicable add the following sentence regarding separation pay] However, please note that if you return to state service or apply for retirement or early retirement within 6 months of your voluntary separation program, you shall have to repay the state any money paid to you as a result of participation in the voluntary separation program. You will not have to repay the benefit premiums paid on your behalf by the state.

If you accept this offer, please sign the attached agreement and return it to me ______ no later than (date and time). If you do not return the agreement by (date and time), I will treat it as a rejection of the voluntary separation program. Only number of employees will be able to accept the voluntary separation plan. If more than this number accept the plan, participants will be determined by (selection method determined by agency head).

If you have any questions, please contact HR Manager/CaMP Manager, at (602) 542-0000. If you have any questions about benefits, please contact agency benefits liaison name and phone number.

Sincerely

Agency Director

cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager

09/03

Agreement to Accept Offer of Voluntary Separation Program

I am accepting the voluntary separation plan being offered by [name of agency]. I understand that my employment will end on [insert date and time]. I further understand that if I continue to pay the employee's portion of the medical, dental and basic life insurance programs in which I am enrolled, coverage under these programs will continue until [insert date and time when coverage ends]. I understand that if I retire , apply for early retirement or accept other employment and am offered an employer sponsored insurance program, coverage under the voluntary separation plan will end on the effective date of my retirement or on the date I am first eligible for coverage under my new employer's program.

I also understand that I will receive [amount employee will be paid] which reflects, on a pro rated basis, payment of one week of pay at my current salary for every year of service. I have been credited with [number of years of service of state employment being credited]. I understand that if I retire, apply for early retirement or return to state service within six months after participating in the voluntary separation program, I shall be required to refund [amount employee will be paid].

____
[insert employee's name]

____ _____________
Signature Date

Acknowledge receipt of Offer of Voluntary Separation Offer Letter

____
{insert employee's name}

Delivered by ____ on __________ at __________
[name of employee delivering the offer] [date] [time]

09/03

LETTER D
STATE SERVICE EMPLOYEE RETENTION POINT NOTIFICATION
AN OPTIONAL LETTER FOR THE AGENCY TO USE IF THERE IS TIME

Date
Hand Delivered (Have employee sign a receipt for the letter and the attached A.A.C.)
Name
Address

Dear

Due to budget reductions, the Department of ________________________, (describe impacted area) must reduce the number of its current state service positions. As part of this process, this agency is calculating retention points for employees in state service positions which may be affected by a reduction in force. Receipt of this letter does not mean that you will be separated from employment. The purpose of this letter is to assure that this agency has properly calculated your retention points.

Retention point calculations are based on length of service and performance evaluations. For length of service, one retention point is available for each credited month of service as a state service employee in the current class series up to 60 months prior to the reduction in force implementation date. Retention points

recent performance evaluations in the two years immediately preceding the reduction in force. For your use and information, A.A.C., R2-5-902
, which explains in more detail how points are calculated, is attached.

According to the calculations your retention points are:

Length of Service Points: ___________

Average Performance Evaluation Score: _________

Performance Points: ___________

Total Retention Points: ___________

Please review our calculations. You may submit a written request to [agency head] for a review of the procedure resulting in this notice. The request must be delivered to [name of person] by 5:00 P.M. on insert date three working days after date of hand delivery, not counting the date of hand delivery]. The request for review must be based upon an error, contain specific information about the error and include a proposed resolution of the problem. You will receive a response within five working days after receipt of the request. Your personnel file is, as always, available for your use and you may contact [name, phone #, e-mail] or [name, phone #, e-mail] with questions about the calculations.

Sincerely,

Agency Director
cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager
Employee Personnel File

Attachment

09/03

LETTER E
(JOB OFFER WITHIN AGENCY)

Date

Hand Delivered (Have employee sign a receipt for the letter)
Name
Address

Dear

As a result of the reduction in force which is being conducted in this agency, you are offered the following position:

Class: (class code and title) No probationary period is required.

Salary:

Program:

Location:

Person to Contact and Telephone:

Reporting Date and Time:

THIS IS THE ONLY STATE SERVICE JOB OFFER YOU WILL RECEIVE DURING THIS REDUCTION IN FORCE. TO ACCEPT THIS OFFER YOU MUST RETURN THIS DOCUMENT WITH YOUR SIGNATURE BY (DATE - THREE FULL WORKING DAYS AFTER HAND DELIVERY, NOT INCLUDING THE DAY OF HAND DELIVERY) TO (NAME AND POSITION) AT (LOCATION).

You were selected for transfer based upon retention points. Retention point calculations are based on length of service and performance evaluations. For length of service, one retention point is available for each credited month of service during the 60 months prior to the reduction in force. Retention points based on performance evaluations are calculated using a formula based on the average of a maximum of the three most recent performance evaluations in the two years immediately preceding the reduction in force. For your use and information, a copy of A.R.S. §41-763.03 and a copy of A.A.C. R2-5-902, which explain in more detail how points are calculated, are attached.

According to the calculations your retention points are:

Length of Service Points: ___________

Average Performance Evaluation Score: _________

Performance Points: ___________

Total Retention Points: ___________

Failure to accept this position within the time specified shall constitute a resignation in accordance with A.A.C. R2-5-902 which reads, in part:

Any job offer shall contain a time limitation of not less than 3 working days in which the employee may accept the offer. Failure of an employee to reply in writing within the stated time limit, or failure to accept a job offer, shall constitute a resignation.

In the event of resignation you will be eligible to apply for reinstatement for a period of two years. In such case, a resume and completed supplement (SF501) is required to be submitted to the State Human Resources Division at 100 N. 15th Avenue, Suite 103, Phoenix, AZ 85007.

You may accept this position and still request a review of this action if you believe an error has been made. The request should be submitted in writing to **(HR Manager/CaMP Manager), (Location)**, and must be received by **(3 Working Days after delivery of this letter NOT COUNTING THE DATE OF DELIVERY).** A.A.C. R2-5-902 (G) specifies that your request must contain specific information about the nature of the error you have identified and a proposed solution to the problem. Your personnel file is, as always, available for review and you may contact **[name, phone number and/or e-mail]** with questions about the calculations.

Sincerely,

cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager
Employee Personnel File

09/03

LETTER F
LAYOFF OF ORIGINAL PROBATION EMPLOYEE
THIS LETTER MAY ALSO BE MODIFIED FOR USE FOR THE OTHER EMPLOYEES LISTED IN A.A.C. R2-5-902.B.1

Date

Name
Address

Dear

Since __(Date)__, you have been employed as a __(Classification)__________, on original probation at the __________(Work Location)

Due to budget reductions, this agency must conduct a reduction in force. I deeply regret to inform you that because of your status as an original probationary employee, you are being separated effective __(Date)__. This separation is in accordance with A.A.C. R2-5-902 (B) (1) (f). Please promptly return any state property you may have in your possession, and contact (HR Manager/CaMP Manager) at (phone number) should you have any questions regarding this action.

You may submit a written request to [agency head] for a review of the procedure resulting in this notice of separation. The request must be delivered to [name of person] by 5:00 P.M. on (insert date) three working days after date of hand delivery, not counting the date of hand delivery]. The request for review must be based upon an error, contain specific information about the error and include a proposed resolution of the problem. You will receive a response within five working days after receipt of the request. You may contact [name, phone #, e-mail] or [name, phone #, e-mail] with questions about this action.

Thank you for your service to the Department of ______________.

Sincerely,

Agency Director

cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager
Employee Personnel File
09/03

LETTER G
PERMANENT STATUS STATE SERVICE EMPLOYEE SEPARATION LETTER

Date
Name
Home Address

Re: Notice of Separation Due to Reduction in Force and Procedure to Request Review

Dear ___________:

Due to [state reason for reduction in force], the [name of state agency] must separate employees. Your employment will end effective [date and time]. If you apply to the Department of Administration, you are entitled to be considered for reemployment in positions in the class held immediately prior to the reduction in force. Until the last day of your state service employment, as stated above, you will be allowed to go on interviews for positions with the State of Arizona, subject to the operational needs of the agency.

Retention point calculations affect which employees will be separated. Retention point calculations are based on length of service and performance evaluations. For length of service, one retention point is available for each credited month of service as a state service employee in the current class series during the 60 months prior to the reduction in force implementation date. Retention points attributable to performance are calculated using a formula based on the average of a maximum of the three most recent performance evaluations in the two years immediately preceding the reduction in force. For your use and information, a copy of A.R.S. §41-763.03 and a copy of A.A.C. R2-5-902, which explain in more detail how points are calculated, are attached.

According to the calculations your retention points are:

Length of Service Points: ___________

Average Performance Evaluation Score: _________

Performance Points: ___________

Total Retention Points: ___________

You may submit a written request to the [agency head] for a review of the procedure resulting in this notice of separation. The request must be delivered to [name of person] by [5:00 p.m. on insert date: three working days after date of hand delivery, not counting the date of hand delivery]. The request for review must be based upon an error, contain specific information about the error and include a proposed resolution of the problem. You will receive a response within five working days after receipt of the request. Your personnel file is, as always, available for your use and you may contact [name, phone #, e-mail] or [name, phone #, e-mail] with questions about the calculations.

Your contributions to this [agency] are appreciated.

Sincerely,

cc: Employee Personnel File
HR Satellite Team Manager
Agency HR Manager/CaMP Manager

09/03

LETTER H

STATE SERVICE EMPLOYEE REPROMOTION OFFER

(... Class – whether permanent status previously held or not.)

Date

Hand Delivered (Have employee sign a receipt for the letter)

Name
Address

Dear

On (date), as a result of a reduction in force, you were reduced in class and grade from (former class and grade) to (present class and grade). Based on your retention point ranking, I am authorized to present you with the following repromotional state service job offer. I encourage you to contact the supervisor listed below for details. The salary noted below was determined in accordance with A.A.C. R2-5-303, *Salary Administration.*

Class: (class code and title)

Grade:

Salary:

Program:

Location:

Supervisor and Telephone:

Reporting Date and Time:

If you decide to accept the state service position, you will not be required to serve a promotional probationary period. Your opportunities for further promotion will automatically continue regardless if you accept or reject this job offer.

Please indicate acceptance or rejection of this offer along with your signature and date below. Then return this letter to (LOCATION), no later than 5:00 p.m. on 3 or more business days. If your written acceptance has not been received at (LOCATION) by **5:00 p.m. on** (list the same date as above) we will take this as a rejection of this repromotion offer. Because this offer is to an intervening class, you will remain eligible for repromotion positions.

Sincerely,

Agency Director

This offer of repromotion was delivered to me on ______________ at ______________
(Date) (Time)

(Employee Signature)

BY_______________________ _______________________
(name of person delivering offer) Signature

Having read and understood the above conditions, I chose to _______________ this offer of repromotion.
(accept/reject)

_______________________ _______________
(Employee Signature Line) (Date)

RP-4

CC: HR Satellite Team Manager
Agency HR Manager/CaMP Manager
Employee Personnel File

09/03

LETTER I
STATE SERVICE EMPLOYEE REPROMOTION OFFER
(Previous Class – Permanent Status Held Immediately Preceding RIF)

Date

Hand Delivered (Have employee sign a receipt for the letter)

Name
Address

Dear

On (date), as a result of a reduction in force, you were reduced in class and grade from (former class and grade) to (present class and grade). Based on your retention point ranking, I am authorized to present you with the following repromotional state service job offer. I encourage you to contact the supervisor listed below for details. The salary noted below was determined in accordance with A.A.C. R2-5-303, *Salary*

Class: (class code and title)

Grade:

Salary:

Program:

Location:

Supervisor and Telephone:

Reporting Date and Time:

If you decide to accept the state service position, you will not be required to serve a promotional probationary period. If you reject the offer, you will forfeit further repromotion opportunities. A.A.C. R2-5-205.B.3.b, reads in part:

An employee who fails to accept a repromotion to the class from which the employee was reduced shall not continue to be considered for repromotion.

Rejection of the offer, however, will not affect your opportunity to make application for promotion under normal procedures.

Addressee
Date

Page

Please indicate acceptance or rejection of this offer along with your signature and date below. Then return this letter to (LOCATION), no later than 5:00 p.m. on (3 or more working days from this letter). **If your written acceptance has not been received at (LOCATION) by 5:00 p.m. on (DATE), we will take this as a rejection of this repromotion offer and you will no longer be considered for repromotion opportunities.**

Sincerely,

Agency Director

This offer of repromotion was delivered to me on ______________ at ______________
(Date) (Time)

____
(Employee Signature)

BY______________________________ ______________________________
(name of person delivering offer) Signature

repromotion.
(accept/reject)

______________________________ ________________
(Employee Signature Line) (Date)

RP-3

cc: HR Satellite Team Manager
Agency HR Manager/CaMP Manager
Employee Personnel File

09/03

AREAS IMPACTED

All System A State Agencies

CONTACTS

If you have any questions related to HR Policy, please contact your agency's Human Resources Office/representative.

Return to Table of Contents

Attachment # 7
Page 30 of 54

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF HUMAN RESOURCES

JIM HODGES, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

JAMES A. LANDER
COMPTROLLER GENERAL

HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

1201 MAIN STREET, SUITE 1000
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0900

SAMUEL L. WILKINS
DIRECTOR

MEMORANDUM

TO: Agency Heads and Human Resources Directors of All Agencies, Departments, Institutions of Higher Education, Boards and Commissions

FROM: Samuel L. Wilkins
Director

DATE: June 19, 2002

SUBJECT: Voluntary Separation Program Guidelines

At its June 18, 2002 meeting, the Budget and Control Board approved changes to the attached Voluntary Separation Program (VSP) guidelines. These guidelines serve as **minimum requirements** for agencies to follow should they wish to develop a VSP program for employees.

The FY 2002-2003 Appropriation Act implemented proviso 72.68 to provide continuation of the voluntary separation program. The new proviso no longer requires agencies to delete FTE positions that are vacated by participating employees. The program includes provisions for a separation incentive payment for employees, which may include the employer portion of health and dental benefits for up to one year.

All VSP programs require approval from the agency head and the Division of Budget and Analyses of the Budget and Control Board. Any program developed under this provision may be developed in consultation with the Budget and Control Board's Office of Human Resources. Agencies are required to report results of their prior year's program to the Budget and Control Board by **AUGUST 15, OF THE CURRENT FISCAL YEAR**.

You may access the VSP guidelines and a sample plan from the Office of Human Resources' website at **http://www.state.sc.us/ohr/main.htm**. If you have any questions regarding the changes to the Voluntary Separation Program guidelines, please call your HRCS Consultant at (803) 737-0970.

SLW:tc

Attachment

NOTICE OF THE SOUTH CAROLINA [AGENCY] VOLUNTARY SEPARATION PROGRAM

[mm-dd-yy]

I. PURPOSE

The purpose of the Voluntary Separation Program (VSP) is to implement a program to realign resources and/or permanently downsize based on the ability to demonstrate cost savings. The [Agency] has developed a voluntary separation program and is offering a separation incentive payment to eligible employees, in accordance with Proviso 72.63 of the FY 2003-2004 Appropriation Act. The [Agency] is funding this program within existing funds.

Participation in this Program is entirely voluntary. You are not required to participate in the Separation Incentive Program simply because you have received this notice. (Employees in receipt of this policy will be required to sign the attached "Acknowledgement of Notice" and return it to the [Agency] Human Resources Manager.)

Employees who decide to participate in the VSP will be required to sign the attached "Agreement and Release" form, which will also release any and all claims the employee could bring against the State or the [Agency], including claims under the Age Discrimination in Employment Act (ADEA) and the Older Workers Benefit Protection Act (OWBPA).

This program was developed in consultation with the Budget and Control Board's Office of Human Resources. All decisions regarding this VSP are the responsibility of the Agency Director. Questions and applications for the VSP should be referred to the [Agency] Human Resources Manager at [803-XXX-XXXX].

II. ELIGIBILITY AND PARTICIPATION

A. All employees of the [Agency] in FTE positions as of [mm-dd-yy] are eligible to participate in the VSP. The Agency Director and all employees who are exempt from the State Employee Grievance Procedure Act are not eligible to participate in the program.

B. The following classifications or divisions are not eligible to participate: list of other classifications/divisions determined ineligible by the [Agency]. Exceptions may be considered and determined by the Agency Director based on the Agency's business needs. [OPTIONAL]

C. Employees who submitted a notice of resignation, which was accepted by the [Agency] prior to the date of VSP notification, are not eligible to participate in the VSP.

D. Employees participating in the Retirement Incentive Plan are not eligible to participate in the VSP.

E. Employees who choose to participate in the VSP and who are approved to participate in the VSP must resign from employment with the [Agency] no later than [mm-dd-yy].

F. Current participants of the TERI Program are eligible to participate in the VSP and thereafter must separate from state service.

G. Participants of the VSP may not participate in the TERI Program in the future.

H. Employees participating in the program shall be considered to have voluntarily quit their employment without good cause and be subject to the provisions of Section 41-35-120(1) of the S.C. Employment Security Law.

I. The [Agency] may declare an employee ineligible for the Program based on financial considerations of the agency or on the critical need to retain the employee for the [Agency] to continue its mission. Under no circumstances will age, race, color, religion, creed, national origin, sex, disability, military status, or political affiliation be used by any [Agency] official in making any decision under this Program. [OPTIONAL]

J. Implementation of the VSP will be based on fair and objective criteria developed by the [Agency]. Implementation of this program is the responsibility of the Agency Director.

K. Employees participating in the VSP cannot be employed with the [Agency] or any other State agency in an FTE position for a period of two years from the date of separation, unless the employee reimburses the [Agency] on a pro-rata basis for the benefits received.

III. THE INCENTIVE

A. Individuals who are approved to participate in the VSP will receive a separation payment not to exceed one year's base salary.

B. The [Agency] will pay the employer portion of health and dental benefits for up to one year for individuals who are approved to participate in the VSP, unless the employee otherwise becomes eligible for such benefits. Employees who were not eligible for health and dental benefits prior to applying for the program would not be eligible for those benefits if they participate in the program. [OPTIONAL]

C. State service will be rounded to the nearest whole year (six months or more will be rounded up and less than six months will be rounded down).

D. Employees will receive payment for any unused annual and compensatory leave balances as provided in the Human Resources Regulations and agency policy.

IV. APPLICATION

A. Individuals who are eligible to participate in the VSP may apply for the VSP between [mm-dd-yy] and [mm-dd-yy].

B. Eligible employees may have forty-five (45) days to consider whether to participate in the VSP. If an eligible employee received notice of the VSP after [mm-dd-yy], the final date to accept participation will be forty-five (45) days after the eligible employee received notice.

C. After an eligible employee agrees to participate in the VSP, the employee will have seven (7) days from the date of his or her acceptance to revoke his or her Agreement.

D. An employee who accepts participation in this Program must resign from the [Agency] no later than [mm-dd-yy] unless the Agency Director and the employee set an alternative separation date.

E. To officially agree to participate, the attached "Agreement and Release" form must be completed and submitted to the [Agency]'s Human Resources Office by [mm-dd-yy].

F. All decisions to resign made by employees under the VSP are voluntary and are not considered grievable actions.

G. In addition to receiving copies of this notice and the "Agreement and Release," should you participate in this Plan, the ADEA requires that [Agency] provide you a list of (1) all job titles and ages of [Agency] employees who are eligible to participate in the Program, and (2) all job titles and ages of [Agency] employees that are not eligible to participate in the Program.

H. Under no circumstances will age, race, color, religion, creed, national origin, sex, disability or political affiliation be employed by any [Agency] official in making any decision under this VSP.

Agency Director	Director, Division of Budget and Analyses
Date	Date

ACKNOWLEDGMENT OF NOTICE OF THE SOUTH CAROLINA [AGENCY] VOLUNTARY SEPARATION PROGRAM

I, the undersigned, have received this notice explaining the provisions of [Agency]'s Voluntary Separation Program (VSP) and I understand its contents. I understand that my participation in the VSP is voluntary. I have also received a copy of the "Agreement and Release." To participate in the VSP, I understand that I must sign and abide by the "Agreement and Release." I also understand that the VSP is in accordance with Proviso 72.63 of the FY 2003-2004 Appropriation Act.

Printed Name ______________________________

Signature ______________________________

Division/Office ______________________________

Date ______________________________

RETURN THIS ACKNOWLEDGMENT TO THE [AGENCY] OFFICE OF HUMAN RESOURCES IMMEDIATELY.

Sample

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

AGREEMENT AND RELEASE

This **Agreement and Release** ("Agreement") is agreed to this ____________day of __________________ [yyyy], by and between ____________________________________ ("Employee") and the **South Carolina [Agency].**

WHEREAS, the Employee is currently employed by the [Agency], and

WHEREAS, the [Agency] began offering a Voluntary Separation Program ("VSP"), which is attached to this Agreement, to eligible employees of the [Agency] on [mm-dd-yy], and

WHEREAS, the time period in which eligible employees of the [Agency] may agree to participate in the VSP begins [mm-dd-yy] and ends [mm-dd-yy], and

WHEREAS, the Employee is currently employed by the [Agency], is eligible to participate in the VSP and chooses to participate in the VSP in a timely manner, and

WHEREAS, the Employee agrees to resign and separate from employment with the [Agency] no later than [mm-dd-yy], and

WHEREAS, the Employee understands he or she may not be employed with the State of South Carolina in an FTE position for a period of two years from the date of separation, unless the Employee reimburses the [Agency] on a pro-rata basis for the benefits received,

THEREFORE, the Employee and the [Agency] enter into the following Agreement:

1. Employee's Voluntary Resignation. The Employee voluntarily resigns from employment with the [Agency] and the State of South Carolina effective close of business on ________________________, [yyyy]. The [Agency] accepts the Employee's voluntary resignation.

2. Incentive. The [Agency] agrees to pay $______THOUSAND __________DOLLARS ($__,___.00), not to exceed one year's base salary. The total amount that shall be paid is $____THOUSAND _________DOLLARS ($__,___.00), minus any state and federal taxes.

3. Release. The Employee, for himself/herself and his/her heirs, executors, administrators, successors, and assigns, hereby releases the [Agency], and its

present and past employees, agents, officers, parents, successors, insurers, and assigns, from any and all claims by the Employee. This release specifically includes, but is not limited to, all claims which may have been asserted by or on behalf of the Employee against the [Agency] in any lawsuit, grievance, administrative proceeding, or charge of discrimination against the [Agency], on account of any matter relating to the Employee's employment with the [Agency] or his voluntary resignation and/or separation from employment with the [Agency]. The Employee specifically includes in this release claims that may have been asserted by him/her or on his/her behalf under the Age Discrimination in Employment Act (ADEA) and the Older Workers Benefit Protection Act (OWBPA).

4. Adequate Consideration. The Employee affirms that the Incentive described in Paragraph 2 of this Agreement is adequate consideration for the release of claims described in Paragraph 3 of this Agreement. The Employee affirms that, absent this Agreement, he/she would not otherwise be entitled to the Incentive described in Paragraph 2 of this Agreement.

5. Confidentiality. The [Agency] and the Employee will keep the terms, conditions, and circumstances of this Agreement confidential, except as required by law and as necessary to enforce this Agreement.

6. Voluntary Waiver. The Employee affirms that he/she has carefully read and considered this Agreement, and that he/she fully understands the meaning and importance of its provisions, including his/her release of all claims under the Age Discrimination in Employment Act (ADEA) and Older Workers Benefit Protection Act (OWBPA). The Employee also affirms that he/she is fully competent to sign and execute this Agreement and that he/she does so without any coercion, undue influence, threat, or intimidation of any kind or type.

7. Forty-Five Day Period. The Employee affirms that he/she has been afforded the opportunity to consider this Agreement for a forty-five (45) day period.

8. Revocation Period. The Employee understands that he/she has seven (7) days after signing this Agreement to revoke his/her acceptance of the Agreement, and that the [Agency] will make the incentive payment described in Paragraph 2 of this Agreement only after the passage of these seven (7) days and only after this Agreement comes into full and binding effect.

9. Governing Law. This Agreement is governed by the laws of the State of South Carolina.

Agreed to this ______day of___________[yyyy].

FOR THE EMPLOYEE:

____
Employee Name

FOR THE [AGENCY]:

____
Name
Agency Designee
SC [Agency]

Sworn and Subscribed to this the
______ day of _______, [yyyy]

____
Witness or Notary Public

My commission expires:

____

Sworn and Subscribed to this the
______ day of _______, [yyyy]

____
Witness or Notary Public

My commission expires:

____

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201 Main Street
uite 800
olumbia, SC 29201
none: (803) 737-0900

Voluntary Separation Program FAQs

References

- 2007-2008 Appropriation Act, Section 72.46
- Cost Estimate (Mandatory)
- Guidelines
- Preparation Checklist
- Reporting Form (Mandatory)
- Sample Agreement and Release
- Sample Program
- 2002 Guidelines Memo

Implementation

Q: How does an agency develop a Voluntary Separation Program (VSP) for its employees?

A: An agency must develop its VSP based on the guidelines approved by the Budget and Control Board. Except where designated as an "optional" feature, all components of the approved guidelines serve as the minimum requirements for the agency?s VSP. A sample program is available through the OHR website to assist agencies in developing a VSP.

Q: When an agency is consulting with the Office of Human Resources (OHR) to implement the VSP, what should the agency submit for review?

A: Documentation to be submitted to OHR is as follows:
The VSP the agency intends to distribute to employees; and A demonstration of recurring cost savings over two fiscal years. (The demonstration of cost savings can be an estimate based on total salaries and fringe benefits of the estimated number of participants, VSP costs, and other expenditures or savings related to the Program.) Optional documentation that OHR strongly encourages agencies to include are: VSP Agreement and Release and Acknowledgement of Notice.

Participation Eligibility

Q: Who is eligible to participate in the VSP?

A: According to the guidelines, employees in full-time equivalent (FTE) ... including TERI employees, are eligible to participate in the VSP.

effective date, and employees who participate in the Retirement Incentive Plan are not eligible to participate in the VSP. In accordance with VSP guidelines, agency heads make the final decision concerning which employees are eligible to participate.

Q: Can the agency require an employee to participate in the VSP?

A: No, participation in the VSP is voluntary.

Reemployment After VSP

Q: Can an employee return to an FTE position after participating in the agency?s VSP?

A: A participating employee cannot return to an FTE position with the agency for two years from the date of separation unless the employee reimburses the agency from which the employee separated on a pro-rata basis for the benefits received.

Q: Can an employee who participates in the VSP return to his former agency or another agency in State Government in a temporary, temporary grant, or time-limited project position?

A: Yes, an employee can return to a temporary, temporary grant, or time-limited project position.

Incentives

Q: Is there a maximum incentive payment an employee can receive if participating in the VSP?

A: Yes, the incentive payment may not exceed one year of the employee?s base salary.

Q: Does an employee participating in the VSP forfeit all unused annual and sick leave?

A: No, upon separation a participating employee will receive payment for any unused annual leave balance as provided in the State Human Resources Regulations. Upon separation other than by retirement from State Government, an employee forfeits all unused sick leave.

Q: Is the agency required to include health and dental benefits in the VSP?

A: No, providing benefits such as the employer contribution of health and dental benefits for one year is an option but not a requirement of the VSP.

Consideration to Participate

Q: How much time must an agency allow an employee to consider participation in the VSP?

A: In accordance with the Age Discrimination in Employment Act and the Older Workers? Benefit Protection Act, an employee must be offered 45 calendar days from the date the employee receives notification of the VSP to consider

Q: Once the employee signs the VSP agreement and release, can the employee rescind the agreement and decide not to participate?

A: Yes, in accordance with the Age Discrimination in Employment Act and the Older Workers? Benefit Protection Act, an employee has seven calendar days from the date of executing the agreement and release to rescind his decision to participate. An individual employee may not waive the seven-day period.

FTE Deletion

Q: Is the agency required to delete the FTE position after it has been vacated by an employee participating in the VSP?

A: No, the agency is no longer required to delete an FTE position after the participating employee has vacated the position.

Cost Savings Demonstration and Reporting Requirement

Q: Within what time period must an agency demonstrate cost savings?

A: The agency must be able to demonstrate an overall cost savings within two fiscal years beginning with the fiscal year in which the VSP was implemented.

Q: What information should the agency provide to demonstrate cost savings?

A: The Office of Human Resources has provided the Voluntary Separation Program Reporting Forms to assist an agency in providing the necessary information. The forms are available on the OHR website.

Q: Are there any reporting requirements after an agency implements the VSP?

A: Yes, an agency is required to report the results of the VSP to the Budget and Control Board following the effective date of implementation. The Office of Human Resources has provided two forms to assist an agency in reporting the required information.

Grievance Rights

Q: Is the exclusion of an employee or classification from participation in the agency?s VSP a grievable or appealable action?

A: No, exclusion from participation is not a grievable or appealable action. Agency heads make the final decision based on fair and objective criteria concerning which employees are eligible to participate in the VSP.

CONTENT OF THIS DOCUMENT, IN WHOLE OR IN PART. NO PROMISES OR ASSURANCES, WHETHER WRITTEN OR ORAL, WHICH ARE CONTRARY TO OR INCONSISTENT WITH THE TERMS OF THIS PARAGRAPH CREATE ANY CONTRACT OF EMPLOYMENT.

Attachment # 7
Page 42 of 54

[Agency]

Voluntary Separation Program Report

			Current Fiscal Year	Next Fiscal Year
A ~	**Total salaries and fringe benefits of participating employees:**		$0	$0
B ~	**Total costs of Voluntary Separation Program:** *(Total cost of incentive payment + Total cost of annual leave pay out)*		$0	
	Total cost of incentive payments	$0		
	Total cost of annual leave pay out	$0		
C ~	**Total costs of other expenditures:**			
	Total salaries and fringe benefits *(paid through separation date)*		$0	
	Cost of health and dental insurance payments		$0	$0
	Other realignment costs *(e.g., use of temporary employees, pay increases for remaining staff, etc.)*		$0	$0
D ~	**Cost Savings:**			
	Current Fiscal Year Savings *(A-B-C=D1)*		$0	
	Next Fiscal Year Savings *(A-C=D2)*			$0
	Total Cost Savings *(Current and next fiscal years: D1+D2)*			$0

- Number of employees who applied for the plan 0
- Number of employees approved to participate 0
- Number of employees re-hired into a temporary position 0

S.C. Budget and Control Board
Office of Human Resources

Search OHR

m Wilkins, Director
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Voluntary Separation Program (VSP) Guidelines

Purpose

The purpose of the voluntary separation program is to allow agencies to implement a program to realign resources and/or permanently downsize based on the ability to demonstrate recurring cost savings. Program approval will be based on the agency head?s ability to demonstrate cost savings within a two fiscal year period.

The following minimum program requirements must be incorporated in any agency?
s
voluntary separation program.

Participation Eligibility

- Only employees in FTE positions may be eligible for the voluntary separation program.
- Employees who submit a notice of resignation, which has been accepted by the agency prior to the effective date of the program, are not eligible to participate in the agency?s voluntary separation program.
- Employees who were not eligible for health and dental benefits prior to applying for the program, would not be eligible for those benefits if they participate in the program.
- Agency Heads are not eligible to participate in the voluntary separation program. Employees currently participating in the TERI program are eligible to participate in the voluntary separation program and thereafter must separate from employment with the state.
- Employees participating in the voluntary separation program are not eligible to continue employment in the TERI program.
- Employees participating in a retirement incentive plan in accordance with Sections 9-1-1140 (H) and 9-11-50 (H) of the South Carolina Code of Laws, are not eligible to participate in the voluntary separation program.
- All decisions to request participation in the program are voluntary by each eligible employee.
- All decisions concerning approval of participants are within the discretion of the agency head and in accordance with the approved program. An agency?s program may declare an employee or categories of job classifications ineligible based on financial considerations or on the business needs of the organization to retain the employee(s) in order for the agency to continue its mission. The decision of the agency head is final.

Program Components

- The agency head has overall responsibility for the implementation of the program.
- The agency will fund the program within existing funds.
- The program may be implemented based on the agency?s ability to demonstrate recurring cost savings for realignment and/or permanent downsizing.
- Implementation of the program will be based on fair and objective criteria developed by the agency.
- An employee who is selected to participate in the program will agree to voluntarily resign or retire from the agency on or before the program effective

date.

- In addition, employees who participate in the program may not become employed with the State of South Carolina in an FTE position for a period of two years from the date of separation unless the employee reimburses the agency from which the employee separated on a pro-rata basis for the benefits received.
- Participating employees may receive the following benefits:

1. Separation payment not to exceed one year?s base salary; and
2. Employer portion of health and dental benefits for up to one year, unless the employee otherwise becomes eligible for such benefits.

In addition, employees will receive payment for unused annual leave balances as provided for in the State Human Resources Regulations.

- In accordance with the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, eligible employees will have seven (7) days from the date of their acceptance to revoke the agreement.
- All decisions made under this program by employees to retire or resign are voluntary and are not considered grievable or appealable actions.

Approval and Reporting

- Voluntary separation programs may be developed in consultation with the Offie of Human Resources of the Budget and Control Board.
- The agency head and Director of the Division of Budget and Analyses must approve the program based on the ability to demonstrate recurring cost savings for realignment and/or permanent downsizing.
- State agencies are directed to report the results of the prior year's voluntary separation program to the Budget and Control Board by August 15 of the current fiscal year.

VOLUNTARY SEPARATION PROGRAM CHECKLIST

I. PURPOSE

___ Allows to realign resources and/or permanently downsize based on **demonstration of recurring cost savings** within a two fiscal year period
___ Award a separation incentive payment in accordance with Proviso 72.63 (FY 2003-04)
___ Funded within existing appropriations
___ Participation is voluntary by each eligible employee
___ Once employees receive notice of the program they are required to sign an "Acknowledgement of Notice" [*Optional but recommended*]
___ Employees deciding to participate will be required to sign an "Agreement and Release" [*Optional but recommended*]
___ Consultation with the Office of Human Resources
___ Agency Head responsible for implementation and decisions regarding VSP

II. ELIGIBILITY AND PARTICIPATION

___ Only employees in FTE positions eligible
___ Agency Heads are **<u>NOT</u>** eligible
___ Employees exempt from SEGPA under Proviso 57.1 and 72.93 of the FY 2003-2004 Appropriation Act are **<u>NOT</u>** eligible
___ Division, operational unit, or groups may be <u>ineligible</u> based on Agency business needs
___ Ineligible if notice of resignation prior to program effective date
___ Employees participating in the Retirement Incentive Program are **<u>NOT</u>** eligible
___ Eligible if currently participating in **TERI** program
___ Employees who participate in VSP are **<u>NOT</u>** eligible to participate in TERI after participation in VSP
___ Employees participating shall be considered to have voluntarily quit and are subject to provisions of Section 41-35-120 (1) of the S.C. Employment Security Law.
___ Agency Director may declare an employee ineligible based on financial considerations
___ Selection based on fair and objective criteria developed by the agency
___ Participating employees ineligible for employment in any FTE position for two years from the date of separation unless repayment of incentive on pro-rata basis

III. THE INCENTIVE

___ Incentive payment not to exceed one year's base salary
___ Employer portion of health and dental benefits for up to one year, unless otherwise becomes eligible for such benefits [*Optional*]
    ___ No health or dental benefits if ineligible before the program [*Optional*]
___ Payment for unused annual leave balance per HR Regulation

IV. APPLICATION

___ Dates of consideration/application period (must be forty-five (45) calendar days)
___ Eligible employees have forty-five (45) days to consider the agreement in accordance with the ADEA
    ___ Agency must provide a list of all job titles and ages of agency employees who are eligible to participate in the Program in accordance with the ADEA
___ Eligible employees have seven (7) days to revoke agreement in accordance with OWBPA
___ Participation voluntary not a grievable or appealable action
___ Participating employees must resign on effective date unless Agency Director and employee set alternate date
___ Agreement and release submission due date

IV. APPROVAL AND REPORTING

___ Agency Head and Director of Budget and Analyses <u>MUST</u> approve program – Plan must contain the Agency Head signature prior to approval
___ OHR reports results to Budget and Control Board by August of the current fiscal year

VOLUNTARY SEPARATION PROGRAM
AGREEMENT AND RELEASE
CHECKLIST

___ **Date of the Agreement**

___ **Employee's Voluntary Separation Effective Date**

___ **Incentive:**
- ___ Amount of incentive payment
- ___ Minus state and federal taxes
- ___ Incentive limitation of one year's base salary

___ **Release:**
- ___ Release of all claims including ADEA and OWBPA

___ **Adequate Consideration:**
- ___ Employee affirms the incentive is adequate consideration for the release of claims

___ **Confidentiality:**
- ___ The department and the employee agree to keep terms of agreement confidential except as required by law and to implement this agreement

___ **Voluntary Waiver:**
- ___ Voluntary waiver by employee of all claims under ADEA and OWBPA
- ___ Signature is completely voluntary

___ **Forty-Five Day Consideration Period:**
- ___ Employee has been given the opportunity to consider the agreement for 45 days (ADEA)

___ **Seven Day Revocation Period:**
- ___ Employee has 7 days to rescind agreement after signing the agreement and release (OWBPA)

___ **Signatures:**
- ___ Agency will not pay incentive until <u>after</u> the passage of the 7 days
- ___ Signature and date blocks for the employee and the agency
- ___ Witness (or Notary) blocks with dates

___ **Internal Consultant Notes:**
- ___ May exclude <u>existing</u> Workers' Compensation claims in release on a case by case basis

TECHNICAL ASSISTANCE – VOLUNTARY SEPARATION INCENTIVES IN LIEU OF LAYOFF

Prepared by the Division of Human Resources in the Department of Personnel & Administration. Revised August 31, 2007.

GENERAL

With the passage of the Total Compensation Reform Act of 2003 (HB03-1316), two separation incentive programs were no longer needed. As of July 1, 2003, the authority for the voluntary separation incentive program is under the state personnel director who conducted rulemaking to consolidate the programs under Director's Administrative Procedures effective January 1, 2004.

The state personnel system offers a financial incentive program to employees who voluntarily separate in lieu of or to avoid layoffs. The purpose of the program is to save costs and minimize the impact from layoffs of permanent employees, based upon documented lack of funds, lack of work, or reorganization.

Note: The terms "department head" and "department" have the same meaning found in rule and procedure, i.e., executive director of a department or president of a higher education institution.

BASIC PARAMETERS

Purpose. Separation incentives are an alternative to a layoff in process or anticipated, based upon lack of funds, lack of work, or reorganization, and may be used for any layoff to achieve *permanent* reductions in personal services. The program is not a retirement incentive.

Authority. A department head authorizes use of the program in the organization to avoid layoffs, or eliminate further bumping, and result in savings.

Use. Separation incentives are discretionary and may be offered to an employee(s) at any time during or in anticipation of a layoff (e.g., layoff notice or creation of a reorganization plan involving layoffs).

The program must result in savings and eliminate the need for layoff or further bumping. Savings must be realized in the next fiscal year and be greater than the cost of the separation incentive and leave payout.

Formal Written Plan. This is required, may be designed as needed, and must be approved by the department head **prior to** implementation.

The approved plan should be communicated to employees. If the incentives are to be offered to groups of employees only (e.g., division, unit, a class or classes), the department should consult with legal counsel before communicating to employees.

In creating a plan, consider the assurance of fund availability and savings, the ability to fund it from existing base appropriations, and that the plan is in the best interest of the State and department. Recommended elements of the plan:

- Overview of the layoff conditions under which the department is or would consider use of separation incentives.

- How the department will apply the state personnel director's parameters, guidelines, and rules; any established executive branch policy (e.g., policy of March 10, 2003); the specific criteria to be used to calculate incentive amounts; and, requirements for justification. Departments are strongly encouraged to develop and use a consistent practice.

- Process to initiate the separation incentive program and finalize offers, including specifying required approvals, deadlines to apply, and how recipients will be selected.

- Time frames for an employee to consider, seek advice and clarification, and accept an offer.

Individual Written Contract. The department and employee must execute a contract before separation and payment. Use the attached form developed by the Attorney General's Office, the State Controller's Office, and the Division of Human Resources. It contains the necessary contents of a contract to protect both the department and employee. Departments need to contact legal counsel for additional language if separation incentives are not offered to all employees in the department. Various state and federal laws mandate that certain provisions be included for the contract to be valid and enforceable. There are some rights and benefits that are not legal for an employee to waive and an agreement to do so would not be binding. Therefore, the prescribed form contract (attached) is required and the Attorney General, the State Controller, and the Director of the Division of Human Resources must approve any proposed changes in advance.

These agreements are subject to approval by the State Controller's Office like any other contract. Be aware that many controller delegations exclude authority to approve these types of contracts at the department level. For questions about signature authority, consult the State Controller's website for guidance at http://www.colorado.gov/dpa/dfp/sco/contracts/contractpolicies.htm.

Amount. Calculate using the current base salary rate in effect on the last day of employment. The state personnel director and any further executive branch policy set the limits. These limits are published in the compensation plan or notice as determined by the director. For example, applying the state personnel director's directives in the FY 2007 – 2008 compensation plan, the amount is no more than one week's current pay for each full, uninterrupted year of service, not to exceed 18 weeks.

Reporting. As requested by the state personnel director or the state controller.

Other. Retain privilege of reinstatement unless the parties agree otherwise. Retain payout of leave to the extent allowed.

Every attempt is made to keep this information updated. For additional information, refer to the *State Personnel Board Rules and Director's Administrative Procedures* (rules) or contact your department human resources office. Subsequent revisions to rule or law could cause conflicts in this information. In such a situation, the law and rule are the official source upon which to base a ruling or interpretation. This document is a guide, not a contract or legal advice.

VOLUNTARY SEPARATION INCENTIVE AGREEMENT

On this date, ____________________, the parties to this Agreement, the ________________________________, (hereinafter "the Employer"), and ________________________________, (hereinafter "the Employee"), enter into this Voluntary Separation Agreement waiving all retention and reemployment rights, (hereinafter this "Agreement"), under the following terms, conditions and circumstances.

RECITALS

The Executive Director has determined that the Employer has excess personnel based upon lack of funds, shortage of work, or reorganization; and,

The Executive Director has established a voluntary separation incentive plan, in anticipation of lack of funds or reorganization, pursuant to Personnel Director's Administrative Procedure 3-52; and

This Agreement is consistent with the Personnel Director's Administrative Procedures 3-52 through 3-54; and

This Agreement is consistent with the Employer's separation incentive plan; and

The Employee has retention and reemployment rights; and

The Employee desires to waive such retention rights, as specified below, in exchange for the payment of money by the Employer, in accordance with Personnel Director's Administrative Procedures; and

The amount paid to the Employee in exchange for such waiver is within parameters established by the State Personnel Director for the current fiscal year, as required by Personnel Director's Administrative Procedure 3-53.

THEREFORE, the parties agree to the following:

1. Both the Employer and the Employee agree that it is in their mutual best interests to enter into this Agreement, which provides a financial incentive to the Employee for voluntarily waiving all retention and reemployment rights.

2. The Employee is a permanent employee classified under Article XII, § 13(2) of the Colorado Constitution, holding position # __________.

3. The Employee hereby voluntarily waives retention and reemployment rights and resigns his or her position.

4. The date of the Employee's separation from state service will be ______________, 20__. The date of the Employee's last day of work will be ________________, 20__.

5. Payment under this Agreement shall not be due, nor shall payment be made, until the tenth (10th) day after the effective date of this Agreement, or on the date of the Employee's last day of employment in his/her current position, whichever is later, and then only provided that the Employee has complied with the terms and conditions of this Agreement through his/her last day of employment.

6. The Employee shall be paid a total of ___________ dollars, a benefit to which the Employee is not otherwise entitled in exchange for his/her waiver of retention and reemployment rights. Pursuant to §24-50-110 (c), C.R.S., the amount paid to Employee must be paid from the Employer's personal services appropriation.

7. The parties agree that it is the responsibility of the Employee to pay when due all applicable taxes on the entire cash settlement received under this Agreement.

8. The Employee acknowledges that the Employer shall withhold taxes in accordance with applicable law from the entire cash settlement received under this Agreement.

9. By accepting this offer of a cash settlement for voluntary waiver of retention and reemployment rights, the Employee expressly waives his/her rights under the state personnel system or other federal and state employment rights, at law or at equity, including rights or claims arising under the Age Discrimination in Employment Act, (hereafter "ADEA"), 29 U.S.C. §621, et seq., and the Colorado Anti-Discrimination Act of 1957, §24-34-301, et seq., C.R.S., except those rights in the nature of benefits otherwise payable pursuant to law following separation from service. The Employee is eligible for reinstatement in accordance with Personnel Director's Procedure 4-11.

(The following paragraph is optional.)

The Employee acknowledges that he/she has received notice, pursuant to 29CFR1625.22, of the ages and job titles of each person eligible or selected to participate in this voluntary incentive program.

10. With regard to any rights or claims arising under 29 U.S.C. §621, et seq., the Employee understands that he/she has had a period of at least 45 days within which to consider this Agreement, and;

The Employee understands that he/she has seven (7) days following his/her execution of this Agreement to revoke the Agreement to the extent that it waives and releases those rights or claims. The Employee understands that this Agreement is not effective or enforceable with respect to the waiver or release of those rights or claims until after the seven (7) day period. If the Employee elects to revoke this Agreement with respect to his/her waiver of rights or claims arising under the ADEA, he/she must advise the Employer by delivering a written notice of revocation to _________________, Office of the Attorney General, no later than 5:00 p.m. on the seventh (7th) calendar day after the date on which this Agreement was entered into. Such revocation shall terminate this Agreement immediately as to claims under the ADEA, but shall not affect the Employee's waiver or release of any other rights or claims.

11. Each party has had the opportunity to consult with legal counsel with respect to this Agreement. The parties expressly acknowledge that they enter into this Agreement knowingly and voluntarily, without coercion or undue influence, or consideration other than the cash settlement payable under this Agreement. This Agreement is for the mutual benefit of both parties after negotiations between them and shall not be construed against either party on the basis of which party drafted it. The Employee specifically acknowledges that the separation is voluntary and not coerced or obtained through means other than the terms of this contract.

12. This Agreement is the complete integration of all understandings between the parties concerning waiver of retention, or reemployment and retention, rights. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or effect whatsoever, unless embodied herein in writing. No subsequent addition, deletion, or other amendment, except as mutually agreed to in writing by both parties, shall have any force or effect.

SPECIAL PROVISIONS

13. This Agreement shall not be deemed valid until it shall have been approved by the State Controller or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

14. The laws of the State of Colorado and rules and regulations issued pursuant thereto shall be applied in the interpretation, execution, and enforcement of this Agreement. Nothing contained in any provision incorporated herein by reference which purports to negate this provision, or any other provision in whole or in part, shall be valid or enforceable or available in any action at law whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this Agreement to the extent it is capable of execution.

15. At all times during the performance of this Agreement, the Employee shall strictly adhere to all applicable federal and state laws, rules and regulations that have been or may hereafter be established.

16. The signatories aver that, to their knowledge, other than the Employee who is a party to this Agreement, no state employee has any personal or beneficial interest whatsoever in the service or property described herein.

17. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

18. The effective date of this Agreement is the date of approval by the State Controller.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

FOR EMPLOYEE **FOR EMPLOYER**

______________________________ ______________________________
Full Legal Name

______________________________ ______________________________
Signature Signature

____
Social Security Number

ALL CONTRACTS MUST BE APPROVED BY THE STATE CONTROLLER

C.R.S. 24-38-202 requires that the State Controller approve all state contracts. This contract is not valid until the State Controller, or such assistant as he may delegate, has signed it.

STATE CONTROLLER:
Leslie M. Shenefelt

By______________________________

Date______________________________

TECHNICAL ASSISTANCE
DHR APPROVAL FOR PUBLICATION

Technical Guide Topic: Voluntary Separation Incentives in Lieu of Layoff

Effective Date of Revisions: August 31, 2007

Date of Superseded Version: September 2005

Section Manager: Date: 8/29/07

Division Director: Date: 8/30/07

EXECUTIVE SUMMARY

Recommendation that the Board of County Commissioners establish a Voluntary Separation Incentive Program, empower the County Manager to implement the program and authorize the Chairman to sign the enabling Resolution.

OBJECTIVE: To obtain approval from the Board of County Commissioners to establish a Voluntary Separation Incentive Program, empower the County Manager to implement this program, and authorize the Chairman to sign the enabling Resolution in an effort to assist the County Manager's Agency in meeting its financial goals.

CONSIDERATIONS: The County Manager's Agency is committed to continuing efforts to identify cost-saving opportunities and implement programs that will successfully reduce recurring fiscal costs throughout the organization while minimizing the impact to our employees and each operating department. This has been an issue of primary focus as we labor to meet the mandates outlined in Tallahassee, requiring the County to enact budget cuts in FY2008 and beyond. As a result, the County Manager has developed the Voluntary Separation Incentive Plan with the intent of benefitting the organization as well as employees who elect to participate.

Over the years, the County Manager's Agency has provided a comprehensive benefit package offering to its employees. Compensation is more than monetary, as it also includes medical, dental and pension benefits that are afforded by employment with our agency. Under this plan, the County will continue to pay the full premium costs for the individual employees' health and dental benefits for a period of three years, or will provide a financial incentive in lieu of benefits if the employee so chooses.

DEFINITIONS AND GUIDELINES: The option to join the Voluntary Separation Incentive Program will be extended to any regular full time employee who meets the eligibility criteria outlined by the Florida Retirement System for Pension Plan members, making them eligible to retire without penalty under FRS. This does not mean that an employee must be a member of the FRS Pension plan. The conditions for eligibility are being applied to determine the group of employees who will be covered by this program offering. Based on current projections, approximately 140 employees of the County Manager's Agency would be eligible to participate in this program.

Eligibility for FRS Pension is defined as the following:

- Anyone enrolled in the Deferred Retirement Option Program (DROP).
- In Regular Class, Elected Officers Class and Senior Management Service Class Pension (defined benefit) Plan, anyone age 62 with a minimum of 6 years of service, or 30 years of service at any age under these categories.
- In Special Risk Class Pension service, anyone age 55 with a minimum of 6 years of special risk class service; **OR** anyone with 25 total years of special risk class service AND age 52; **OR** 25 years of special risk class service regardless of age; **OR** 30 years of any creditable service.

The structure of the plan is as follows:

(1) The duration of participation in this plan is three years. Once an employee has confirmed enrollment, he/she will begin a two week notice and will separate from service with the County at the end of the notice period.

(2) While eligibility to participate in this program is determined by criteria outlined by FRS, employees who elect to participate in this program are not required to retire under the FRS Pension Plan or withdraw funds from their FRS Investment account.

(3) This will be a limited period, one time offering.

(4) Eligible employees may elect from three options: (1) Medical & Dental insurance coverage for a period of three years, (2) an up front one-time cash payment in lieu of three years of coverage, or (3) a combination of both insurance coverage and a cash payment.

(5) Cash payments would be calculated by averaging the rates for single and family medical plan premiums and averaging the rates for all dental plan premiums. Employees electing a cash incentive in lieu of medical and dental coverage would receive a payment equal to 50% of calculated value in each of these plans, less applicable payroll taxes. Premium costs are defined as total combined costs for the employee and employer portions of coverage for medical and dental insurance.

(6) A blended option will include medical and dental insurance coverage for a period of one or two years, together with a partial cash payment. Cash payments will be made at the time the insurance coverage ends.

(7) The employee will be able to continue health and dental insurance coverage at their current participation level (Single or Family Medical and Single, Single +1, or Family Dental) as of the date the program takes effect. If the employee has waived his/her right to coverage by the County, he/she will have the option to elect medical & dental Single Coverage (under the $500 deductible Medical plan and Basic Dental Plan) or take the cash payment equal to 50% of calculated value as outlined in #5 above.

(8) If an employee becomes re-employed by the County during the three year period and is covered by the County Benefit Plan, there will be no premium charges to the employee until that period ends if he/she elects to be covered by Medical and Dental insurance. If the employee elected the cash payment during that period, he/she would be eligible to re-enroll under the benefit plan, but would be required to pay 50% of the Medical and Dental premium costs.

(9) Employees who elect the insurance coverage for a period of three years, or a two year period with a cash incentive for the third year will waive their rights to benefit continuation under COBRA, as the offering period exceeds that required by COBRA regulations. Employees electing a one year insurance coverage with two years of cash incentives, or full cash incentive for three years will be eligible to continue participation in the group insurance plan should they choose to do so under COBRA.

(10) Eligible employees will have a period of sixty (60) days in which to enroll. The enrollment period for this plan will begin on Thursday, January 31, 2008 at 8am and will close at 5pm on Monday, March 31, 2008. Once enrolled in the plan, an employee will

have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the revocation period, the election will stand, no changes will be allowed, and the election is considered final. The date the election is finalized will start the employee's two week notice ending their employment with Collier County.

(11) Employees who are not eligible during the enrollment period under the conditions outlined above, but who will meet the FRS criteria by June 30, 2008 may also elect to participate in this program. In order to do so, the employee must provide written notice of their intent to leave the County during the enrollment period (between 1/31/08 and 3/31/08), with a resignation date effective on or before June 30, 2008. Once they have submitted their notice, they will be enrolled in the plan. After enrollment, the employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the revocation period, the election will stand, no changes will be allowed, and the election is considered final. For employees in this group, the date on which he/she becomes eligible under FRS guidelines will start the employee's two week notice ending their employment with the County.

(12) Eligible employees who elect to participate in the program will be asked to enter into an Agreement and Release with Collier County. The Agreement will include the details of the program and specifically identify and explain the benefit that the employee selected under the program. The Agreement will also include a Release as required by the Age Discrimination in Employment Act (ADEA). This Release will place the employee on notice of his/her rights under the ADEA and ask the employee to consent that the Agreement and Release is entered into "knowingly and voluntarily."

LEGAL CONSIDERATIONS: This program has been reviewed and approved by the County Attorney's Office and for legal sufficiency.

FISCAL IMPACT: Fiscal impact for this program will depend on many factors, including the number of employees who opt to participate, the salaries of these employees, whether the employee elects benefits continuation or the monetary incentive, and other separation costs. Based on current projections, approximately 140 employees of the County Manager's Agency would be eligible to participate in this program. In order to address the potential impact, two scenarios have been identified for review and are provided below for informational purposes.

The average salary for a full time employee, fully burdened, is approximately $71,500 per year. Based on this figure, total burdened personnel services costs for a period of three years would be $214,500. The average liability should an employee elect coverage under the Medical and Dental insurance for three years would be approximately $12,200 per year, or $36,600 over a period of three years. Under this scenario, the County Manager's Agency could realize a personnel services cost savings of approximately $177,900 over a period of three years, or $59,300 per year per participating employee.

If an employee elected the cash incentive plan in lieu of participation in the Medical and Dental insurance program, the liability would be greatly reduced. Again, the total burdened personnel services cost would be $214,500 for a period of three years. The value of the cash payment is approximately $6,100 per year, which would provide the employee a one time payment of $18,300, less applicable payroll taxes. Based on these figures, the County Manager's Agency could realize a personnel services cost savings of approximately $196,200 over a period of three years, or $65,400 per year per participating employee.

The figures above represent an estimated cost savings; employees electing to participate will have several options available from which to choose, and actual cost savings to the County Manager's Agency will vary based on the incentive option selected by each participant.

GROWTH MANAGEMENT IMPACT: There is no growth management impact associated with this Executive Summary.

RECOMMENDATION: That the Board of County Commissioners will establish a Voluntary Separation Incentive Program, empower the County Manager to implement this program and authorize the Chairman to sign the enabling Resolution in an effort to assist the County Manager's Agency in meeting its financial goals.

PREPARED BY:
Amy Lyberg, Interim Director, Human Resources

COLLIER COUNTY

BOARD OF COUNTY COMMISSIONERS

Item Number: 10H

Item Summary: Recommendation that the Board of County Commissioners establish a Voluntary Separation Incentive Program, empower the County Manager to implement the program and authorize the Chairman to sign the enabling Resolution. (Len Price, Administrative Services Administrator) .

Meeting Date: 1/29/2008 9:00:00 AM

Approved By

Amy Lyberg	Employment Operations Manager	Date
Administrative Services	Human Resources	1/18/2008 4:19 PM

Approved By

Len Golden Price	Administrative Services Administrator	Date
Administrative Services	Administrative Services Admin.	1/18/2008 4:25 PM

Approved By

Michael Smykowski	Management & Budget Director	Date
County Manager's Office	Office of Management & Budget	1/22/2008 8:44 AM

Approved By

James V. Mudd	County Manager	Date
Board of County Commissioners	County Manager's Office	1/22/2008 9:46 AM

RESOLUTION NO. 2008-____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, ESTABLISHING A VOLUNTARY SEPARATION INCENTIVE PROGRAM AND AUTHORIZING THE COUNTY MANAGER TO IMPLEMENT THE PROGRAM IN COMPLIANCE WITH THE COUNTY MANAGER'S ORDINANCE NO. 93-72, AS AMENDED, AND THE PERSONNEL ORDINANCE NO. 96-40, AS AMENDED.

WHEREAS, the Board of County Commissioners of Collier County Florida, desires to create a Voluntary Separation Incentive Program for certain eligible County employees;

WHEREAS, the Board of County Commissioners is committed to continued efforts to identify cost-saving opportunities to and implement programs that will successfully reduce recurring fiscal costs while minimizing the impact to County employees and departments;

WHEREAS, the Board of County Commissioners has the exclusive authority to establish personnel policies;

WHEREAS, the County Manager is authorized to implement the board's policies and to create any necessary rules, practices and procedures for the administration of the board's policies;

WHEREAS, the Board of County Commissioners finds that establishing and implementing this Voluntary Separation Incentive Plan serves a valid public purpose.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, that

The Board of County Commissioners hereby establishes the Voluntary Separation Incentive Program:

1. The Program is designed as a cost-saving opportunity for the County Manager's Agency due to anticipated budget issues.

2. This Program will only be available for a limited time frame, specifically \Thursday, January 31, 2008 to Monday, March 31, 2008. Employees must confirm participation within this 60-day election period with the Human Resources Department. Once enrolled in the plan, an employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the seven

(7) day revocation period ends, the employee's two week notice to separate from County employment will start.

3. Program notice letters and required documentation will be provided to eligible employees on or before Thursday, January 31, 2008.

4. Eligible employees are those regular full-time employees who meet the eligibility criteria outlined by the Florida Retirement System (FRS) for Pension Plan members, making them eligible to retire without penalty under the FRS. An employee may participate in either the Pension or Investment Plan to be eligible. A more detailed description of eligible employees is attached as part of the Program Definition and Guidelines.

5. The benefit of this Program extends for three years. An eligible employee may choose from three incentive options. The options include (1) County paid medical and dental benefits for three years, (2) fifty percent of the cash equivalent of medical and dental benefits for three years, or (3) a combination that will include medical and dental insurance coverage for a period of one or two years, together with a partial cash payment.

6. Eligible employees who elect to participate in the Program will be asked to enter into an Agreement and Release with Collier County. The Agreement will include the details of the Program and specifically identify and explain the benefit that the employee selected under the Program. The Agreement will also include a Release as required by the Age Discrimination in Employment Act (ADEA). This Release will place the employee on notice of his/her rights under the ADEA and ask the employee to consent that the Agreement and Release is entered into "knowingly and voluntarily."

7. The County Manager shall be authorized to sign the Agreement and Release on behalf of Collier County.

8. This Resolution shall take effect immediately upon adoption.

PASSED AND DULY ADOPTED by the Board of County Commissioners of Collier County, Florida, this _____ day of _______________, 2008.

ATTEST: DWIGHT E. BROCK, CLERK	BOARD OF COUNTY COMMISSIONERS COLLIER COUNTY, FLORIDA
______________________________ Deputy Clerk	By: ______________________________ TOM HENNING, CHAIRMAN

Approved as to form and
legal sufficiency:

____
Colleen M. Greene
Assistant County Attorney

07-HUM-00036/2

BCC MEETING DATE: February 26, 2008
AGENDA ITEM: 8C2

MARTIN COUNTY, FLORIDA
SUPPLEMENTAL MEMORANDUM

TO: Honorable Members of the Board of County Commissioners **DATE:** February 18, 2008

VIA: Duncan Ballantyne
County Administrator

FROM: Taryn Kryzda
Assistant County Administrator

REF:

SUBJECT: APPROVAL TO IMPLEMENT A VOLUNTARY RETIREMENT PROGRAM FOR EMPLOYEES

Staff has asked the Board to consider approving a voluntary retirement program that would provide a cash incentive to the employee based upon the years of service and the employee's salary. Given the concern for the amount of payment, criteria for selection, possible limited participation, staff is respectfully requesting that the Board no longer consider a program based upon years of service and salary.

Staff is proposing that the Board approve offering a Voluntary Separation Incentive Program (VSIP) similar to what was offered in Collier County. This Collier County program allows employees to choose from three options:

- Medical insurance coverage for a period of three years,
- An up front one-time cash payment in lieu of three years coverage (calculated at 50% of the average annual insurance benefit, or
- A combination of both insurance coverage and a cash payment.

<u>Martin County Plan</u>
The plan would be structured as follows:

1. Employees (does not include on-call or services rendered) who are vested in the Florida Retirement System (FRS) from years of service in Martin County (six years) would be eligible. Eligibility in FRS is defined as:
    - Anyone enrolled in Deferred Retirement Option Program (DROP)
    - In Regular, Elected Officers and Senior Management Class, anyone age 62 or with 30 years of service who qualifies under FRS rules with a minimum of 6 years of service with Martin County
    - Special Risk Class pension service, anyone age 55 or with 25 years of services or who qualifies under FRS rules with at least 6 years of Martin County service.

2. The duration of participation in the plan would be three years. Once an employee has confirmed enrollment, the County will determine the separation date.

3. Employees who elect to participate in the program are not required to retire under the FRS Pension Plan or withdraw funds from their FRS Investment account.

4. Cash payments are calculated based upon the current family coverage premium rates at seventy-five percent (75%), which will be $9,915 per year, less applicable payroll taxes.

5. A blended option will include medical insurance coverage for a period of one or two years (see Section 8), together with a partial cash payment. Cash payments will be made at the time the insurance coverage ends.

6. The employee will be able to continue health insurance coverage at their current participation level (Family or Single) as of the date the program takes effect. If the employee has waived their right to coverage they will be eligible to take single coverage or take the cash payment as outlined in Section 4.

7. If an employee becomes re-employed by the County during the three year period and had taken a cash payment, they will have the option of returning a proportionate share of the amount paid to them (proportionate being based upon the length of time not employed compared to the number of years the cash payment was based upon) or having the proportionate amount deducted from their base salary at the County's discretion.

8. Employees electing a one year insurance coverage with two years of cash incentives, or full cash incentive for three years will be eligible to continue participation in the group insurance plan should they choose to do so under COBRA. Employees who elect the insurance coverage for a period of three years, or a two year period with a cash incentive for the third year will waive their rights to benefit continuation under COBRA, as the offering period exceeds that required by COBRA regulations.

    a. Employees who are eligible for retiree medical benefits with Martin County (i.e. 55 years of age and a minimum of 10 years of service with Martin County or 30 years of FRS service at any age with a minimum of 10 years service with Martin County) who elect any cash payout under this program will lose their eligibility for coverage under the Martin County retiree medical benefit plan.
    b. Employees who are eligible for retiree medical benefits with Martin County and elect the medical benefit option under this program shall pay no premium for three years of medical benefit coverage. At the end of the three years of coverage (at 100%) the participant may elect to be covered at the retiree medical premium rates in effect at that time.

9. Eligible employees will have a period of thirty (30) days in which to enroll. The enrollment period will begin on Monday March 3, 2008 at 8am and will close at the end of business on Tuesday April 1, 2008. Once enrolled in the plan, an employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the revocation period, the election will stand, no changes will be allowed, and the election is considered final. The County will determine the last date of employment, which is expected to be within thirty days.

10. Employees who are not eligible during the enrollment period under the conditions outlined above, but who will meet the FRS criteria by June 30, 2008 may also elect to participate in this program. In order to do so, the employee must provide written notice of their intent to leave the County during the enrollment period (between March 3, 2008 and April 1, 2008), with a resignation date effective as determined by the County. Once they have submitted their notice, they will be enrolled in the plan. After enrollment, the

employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the revocation period, the election will stand, no changes will be allowed, and the election is considered final. For employees in this group, the date on which they become eligible under FRS guidelines will start the employee's two-week notice ending their employment with the County.

11. Eligible employees who elect to participate in the program will be asked to enter into an Agreement and Release with Martin County. The Agreement will include the details of the program and specifically identify and explain the benefit that the employee has selected under the program. The Agreement will also include a Release as required by the Age Discrimination in Employment Act (ADEA). This release will place the employee on notice of their rights under ADEA and ask the employee to consent that the Agreement and Release is entered into "knowingly and voluntarily."

12. Employees who have submitted retirement information as of February 15, 2008 will be entitled to the provisions within this plan.

The major difference between the Collier County plan and the one being proposed for Martin County is that Collier County has medical and dental insurance coverage with separate premiums; the total payout was fifty percent (50%) of the combined family coverage, which amounted to $12,200 per year. The largest total payout in Collier County was $36,600 over the three year period. The Martin County program represents seventy-five percent (75%) of family coverage which is the most amount the County is responsible for today. Another difference is the timeframe, which has been modified due to the availability of funds for the remainder of the year.

<u>Conclusion</u>
Employees that elect to take this program will be granted the right to do so. Staff would like the opportunity to include those employees who have submitted their intent to retire during the month of February or later. The total amount that an employee can receive in cash will be the same for all employees who elect that option, regardless of the number of years they have been employed at Martin County or their current salary. The only flexibility being exercised will be the final date of employment which the County will determine. This determination will be necessary to ensure County operations are not impeded by the employee abruptly leaving.

For those employees that select any option other than the one time cash payment, the amount reflected in the Fiscal Impact scenarios will be over the number of years selected. Therefore the amount the County will be obligated for may exceed the amount of salary that will be available for the remainder of the fiscal year. The additional funds that will be necessary will be utilized from the Other Post Employment Benefits (OPEB) Fund. The purpose of this fund was for the long term liability of providing benefits to retirees. If a person takes a cash payment, the County will no longer have that liability for that individual.

Should the employee elect the three years of insurance the total amount will vary depending upon their current coverage (family or single).

BCC MEETING DATE: February 26, 2008
AGENDA ITEM: 8C2

Fiscal Impact
The fiscal impact will depend upon the individual's insurance premium based upon the election of single or family coverage. The following scenarios are offered for comparison purposes:

Option 1 – Three years of Health Insurance coverage
Option 2 – Two years of Health Insurance coverage and One year payout
Option 3 – One year Health Insurance coverage and Two years payout
Option 4 – Three years of payout

Employee with Family Insurance Coverage

Base Salary	Option 1	Option 2	Option 3	Option 4	5 Mos. Salary
$30,000	$39,651	$36,351	$33,048	$29,745	$18,880
$50,000	$39,651	$36,351	$33,048	$29,745	$28,714
$70,000	$39,651	$36,351	$33,048	$29,745	$38,547
$90,000	$39,651	$36,351	$33,048	$29,745	$48,380

Employee with Single Insurance Coverage

Base Salary	Option 1	Option 2	Option 3	Option 4	5 Mos. Salary
$30,000	$15,846	$20,479	$25,112	$29,745	$18,880
$50,000	$15,846	$20,479	$25,112	$29,745	$28,714
$70,000	$15,846	$20,479	$25,112	$29,745	$38,547
$90,000	$15,846	$20,479	$25,112	$29,745	$48,380

An employee who qualifies to receive three years of insurance with no cash payment, at family coverage, would realize a total benefit of $39,651 (paid over a three-year period); the largest amount for which the County would be obligated. Should an employee choose any other combination; the amounts are reflected in the chart above. The only option that will be a total impact for the current fiscal year would be the three-year cash payment.

There are currently sixty (60) Board employees that qualify for this program. Less than half carry family coverage (about forty percent). The total savings should include the three years of salary that would possibly be incurred. The median base salary for this group is $58,000, with benefits at family coverage; the total annual budget impact is $76,700. Five months of that budget impact would be around $32,000. Depending upon the option chosen, the employee's actual salary, and the insurance premium would determine whether there were sufficient funds within the current budget to cover the total fiscal impact for each one.

This program may not be as attractive as the previous program proposed, but will provide some of the same benefits to the organization by having some employees that were close to retirement making a decision to retire sooner than planned. This program does address some of the concerns raised by the previous program presented by staff. This program will provide additional vacancies that will allow flexibility for future organizational and operational decisions.

Staff will provide the same program to the Constitutional Officers' employees. Human Resources will develop the required Agreement and Release and have open sessions for employees to fully explain the program. Once employees who are taking the program have been verified the total savings to the County can be calculated.

BCC MEETING DATE: February 26, 2008
AGENDA ITEM: 8C2

RECOMMENDATION

That the Board approves the Voluntary Separation Incentive Program as presented for those employees who qualify to retire under FRS guidelines with at least six (6) years of service in Martin County. The program offers three years of health insurance or a cash payment based upon the three years of insurance the County currently pays for family coverage, per employee, or a combination thereof.

That the Board extends the same program to the Constitutional Officers for their inclusion, should they determine to do so.

RESOLUTION NO. 2008-34

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, ESTABLISHING A VOLUNTARY SEPARATION INCENTIVE PROGRAM AND AUTHORIZING THE COUNTY MANAGER TO IMPLEMENT THE PROGRAM IN COMPLIANCE WITH THE COUNTY MANAGER'S ORDINANCE NO. 93-72, AS AMENDED, AND THE PERSONNEL ORDINANCE NO. 96-40, AS AMENDED.

WHEREAS, the Board of County Commissioners of Collier County Florida, desires to create a Voluntary Separation Incentive Program for certain eligible County employees;

WHEREAS, the Board of County Commissioners is committed to continued efforts to identify cost-saving opportunities to and implement programs that will successfully reduce recurring fiscal costs while minimizing the impact to County employees and departments;

WHEREAS, the Board of County Commissioners has the exclusive authority to establish personnel policies;

WHEREAS, the County Manager is authorized to implement the board's policies and to create any necessary rules, practices and procedures for the administration of the board's policies;

WHEREAS, the Board of County Commissioners desires to extend this opportunity to employees in the County Manager's Agency and the County Attorney's Office;

WHEREAS, the Board of County Commissioners finds that establishing and implementing this Voluntary Separation Incentive Plan serves a valid public purpose.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, that

The Board of County Commissioners hereby establishes the Voluntary Separation Incentive Program:

1. The Program is designed as a cost-saving opportunity for the County Manager's Agency due to anticipated budget issues.

2. This Program will also be offered to the County Attorney's Office due to anticipated budget issues.

3. This Program will only be available for a limited time frame, specifically Thursday, January 31, 2008 to Monday, March 31, 2008. Employees must confirm participation within this 60-day election period with the Human Resources Department. Once enrolled in the plan, an employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the seven (7) day revocation period ends, the employee's two week notice to separate from County employment will start.

4. Program notice letters and required documentation will be provided to eligible employees on or before Thursday, January 31, 2008.

5. Eligible employees are those regular full-time employees who meet the eligibility criteria outlined by the Florida Retirement System (FRS) for Pension Plan members, making them eligible to retire without penalty under the FRS. An employee may participate in either the Pension or Investment Plan to be eligible. A more detailed description of eligible employees is attached as part of the Program Definition and Guidelines.

6. The benefit of this Program extends for three years. An eligible employee may choose from three incentive options. The options include (1) County paid medical and dental benefits for three years, (2) fifty percent of the cash equivalent of medical and dental benefits for three years, or (3) a combination that will include medical and dental insurance coverage for a period of one or two years, together with a partial cash payment. (These options are more clearly defined and divided into five options in the attached Program Definition and Guidelines.)

7. Eligible employees who elect to participate in the Program will be asked to enter into an Agreement and Release with Collier County. The Agreement will include the details of the Program and specifically identify and explain the benefit that the employee selected under the Program. The Agreement will also include a Release as required by the Age Discrimination in Employment Act (ADEA). This Release will place the employee on notice of his/her rights under the ADEA and ask the employee to consent that the Agreement and Release is entered into "knowingly and voluntarily."

8. The County Manager shall be authorized to sign the Agreement and Release on behalf of Collier County.

9. This Resolution shall take effect immediately upon adoption.

PASSED AND DULY ADOPTED by the Board of County Commissioners of Collier County, Florida, this 29th day of January, 2008.

ATTEST:
DWIGHT E. BROCK, CLERK

By: ______________________
Deputy Clerk

Attest as to Chairman's signature only.

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA

By: ______________________
TOM HENNING, CHAIRMAN

Approved as to form and legal sufficiency:

Colleen M. Greene
Assistant County Attorney

07-HUM-00036/2

Estiamted Costs of VSIP						
Eligibility Options						
Option 1	**Number**	**Payout of**	**COBRA Cost**			
FRS=20+ years	**of**	**> of 6 Mths**	**at 50% for**			
	Employees	**Salary or**	**18 months**			
Included staff with 20+		**$25,000**		**Total**		
years of FRS service as						
of 6/30/2007						
DROP						**Exluded**
Term 2011-2013	16	$491,390.00	$110,290	$601,680.00		**DROP Terms in FY 07/08**
Term 12/2009-2010	6	$151,475.00	$40,550	$192,025.00		**DROP Terms in FY 08/09**
Re-employed Retirees	8	$190,522.00	$40,550	$231,072.00		**EMS Employees**
30+ years of service (FRS)	13	$443,086.00	$102,512	$545,598.00		**Grant Employees**
25-29 years of service (FRS)	34	$982,185.00	$271,138	$1,253,323.00		**Employee with less than**
20-24 years of service (FRS)	63	$1,749,991.00	$376,638	$2,126,629.00		**20 years of FRS service**
total	**140**	**$4,008,649.00**	**$941,678**	**$4,950,327.00**		
Years of Service Breakdown						
County Service	**20+ years**	**15-19 years**	**10-14 years**	**Less than 10 yrs**	**Total**	
DROP						
Term 2011-2013	12	2	1	1	16	
Term 12/2009-2010	3	1	1	1	6	
Re-employed Retirees	3	0	0	5	8	
30+ years of service (FRS)	12	0	1	0	13	
25-29 years of service (FRS)	21	5	2	6	34	
20-24 years of service (FRS)	28	12	10	13	63	
total	**79**	**20**	**15**	**26**	**140**	

Option 2	**Number**	**Payout of**	**COBRA Cost**			
FRS Service=20+ years	**of**	**> of 6 Mths**	**at 50% for**			
County Service=15+ years	**Employees**	**Salary or**	**18 months**			
Included staff with 20+		**$25,000**		**Total**		
years of FRS service as						
of 6/30/2007 & 15+ years of						
County Service in 2008						
DROP						**Exluded**
Term 2011-2013	14	$427,121.00	$96,466	$523,587.00		**DROP Terms in FY 07/08**
Term 12/2009-2010	4	$100,000.00	$29,087	$129,087.00		**DROP Terms in FY 08/09**
Re-employed Retirees	3	$78,022.00	$15,458	$93,480.00		**EMS Employees**
30+ years of service (FRS)	12	$409,707.00	$98,778	$508,485.00		**Grant Employees**
25-29 years of service (FRS)	26	$791,051.00	$209,214	$1,000,265.00		**Employee with less than**
20-24 years of service (FRS)	40	$1,109,087.00	$270,967	$1,380,054.00		**20 years of FRS service**
total	**99**	**$2,914,988.00**	**$719,970**	**$3,634,958.00**		**Employees with less than**
						15 years of County service
						that may have 20+ years FRS

Years of Service Breakdown					
County Service	**20+ years**	**15-19 years**	**10-14 years**	**Less than 10 yrs**	**Total**
DROP					
Term 2011-2013	12	2	0	0	14
Term 12/2009-2010	3	1	0	0	4
Re-employed Retirees	3	0	0	0	3
30+ years of service (FRS)	12	0	0	0	12
25-29 years of service (FRS)	21	5	0	0	26
20-24 years of service (FRS)	28	12	0	0	40
total	**79**	**20**	**0**	**0**	**99**

Attachment # 9
Page 3 of 4

Option 3	Number	Payout of	COBRA Cost			
County Service=15+ years	of	> of 6 Mths	at 50% for			
	Employees	Salary or	18 months			
Included staff with 15+ years		$25,000		Total		
of County service only						
						Exluded
DROP						DROP Terms in FY 07/08
Term 2011-2013	14	$427,121.00	$96,466	$523,587.00		DROP Terms in FY 08/09
Term 12/2009-2010	4	$100,000.00	$29,087	$129,087.00		EMS Employees
Re-employed Retirees	3	$78,022.00	$15,458	$93,480.00		Grant Employees
30+ years of service (FRS)	12	$409,707.00	$98,778	$508,485.15		Employee with less than
25-29 years of service (FRS)	26	$791,051.38	$209,214	$1,000,265.38		20 years of FRS service
20-24 years of service (FRS)	40	$1,109,087.00	$272,107	$1,381,194.00		Employees with less than
15-19 years of service (FRS)	59	$1,616,447.00	$394,797	$2,011,244.00		15 years of County service
total	**158**	**$4,531,435.38**	**$1,115,907**	**$5,647,342.53**		that may have 20+ years FRS

Years of Service Breakdown					
County Service	20+ years	15-19 years	10-14 years	Less than 10 yrs	Total
DROP					
Term 2011-2013	12	2	0	0	14
Term 12/2009-2010	3	1	0	0	4
Re-employed Retirees	3	0	0	0	3
30+ years of service (FRS)	12	0	0	0	12
25-29 years of service (FRS)	21	5	0	0	26
20-24 years of service (FRS)	28	12	0	0	40
Less than 20 years	0	59	0	0	59
total	**79**	**79**	**0**	**0**	**158**

Option 4	**Number**	**Payout of**	**COBRA Cost**			
FRS=20+ years in 2008	**of**	**> of 6 Mths**	**at 50% for**			
County Service=10+ years	**Employees**	**Salary or**	**18 months**			
Included staff with 20+		**$25,000**		**Total**		
years of FRS service as						
of 6/30/2008						
DROP						**Exluded**
Term 2011-2013	16	$491,390.00	$110,290	$601,680.00		**DROP Terms in FY 07/08**
Term 12/2009-2010	6	$151,475.00	$40,550	$192,025.00		**DROP Terms in FY 08/09**
Re-employed Retirees	8	$190,522.00	$40,550	$231,072.00		**EMS Employees**
30+ years of service (FRS)	13	$443,086.00	$102,512	$545,598.00		**Grant Employees**
25-29 years of service (FRS)	28	$811,176.00	$220,667	$1,031,843.00		**Employee with less than**
20-24 years of service (FRS)	50	$1,408,734.00	$326,715	$1,735,449.00		**20 years of FRS service**
19 years of service	10	$439,384.00	$70,830	$510,214.00		**in 2008**
total	**131**	**$3,935,767.00**	**$912,114**	**$4,847,881.00**		**Employees with less than**
						10 yrs of County service
						in 2008
Years of Service Breakdown						
County Service	**20+ years**	**15-19 years**	**10-14 years**	**Less than 10 yrs**	**Total**	
DROP						
Term 2011-2013	12	2	1	1	16	
Term 12/2009-2010	3	1	1	1	6	
Re-employed Retirees	3	0	0	5	8	
30+ years of service (FRS)	12	0	1	0	13	
25-29 years of service (FRS)	21	5	2	0	28	
20-24 years of service (FRS)	28	12	10	0	50	
19 years of service	6	2	2	0	10	
total	**85**	**22**	**17**	**7**	**131**	

COST SAVING MEASURES FOR EMPLOYEE HEALTH INSURANCE

Board of County Commissioners
Workshop Item

Date of Meeting: March 11, 2008

Date Submitted: March 5, 2008

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator PA
Lillian W. Bennett, Director of Human Resources LB

Subject: Consideration of Alternative Cost Saving Measures for Leon County's Employee Health Insurance Program

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Statement of Issue:

This agenda item provides the Board a summary of potential cost saving measures that may be obtained through the adoption of alternative health insurance plan designs and/or employer-employee contribution strategies for Leon County's Employee Health Insurance Program, and whether to issue a Request for Proposals (RFP) for Health Insurance Services (Attachment #1).

Background:

Leon County currently contracts with Capital Health Plan (CHP) and United Healthcare (UHC) for employee health insurance services. The health insurance program covers Board and Constitutional Office employees, as well as retirees and COBRA participants. For Plan year 2006, Leon County issued an RFP for employee health insurance services. Additionally, Leon County secured the services of Mercer Consulting Services to provide an analysis of the RFP submissions, benchmarking of comparable health insurance trends and practices, and negotiation of 2006 plan year rates.

The RFP process resulted in Agreements with three insurance carriers, Capital Health Plan, Vista Health Plan, and United Healthcare. Each Agreement has a three-year term, ending on December 31, 2008, with an option for three one-year renewals for a maximum contract period of six years which, if exercised, would end the Agreement in December 2011. Upon award of the RFP, Leon County experienced a no increase (0%) in overall premium rates for the 2006 Plan year and a 1.33% increase in premium rates for the 2007 Plan year. This resulted in significant savings, since historically Leon County experienced double digit renewal increases averaging 15% per year.

At the July 10, 2007 Board meeting, staff presented the 2008 plan year renewal for employee health care services (Attachment #2). Staff recommended the CHP/Blue Cross Blue Shield dual HMO/PPO option with a rate increase of 7%. The Board approved UHC (38% rate increase) and CHP (4.6% rate increase) in order to finish out the term of the three-year term Agreement ending December 31, 2008. Vista no longer offered its current plan design and was not approved for the 2008 plan year. Additionally, the Board directed staff to research ways in which to reduce the County's health care costs and, if necessary, issue an RFP for County health insurance services for the 2009 plan year.

For the 2007 plan year, the total cost of health insurance was $13.4 million. Leon County's employer cost at the 92.5% contribution rate was $12.4 million. Table #1 reflects the enrollment and annual cost for the County's health insurance program for the 2007 plan year.

Table #1
2007 Enrollment and Insurance Cost by Provider

	CHP	United	Vista	Total
Enrollment as of December 2007	1141	117	147	**1405**
Enrollment %	81%	8%	11%	**100%**
Leon County Contribution 92.5%	$10,151,011	$924,500	$1,365,068	**$12,440,579**
Employee Contribution 7.5%	$823,055	$74,959	$110,681	**$1,008,695**
Total Estimated Insurance Cost 100%	$10,974,066	$999,459	$1,475,749	**$13,449,274**

Analysis:

The total cost of health insurance for the 2008 plan year is estimated at $14.4 million. Leon County's cost at the 92.5% employer contribution rate is $13.3 million. Employees currently contribute approximately $1.1 million (7.5%) of the total cost of health insurance annually. Table #2 reflects the estimated enrollment and annual cost of health insurance for the 2008 plan year:

Table #2
2008 Estimated Enrollment and Insurance Cost by Provider

	CHP	United	Total
Enrollment as of February 2008	**1261**	**149**	**1410**
Enrollment %	89%	11%	**100%**
Leon County Contribution 92.5%	$11,614,304	$1,676,412	**$13,290,716**
Employee Contribution 7.5%	$941,700	$135,925	**$1,077,625**
Total Estimated Insurance Cost	$12,556,004	$1,812,337	**$14,368,341**

An industry indicator of the cost of health insurance is the "Cost per Covered Employee". The "cost per covered employee" is Leon County's employer share of the total cost of health insurance as compared to the number of enrollees. Table #3 provides a summary of the estimated "cost per covered employee" for the 2008 plan year:

Table #3
Leon County 2008
Average Health Insurance Cost per Covered Employee

Plan Year	CHP	United	Overall Average Cost Per Covered Employee
Enrollment	1261	149	1410
Enrollment %	89%	11%	100%
Leon County Cost 92.5%	$11,614,304	$1,676,412	$13,290,716
Estimated Average 2008 Cost Per Employee	**$9,210.00**	**$11,251.00**	**$9,426.00**
Additional average cost per covered employee over CHP	**N/A**	**$2,041**	
2008 estimated annual cost over CHP	**N/A**	**$392,275**	

As reflected in Table #3, the cost per covered employee varies dependent upon the provider selected by the employee. CHP's cost is $9,210 per covered employee. However, UHC's cost is $11,251 per covered employee. UHC costs equate to an average additional cost of $2,041 annually per covered employee. The estimated 2008 plan year annual additional cost for the 149 employees enrolled in UHC is $392,275 ($1.7 million if enrolled in UHC versus $1.3 million for CHP). A comparison of actual cost per covered employee by coverage type for CHP and UHC is shown in Attachment#3.

Cost Saving Strategy #1 - County Maximum Dollar Contribution Not To Exceed that of Lowest Cost Provider

One cost saving strategy is for Leon County to pay a maximum dollar contribution not to exceed that of the lowest cost provider. The employee would be responsible for any cost above or exceeding what the County pays the lowest cost provider. The amount the employee pays will vary depending on the type of coverage selected, single, employee +1, or family coverage, and the cost of that coverage from the lowest cost provider.

Table #4 provides an example of how this cost saving strategy would work for family coverage:

Table #4
Cost Saving Strategy #1 – Family Coverage Example

2008 Plan Year	Current Monthly Premiums		Proposed Cost Saving Strategy #1	
	CHP	United	CHP	United
Employer - 92.5%	1,016.95	1,327.62	**1,016.95**	**1,016.95**[1]
Employee - 7.5%	82.46	**107.65**	82.46	**418.32**[2]
Total Monthly Premium	1,099.40	1,435.27	1,099.40	1,435.27

[1] United and CHP monthly employer contribution amounts are equal to both providers. [2]United employee monthly premium increased from $107.65 to $418.32 (increase of $335.86). CHP employee monthly premiums remain the same.

The Family Coverage example in Table #4 shows that the employee enrolled in CHP would continue with the same monthly premium of $82.46. However, the UHC enrolled employee's monthly premium would increase from $107.65 to $418.32, an increase for the employee of $335.86. Leon County's employer contribution to UHC would decrease from approximately $1,327.62 per month to an estimated $1,016.95 per month which is the same amount that is contributed to the lowest cost provider of employees enrolled in CHP. The amount of dollars contributed would thereby be equalized for both providers. This strategy would result in a savings to Leon County of approximately $392,000. The employer/employee contribution rate would remain 92.5%/7.5% for CHP enrollees and would change to 71%/29% for UHC enrollees with this strategy.

The disadvantage of Strategy #1 in cost savings is that the employee premium cost may become unaffordable for employees enrolled in UHC. As such, a number of employees may switch to CHP for a lower cost insurance product. Additionally, UHC may not be able to maintain enough enrollees to continue providing health insurance services. UHC currently has only 11% (149 employees) of the total County enrollment.

Current Plan Design

Leon County currently has a health insurance plan design that is considered benefit rich by most industry and local standards. The current plan design has low co-pays for prescriptions and most health services. Prescription drug co-pays are $7/$20/$35 and are categorized as either generic/preferred band/non-preferred brand. CHP and United currently offer the same basic plan design. The primary difference between the two providers is that UHC offers their enrollees access to a national network (Choice Plus) that also provides some out of network benefits. This feature of the UHC plan design is appealing to employees seeking medical services outside of the Leon County area, including retirees or those close to retirement and COBRA participants.

The following is a brief summary of the current medical services plan design and co-pays for both CHP and United:

Table #5
Current Plan Design Co-Pays for Health Services by Provider

Benefits	CHP HMO – Co-Pays	United HMO– Co-Pays
Office Visits Primary Care Physician	$10	$10
Office Visits Specialist	$10	$10
Hospital Emergency Room	$100	$100
Prescription Co-pays	$7/$20/$35	$7/$20/$35
National Network	Away from Home Care	Yes - Choice
Out-of Network Benefits	Emergencies Only	Yes – Choice Plus

A detailed summary of the current Leon County plan design is shown in (Attachment #4).

Local Market Comparisons

A comparative plan design of Leon County, City of Tallahassee, Leon County School Board and the State of Florida is shown in Attachment #5. The City of Tallahassee and the Leon County Board contract with CHP/BCBS as the healthcare provider. The School Board has recently eliminated Vista and United Healthcare from its list of providers. These entities provide employees with plan designs which have slightly higher co-pays for prescriptions and medical services, and, in some instances, higher employee contribution percentages. As a result, the cost per covered employee for health insurance is lower than that of Leon County as follows:

Table #6
Local Market Government Healthcare Cost Comparisons

	Leon County	City of Tallahassee	Leon County School Board	State of Florida
Average Health Cost Per Covered Employee	$9,426	$6,393	$5,574	N/A
% Above/(Below) Leon County		(32%)	(41%)	N/A
Family Coverage Example :				
Employer/Employee Contribution Percentage	92.5%/7.5%	84%/16%[1]	60%/40%	82%/18%
Employer Monthly Premium	$1,016.94	$876.84	$742.40	$835.98
Employee Monthly Premium	$82.46	$171.46	$490.22	$180.00
Total Monthly Premium	$1,099.40[2]	$1,048.30	$1,232.52	$1,015.98[3]

[1]Assumes employee Flex Dollars in the amount of $164 are applied to family coverage.
[2]Amount reflects CHP total monthly premium. UHC total monthly premium for family coverage is $1,435.27.
[3] State of Florida pays 100% of the cost of health insurance for more than 20,000 Select Exempt employees.

A detailed comparison of Employee/Employer premium rates by coverage type and contribution percentages for government entities within the local market area are shown in Attachment #6. Staff has prepared an analysis of potential cost savings based on current plan designs submitted by CHP during the 2008 renewal process. UHC did not offer the current plan design with variations in prescription drug co-pays during the 2008 renewal process and, as a result, this analysis only provides the potential cost savings associated with CHP. CHP has 90% of the total 1,410 employee enrollment.

Cost Saving Strategy #2

- Maintain Current CHP Plan Design
- Implement variations in prescription co-pays and/ or employer contribution percentage.

  - **Strategy 2A** – Maintains the current plan design and no change in prescription drug co-pays; however, provides potential cost savings by changing the employer contribution percentage from 92.5% to either 90%, 87.5% or 85%. The maximum savings under this strategy is $941,701.
  - **Strategy 2B** – Maintains the current plan design but changes the prescription drug co-pays from $7/$20/$35 to $10/$25/$40. Provides additional cost savings by changing the employer contribution from 92.5% to either 90%, 87.5% or 85%. The maximum savings realized under this strategy is $1,047,802.
  - **Strategy 2C** – Maintains the current plan design but changes the prescription drug co-pays from $7/$20/$35 to $15/$35/$50. Provides additional cost savings by changing the employer contribution from 92.5% to either 90%, 87.5% or 85%. The maximum savings realized under this strategy is $1,278,552.

Table #7 provides a complete summary of the cost savings realized from CHP by maintaining the current plan design and making changes in either prescription drug co-pays and/or changes in employer contribution percentages:

Table #7
Cost Saving Strategy #2
Current CHP Plan Design w/ Drug Co-pay and Employer Contribution Variations

		Employer Contribution Percentage/Cost Savings			
Cost Saving Strategies	**CHP 2008 Total Cost**	**92.5%**	**90%**	**87.5%**	**85%**
Current Cost	**$12,,556,004**	$11,614,304			
Estimated Annual Savings					
Strategy 2A – Maintain Current Plan Design **Prescription Co-pays** $7/$20/$35		$0	$313,900	$627,800	$941,701
Strategy 2B Inc. Prescription Co-pays - $10/$25/$40		$144,846	$454,831	$764,817	$1,074,802
Strategy 2C Inc Prescription Co-pays $15/$35/$50		$366,574	$670,567	$974,559	$1,278,552

Alternative Plan P Design (Reduced Benefits)
In the 2008 plan year renewal process, CHP provided alternative plan designs with reduced benefits and slightly higher co-pays for medical services and prescription drugs. The Alternative Plan P Design is shown in Table #8 and is compared to the current plan design.

Table #8
Comparison of CHP Current and Alternative Plan P (Reduced Benefit) Design

Benefits	**Current Plan Design Co-Pays**	**Alternative Plan P Design Co-Pays**
Office Visits Primary Care Physician/After hours	$10/$15	$15/$20
Office Visits Specialist	$10	$25
Outpatient surgical procedures	$10	$25
Hospital Emergency Room	$100	$100
Prescription Co-pays	$7/$20/$35	Vary/Plan Selected
Diagnostic, MRI,PET & CT Scans	$0	$100
Hospital Services, Mental Health Inpatient and Maternity Inpatient	$0	$250 per Admission
National Network	Away from Home Care	Away from Home Care
Out-of Network Benefits	Emergencies Only	Emergencies Only

Attachment #7 provides a side-by-side comparison of the current plan design and Alternative Plan P design with slightly higher co-pays for prescriptions and medical services.

If the Board chooses Alternative Plan P (Reduced Benefits), staff has prepared cost savings strategies for this option as follows:

Cost Saving Strategy #3

- Alternative Plan P (Reduced Benefits)
- Implement variations in prescription co-pays and/ or employer contribution percentages.

  - **Strategy 3A** – Reduces the current plan design and no change in prescription drug co-pays; however, provides potential cost savings by changing the employer contribution percentage from 92.5% to either 90%, 87.5% or 85%. The maximum savings under this strategy is $1,172,843.
  - **Strategy 3B** – Reduces the current plan design and changes the prescription drug co-pays from $7/$20/$35 to $10/$25/$40. Provides additional cost savings by changing the employer contribution from 92.5% to either 90%, 87.5% or 85%. The maximum savings realized under this strategy is $1,497,134.
  - **Strategy 3C** – Reduces the current plan design and changes the prescription drug co-pays from $7/$20/$35 to $15/$35/$50. Provides additional cost savings by changing the employer contribution from 92.5% to either 90%, 87.5% or 85%. The maximum savings realized under this strategy is $1,699,939.

Table #9
Cost Saving Strategy #3
Alternative Plan P (Reduced Benefits) w/ Drug Co-pay and Employer Contribution Variations

		Employer Contribution Percentage/Cost Savings			
Cost Saving Strategies	CHP 2008 Total Cost	92.5%	90%	87.5%	85%
Current Costs	$12,,556,004	$11,614,304			
Estimated Annual Savings					
Strategy 3A – Alternative Plan P (Reduced Benefits) Prescription Co-pays $7/$20/$35		$251,537	$558,639	$865,741	$1,172,843
Strategy 3B Inc. Prescription Co-pays - $10/$25/$40		$607,379	$904,864	$1,202,348	$1,499,833
Strategy 3C Inc Prescription Co-pays $15/$35/$50		$825,142	$1,116,741	$1,408,340	$1,699,939

Monthly employee/employer premium rates for Cost Saving options reflected in Strategy #2 (Table #7) and Strategy #3 (Table #9) are shown in Attachment #8. In addition, Attachment #8 provides a summary of employer annual costs and average "cost per covered employee" for Strategy #2 and Strategy #3.

Request for Proposals

At the July 10, 2007 meeting, the Board directed staff to research ways in which to reduce the County's health care cost and, if necessary, issue an RFP for County health insurance services for the 2009 plan year. Attached is the draft RFP used in the 2005 RFP process. The current Agreements with CHP and UHC have a three-year term, ending on December 31, 2008, with an option for three one-year renewals for a maximum contract period of six years which, if exercised, would end the Agreement in December 2011. The Board has the option to exercise the one year extension provision under this agreement for the 2009 renewal or issue an RFP for healthcare services.

Additionally, the Florida Association of Counties (FAC Health Insurance Program) has approached staff and is interested in providing health care services to Leon County employees. The program is underwritten by Aetna Health Insurance Company. This plan offers different plan types and plan designs. A FAC/Aetna Health Insurance brochure is attached with additional details about the program (Attachment #9). The FAC/Aetna Health Insurance Partnership currently provides medical services in Sarasota, Lee, Polk and Charlotte Counties representing 14,000 members.

Staff requested a proposal from Mercer Consulting services to provide consulting services for the review of proposals, benchmarking data, and negotiate rates with healthcare providers. Mercer presented a proposal with a cost of $48,000 (Attachment #10). Mercer provided RFP review services in 2005 resulting in a savings to Leon County of more than $600,000.

The need for the services of a consultant could potentially be reduced if the Board chooses to issue an RFP requesting proposals from exclusive providers with the ability to offer a national network instead of multiple providers. An exclusive provider arrangement can produce lower renewal rates since all employees are with one provider. In addition, the RFP review and analysis process can be significantly streamlined if the Board chooses a plan design and contribution strategy up-front, prior to the issuance of the RFP. The Health Insurance RFP committee can then perform the analysis instead of contracting with a consultant. If the Board chooses to issue the RFP requesting proposals with exclusive and multiple provider arrangements, plan designs and contribution strategies, then staff recommends contracting with a consultant for the extensive review that is required.

Issue Request for Proposal

If the Board chooses to issue an RFP, Board direction is required on the structure of the RFP on following issues:

1. Exclusive Provider or Multiple Providers
2. Local Network Only or Local and National Network
3. Plan Design (Current Plan Design or Alternative Plan P (Reduced Benefit Design)
4. Employee/Employer Contribution Strategy (Table #7 and #9)
5. Policy Decision on Whether County Maximum Contribution is Not to Exceed Lowest Cost Provider (Multiple Provider) or Lowest Cost Plan(Single Provider with Multiple Plan Designs)
6. Contract with Mercer for Consulting Services

Extend Current Agreements

If the Board decides not to RFP and extends the current agreements with CHP and UHC, staff requests Board direction on the following issues in order to begin the renewal process for the 2009 plan year:

1. Plan Design (Current Plan or Alternative Plan P (Reduced Benefit Plan)
2. Employee/Employer Contribution Strategy (Table #7 and #9).
3. Policy Decision on Whether County Maximum Contribution is Not to Exceed that of Lowest Cost Provider (Cost Saving Strategy #1 - $392,000)

County Retirees

In choosing a County health plan and provider, Board consideration should also be given to County retirees who pay 100% of the cost of their health insurance, as well as those retirees that reside outside of Leon County and therefore need access to a national network. Included in Attachment #11 are the current CHP Medicare Advantage rates for those retirees that are 65 years or age or older. Retirees under age 65 pay the full cost of health insurance.

County Opt-Out Program

Leon County currently provides a $300/month Opt-Out payment to 131 employees at an estimated cost of $472,000 for the 2008 plan year. These employees elect not to enroll in the County's health plan and provide proof of medical coverage outside of Leon County. This program saves the County an estimated $1.1 million per year (Attachment #12). In addition, these employees and their families are not included in the County's medical claims experience which is used in determining annual rate increases.

Joint Board and Constitutional Staff Recommendation

On Thursday, February 28, 2008, staff met with representatives of each of the Constitutional Offices regarding the County's Health Insurance Program. Board staff and Constitutional representatives jointly recommend the following actions by the Board:

1. Extend the current agreement with Capital Health Plan and United Healthcare for the 2009 plan year.
2. Adopt Cost Saving Strategy #1 ($392,000) – County Maximum Health Insurance Contribution Not to Exceed that of Lowest Cost Provider, currently CHP. Effective, January 1, 2009, employees enrolled in UHC pay the additional premium cost above that of CHP.
3. Based on enrollment numbers as a result of action #2, if UHC determines that they can no longer provide health services to Leon County, the joint recommendation is to contract with CHP/BCBS as the exclusive provider of medical services and request multi-tiered plan designs (Current Plan Design, Alternative P Reduced Benefit Plan Design, and BCBS PPO).
4. In the CHP/BCBS exclusive provider, multiple plan design arrangement, adopt County Maximum Health Insurance Contribution Not To Exceed that of Lowest Cost Plan Design. Employee pays additional cost of plan design with higher level of benefits/costs and plan with access to the BCBS nationwide network.

Options:

1. Extend the current Agreements with Capital Health Plan and United Healthcare for the 2009 plan year.
2. Adopt Cost Saving Strategy #1 ($392,000) – County maximum health insurance contribution not to exceed that of the lowest cost provider, currently Capital Health Plan. Effective, January 1, 2009, employees enrolled in United Healthcare pay the additional premium cost above that of CHP.
3. Based on enrollment numbers as a result of #2 above, if UHC determines that they can no longer provide health services to Leon County, the joint recommendation is to contract with CHP/BCBS as the exclusive provider of medical services and negotiate a multi-tiered plan design (Current Plan Design, Reduced Benefit Plan Design, and Blue Cross Blue Shield national network).
4. In the Capital Health Plan/Blue Cross Blue Shield exclusive provider, multiple plan design arrangement, adopt the maximum health insurance contribution not to exceed that of the lowest cost provider design. Employee pays additional cost of plan design with higher level of benefits/costs and plan with access to the Blue Cross Blue Shield nationwide network.
5. Approve the issuance of a Request for Proposal for Employee Health Insurance Services for the 2009 plan year. To structure the Request for Proposal, staff requires Board direction on the following:
    a. Request proposals from Exclusive Providers only, with the ability to provide a local and national network for health care services; or
    b. Request proposals for both exclusive and multiple provider arrangements with several plan designs and contribution strategies, and approve contracting with Mercer consulting services in the amount of $48,000 to perform the extensive review required
    c. Select a plan design and contribution strategy from either Cost Saving Strategy #2 – Current Plan Design) or Cost Saving Strategy #3 – Alternative Plan P - Reduced Benefit Plan Design.
6. Maintain the current Capital Health Plan and United Healthcare multiple provider arrangement, current plan design, and current 92.5%/7.5% contribution strategy for both providers.
7. Board Direction.

Recommendation:

Options #1, #2, #3 and #4. (Joint Board/Constitutional Office staff recommendation)

Attachments:

1. 2005 RFP for Health Care Services
2. July 10, 2007 Agenda Item, Approval to Award County Employee Health Insurance Services for the 2008 Plan Year
3. Comparison of actual "cost per covered employee" by coverage type for CHP and UHC
4. Current Leon County Plan Design
5. Comparative plan design of Leon County, City of Tallahassee, Leon County School Board and the State of Florida
6. Comparison of Employee/Employer premium rates by coverage type and contribution percentages for government entities within the local market area
7. Side-by-side comparison the Current plan and Alternative Plan P (Reduced Benefits) design
8. Monthly employee/employer premium rates for Cost Saving options reflected in Strategy #2 (Table #7) and Strategy #3 (Table #9).
9. FAC/Aetna Health Insurance Brochure
10. Mercer Consulting Services Proposal
11. Retiree Medicare Advantage Rates
12. Opt-out Program Analysis

PA/LWB/EP

BOARD OF COUNTY COMMISSIONERS
301 South Monroe Street
Tallahassee, Florida 32301
(850) 488-4710

DRAFT

DRAFT

REQUEST FOR PROPOSALS

for

EMPLOYEE MEDICAL COVERAGE

Proposal Number BC-06-07-05-52

BOARD OF COUNTY COMMISSIONERS

LEON COUNTY, FLORIDA

Release Date: May 6, 2005

DRAFT

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

I. INTRODUCTION

A. Leon County is seeking fully insured quotes for employee medical coverage. Leon County is requesting vendors to propose on a fully insured:

1. Dual option plan that includes an HMO option and either a PPO or POS option; or
2. Triple option plan that includes an HMO, a PPO and a POS; or
3. Other alternative plan option, i.e. stand alone HMO or PPO; however any deviation from the dual option should be clearly defined in the response.

Leon County reserves the right to reject any/or all proposals and to make awards as they may appear to be advantageous to the County; to hold proposals for 60 days from the submission date without action, and to waive all formalities in proposal process. Your proposal may include any or all of the following:

Submissions should include quotes which assume both:
-That your company will be our only medical plan provider and
-That your company will be one of two medical plan providers

ALL SUBMISSIONS WILL BE COMPARED TO THE CURRENT MEDICAL PLANS AS A BASELINE FOR QUALITY AND COST.

IF DEVIATIONS ARE MADE FROM THE CURRENT PLAN, PLEASE EXPLAIN THE DIFFERENCES.

B. Coverage shall be effective January 1, 2006 or on a later date requested, in writing, to the bidder by the County. Coverage shall be guaranteed for a minimum of 12 months from the effective date at the same premium rate quoted in the bid. It is the County's intent to renew the coverage after the initial coverage period by negotiation with the bidder. Such renewal process may be conducted annually. The County must be notified 90 days in advance of the contract anniversary date of any premium increases.

II. GENERAL INSTRUCTIONS:

A. The response to the proposal should be submitted in a sealed addressed envelope to:

Proposal Number: BC-06-07-05-52
Purchasing Division
2284 Miccosukee Road
Tallahassee, FL 32308

B. An **ORIGINAL** and nine (9) copies of the Response must be furnished on or before the deadline. Responses will be retained as property of the County. **The ORIGINAL of your reply must be clearly marked "Original" on its face and must contain an original, manual signature of an authorized representative of the responding firm or individual**, all other copies may be photocopies.

C. Any questions concerning the request for proposal process, required submittals, evaluation criteria, proposal schedule, and selection process should be directed to Keith Roberts or Don Tobin at (850) 488-6949; FAX (850) 922-4084; or e-mail at keith@mail.co.leon.fl.us or tobind@mail.co.leon.fl.us. Written inquiries are required.

D. Special Accommodation: Any person requiring a special accommodation at a Pre-Bid Conference or Bid/RFP opening because of a disability should call the Division of Purchasing at (850) 488-6949 at least five (5) workdays prior to the Pre-Bid Conference or Bid/RFP opening. If you are hearing or speech impaired, please contact the Purchasing Division by

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

calling the County Administrator's Office using the Florida Relay Service which can be reached at 1(800) 955-8771 (TDD).

E. Proposers are expected to carefully examine the scope of services, and evaluation criteria and all general and special conditions of the request for proposals prior to submission. Each Vendor shall examine the RFP documents carefully; and, no later than seven (7) calendar days prior to the date for receipt of proposals, he shall make a written request to the Owner for interpretations or corrections of any ambiguity, inconsistency, or error which he may discover. All interpretations or corrections will be issued as addenda. The County will not be responsible for oral clarifications.

Only those communications which are in writing from the County may be considered as a duly authorized expression on the behalf of the Board. Also, only those communications from firms which are in writing and signed will be recognized by the Board as duly authorized expressions on behalf of proposers.

F. Your response to the RFP must arrive at the above listed address no later than Tuesday, June 7, 2005 at 2:00 PM to be considered.

G. Responses to the RFP received prior to the time of opening will be secured unopened. The Purchasing Agent, whose duty it is to open the responses, will decide when the specified time has arrived and no proposals received thereafter will be considered.

H. The Purchasing Agent will not be responsible for the premature opening of a proposal not properly addressed and identified by Proposal number on the outside of the envelope/package.

I. It is the Proposers responsibility to assure that the proposal is delivered at the proper time and location. Responses received after the scheduled receipt time will be marked "TOO LATE' and may be returned unopened to the vendor.

J. The County is not liable for any costs incurred by bidders prior to the issuance of an executed contract.

K. Firms responding to this RFP must be available for interviews by County staff and/or the Board of County Commissioners.

L. The contents of the proposal of the successful firm will become part of the contractual obligations.

M. Proposal must be typed or printed in ink. All corrections made by the Proposer prior to the opening must be initialed and dated by the Proposer. No changes or corrections will be allowed after proposals are opened.

N. If you are not submitting a proposal, please return the form attached at the end of the RFP, marked 'No Proposal'.

O. The County reserves the right to reject any and/or all proposals, in whole or in part, when such rejection is in the best interest of the County. Further, the County reserves the right to withdraw this solicitation at any time prior to final award of contract.

P. Cancellation: The contract may be terminated by the County without cause by giving a minimum of thirty (30) days written notice of intent to terminate. Contract prices must be maintained until the end of the thirty (30) day period. The County may terminate this agreement at any time as a result of the contractor's failure to perform in accordance with these specifications and applicable contract. The County may retain/withhold payment for nonperformance if deemed appropriate to do so by the County.

Q. Public Entity Crimes Statement: Respondents must complete and submit the enclosed Public Entity Crimes Statement. A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

R. Certification Regarding Debarment, Suspension, and Other Responsibility Matters: The prospective primary participant must certify to the best of its knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency and meet all other such responsibility matters as contained on the attached certification form.

S. Licenses and Registrations: The contractor shall be responsible for obtaining and maintaining throughout the contract period his or her city or county occupational license and any licenses required pursuant to the laws of Leon County, the City of Tallahassee, or the State of Florida. Every vendor submitting a bid on this invitation for bids **shall** include a copy of the company's local business or occupational license(s) <u>or</u> a written statement on letterhead indicating the reason no license exists. Leon County, Florida-based businesses are required to purchase an Occupational License to conduct business within the County. Vendors residing or based in another state or municipality, but maintaining a physical business facility or representative in Leon County, may also be required to obtain such a license by their own local government entity or by Leon County. For information specific to Leon County occupational licenses please call (850) 488-4735.

If the contractor is operating under a fictitious name as defined in Section 865.09, Florida Statutes, proof of current registration with the Florida Secretary of State **shall be submitted** with the bid. A business formed by an attorney actively licensed to practice law in this state, by a person actively licensed by the Department of Business and Professional Regulation or the Department of Health for the purpose of practicing his or her licensed profession, or by any corporation, partnership, or other commercial entity that is actively organized or registered with the Department of State **shall submit** a copy of the current licensing from the appropriate agency and/or proof of current active status with the Division of Corporations of the State of Florida or such other state as applicable.

Failure to provide the above required documentation may result in the bid being determined as non-responsive.

T. Audits, Records, And Records Retention

The Contractor shall agree:

1. To establish and maintain books, records, and documents (including electronic storage media) in accordance with generally accepted accounting procedures and practices, which sufficiently and properly reflect all revenues and expenditures of funds provided by the County under this contract.

2. To retain all client records, financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to this contract for a period of five (5) years after termination of the contract, or if an audit has been initiated and audit findings have not been resolved at the end of five (5) years, the records shall be retained until resolution of the audit findings or any litigation which may be based on the terms of this contract.

3. Upon completion or termination of the contract and at the request of the County, the Contractor will cooperate with the County to facilitate the duplication and transfer of any said records or documents during the required retention period as specified in paragraph 1 above.

4. To assure that these records shall be subject at all reasonable times to inspection, review, or audit by Federal, state, or other personnel duly authorized by the County.

5. Persons duly authorized by the County and Federal auditors, pursuant to 45 CFR, Part 92.36(I)(10), shall have full access to and the right to examine any of provider's contract and related records and documents, regardless of the form in which kept, at all reasonable times for as long as records are retained.

6. To include these aforementioned audit and record keeping requirements in all approved subcontracts and assignments.

U. Monitoring

To permit persons duly authorized by the County to inspect any records, papers, documents, facilities, goods, and services of the provider which are relevant to this contract, and interview any clients and employees of the provider to assure the County of satisfactory performance of the terms and conditions of this contract.

Following such evaluation, the County will deliver to the provider a written report of its findings and will include written recommendations with regard to the provider's performance of the terms and conditions of this contract. The provider will correct all noted deficiencies identified by the County within the specified period of time set forth in the recommendations. The provider's failure to correct noted deficiencies may, at the sole and exclusive discretion of the County, result in any one or any combination of the following: (1) the provider being deemed in breach or default of this contract; (2) the withholding of payments to the provider by the County; and (3) the termination of this contract for cause.

V. Addenda To Specifications

If any addenda are issued after the initial specifications are released, the County will post the addenda on the Leon County website at http://www.co.leon.fl.us/purchasing/. For those projects with separate plans, blueprints, or other materials that cannot be accessed through the internet, the Purchasing Division will make a good faith effort to ensure that all registered bidders (those vendors who have been registered as receiving a bid package) receive the documents. It is the responsibility of the vendor prior to submission of any proposal to check the above website or contact the Leon County Purchasing Division at (850) 488-6949 to verify any addenda issued. The receipt of all addenda must be acknowledged on the response sheet.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

III. SCOPE OF SERVICES:

Leon County is seeking fully insured quotes for employee medical coverage. Leon County is requesting vendors to propose on a fully insured:

1. Dual option plan that includes an HMO option and either a PPO or POS option; or
2. Triple option plan that includes an HMO, a PPO and a POS; or
3. Other alternative plan option, i.e. stand alone HMO or PPO; however any deviation from the dual option should be clearly defined in the response.

Leon County reserves the right to reject any and/or all proposals and to make awards as they may appear to be advantageous to the County; to hold proposals for 60 days from the submission date without action, and to waive all formalities in proposal process. Your proposal may include any or all of the following:

Submissions should include quotes which assume both:
-That your company will be our only medical plan provider and
-That your company will be one of two medical plan providers

ALL SUBMISSIONS WILL BE COMPARED TO THE CURRENT MEDICAL PLANS AS A BASELINE FOR QUALITY AND COST.

IF DEVIATIONS ARE MADE FROM THE CURRENT PLAN, PLEASE EXPLAIN THE DIFFERENCES.

A. Leon County requests you respond in your proposal on how you would structure and provide group health coverage for its 1,300+ employees, retirees and dependents. Creative integration of Section 125 Cafeteria Plan concepts are strongly encouraged. It is desired that the benefits program proposed maximize participant opportunity to take full advantage of the pre-tax payment of these benefits, in accordance with law, and to limit employer costs to the greatest extent possible while still providing a quality offering of benefits. Employee contribution rates will be determined on an annual basis solely by the Leon County Board of County Commissioners. An effective Wellness and Disease Management Program is beneficial to the reduction of overall medical claims and loss of quality of life. Consequently, the proposal must include a Wellness and Disease Management Program to achieve improved health conditions for participants

   The following sections and Attachment A, General Information contain further information on the Scope of Work and detailed requirements for developing proposals.

B. Coverage shall be effective January 1, 2006 or on a later date requested, in writing, to the bidder by the County. Coverage shall be guaranteed for a minimum of 12 months from the effective date at the same premium rate quoted in the bid. It is the County's intent to renew the coverage after the initial coverage period by negotiation with the bidder. Such renewal process may be conducted annually. The County must be notified 90 days in advance of the contract anniversary date of any premium increases.

C. Each respondent is required to examine carefully the specifications and current plan, and identify and explain any deviations from current benefits.

D. All proposals shall show or conform to the following, in addition to other information required in the proposal:

   1. Name of proposed insurance company;
   2. Insurance company rating from A.M. Best's Insurance Guide or appropriate financial documents to assure the bidder is a stable, sound, and responsible company. Only companies rated "A" or better will be considered; and

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

3. Insurance companies must be authorized to do business in the State of Florida and provide a certificate of authority.

E. Cancellation, termination, or expiration of the policy/coverage by the insurer/provider or insured/participant shall require 90 days notice.

F. All respondents must agree in writing to furnish the County with a de-identified, HIPAA compliant report of all incurred claims on at least a quarterly basis. The reports must also include:

1. a large claims analysis for claims over $50,000, including diagnosis and prognosis
2. network utilization analysis which includes in-network and out of network claims detail
3. hospital utilization and diagnosis report which includes hospitals, days and costs
4. breakdown of claims by categories (inpatient, outpatient, physician office, prescription, etc)

G. All respondents must agree to furnish an annual claims report of incurred and paid claims, including pended claims, within 25 days of the end of plan year.

H. All plans must be in compliance with HIPAA.

I. No proposal shall be withdrawn for a period of 90 days subsequent to the opening of the proposals, without consent of the County.

J. Successful contractor shall be required to provide on-site training and a question-and-answer session for all County employees. Also, the successful contractor shall be required to provide a toll-free customer service line between 8 a.m. and 5 pm each work day for County employee access to the insurance provider. User-friendly claim forms shall be furnished to the County with detailed instructions that can be provided to employees.

K. The County reserves the right to:
1. Reject any or all proposals tendered
2. Negotiate exclusively with one or more vendors of choice
3. Terminate or modify the process at any time.

L. The County retains the right to reject all proposals submitted. The County is not required to select the proposal with the lowest pricing, but shall take into consideration other factors such as ability to service the contract, retention charges, past experience, financial stability, and other relevant criteria. The County reserves the right to accept any proposal deemed advantageous to the County. Please indicate if your firm is a small, minority, or women owned business.

IV. REQUIRED SUBMITTALS:

Leon County is seeking fully insured quotes for employee medical coverage. Leon County is requesting vendors to propose on a fully insured:

1. Dual option plan that includes an HMO option and either a PPO or POS option; or
2. Triple option plan that includes an HMO, a PPO and a POS; or
3. Other alternative plan option, i.e. stand alone HMO or PPO; however any deviation from the dual option should be clearly defined in the response.

There are questionnaires for each type of plan that must be answered as part of your proposal and are included as Attachments C - -The general questionnaire "ADMINISTRATIVE SERVICES & CLAIMS ADMINISTRATION - ALL PLANS" in Attachment B will need to be completed for ALL plan proposals along with the respective questionnaire for each option.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

Your proposal must conform to the following format with information provided and labeled in accordance with the following sections.

A. Firm name, business address and office location, telephone and fax numbers, and designated company representative for this proposal and his/her contact information.

B. Federal Identification Tax Number.

C. The age of the firm, brief history, and average number of clients assigned to servicing team representative(s).

D. Names and contact information for no less than five (5) major employers for which the firm is presently under contract. The firms should preferably be of similar size, demographics, and/or industry. Provide name, telephone number and fax number for each employer's insurance/risk or benefits manager.

E. Provide participation information and acknowledgment of the Leon County Minority/Women Business Enterprise and Equal Employment Policies, Statement on Public Entity Crimes, Insurance Certification, and Certification Regarding Debarment (forms attached).

F. Cover Letter and written proposal providing overview of your proposed coverage as it relates to the requirements of this RFP. Be sure to adequately cover all items requested in this RFP that are not listed in the following sections G through M.

G. Completed questionnaire - ADMINISTRATIVE SERVICES & CLAIMS ADMINISTRATION - ALL PLANS

H. Completed questionnaire for specific plan coverage being proposed.

I. Sample Reports

J. Sample enrollment and promotional materials

K. Samples of standard communications to covered employees

L. Network Geo-Access Report by zip code, including a printed or electronic Provider Directory

M. Miscellaneous

V. SELECTION PROCESS

A. The County Administrator shall appoint an Evaluation Committee composed of seven members who will review all proposals received on time, and select one or more firms for interview based on the responses of each proposer. All meetings of Evaluation Committees subsequent to the opening of the solicitation shall be public meetings. Notice of all meetings shall be posted in the Purchasing Division Offices no less than 72 hours (excluding weekends and holidays) and all respondents to the solicitation shall be notified by facsimile or telephone.

B. The Evaluation Committee will recommend to the Board of County Commissioners (BCC), in order of preference (ranking), up to three (3) firms deemed to be most highly qualified to perform the requested services.

C. The (BCC) will negotiate with the most qualified firm (first ranked firm) for the proposed services at compensation which the BCC determines is fair, competitive, and reasonable for said services.

D. Should the BCC be unable to negotiate a satisfactory contract with the firm considered to be fair, competitive and reasonable, negotiations with that firm shall be formally terminated. The County shall then undertake negotiations with the second most qualified firm. Failing accord with the second most qualified firm the Board shall terminate negotiations. The BCC representative shall then undertake negotiations with the third most qualified firm.

E. Should the County be unable to negotiate a satisfactory contract with any of the selected firms, the Board representative shall select additional firms to continue negotiations.

F. Evaluation Criteria: Proposals will be evaluated and ranked on the basis of these factors:

Scope of services, plan design, and integration of plan functions	15%
Cost of services, including multi-year rate guarantees/rate caps and performance guarantees	25%
References and experience with similar clients, including responsiveness and financial stability	15%
Hospital and Physician network/disruption	20%
Reporting capabilities, online capabilities, interface with vendors	10%
Customer service, including location and hours of service team, quality controls, contracts	5%
Minority Vendor Participation	10%

VI. INDEMNIFICATIONS:

The Contractor agrees to indemnify and hold harmless the County from all claims, damages, liabilities, or suits of any nature whatsoever arising out of, because of, or due to the breach of this agreement by the Contractor, its delegates, agents or employees, or due to any act or occurrence of omission or commission of the Contractor, including but not limited to costs and a reasonable attorney's fee. The County may, at its sole option, defend itself or allow the Contractor to provide the defense. The Contractor acknowledges that ten dollars ($10.00) of the amount paid to the Contractor is sufficient consideration for the Contractor's indemnification of the County.

VII. MINORITY/WOMEN BUSINESS ENTERPRISE AND EQUAL OPPORTUNITY POLICIES

A. Minority/Women Business Enterprise Requirements

It is the policy of the Leon County Board of County Commissioners to institute and maintain an effective Minority/Women Business Enterprise Program. This program shall:

1. Eliminate any policies and/or procedural barriers that inhibit M/WBE participation in our procurement process.
2. Established goals designed to increase M/WBE utilization.
3. Provide increased levels of information and assistance available to M/WBEs.
4. Implement mechanisms and procedures for monitoring M/WBE compliance by prime contractors.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

Each bidder is strongly encouraged to secure M/WBE participation through purchase of those goods or services to be provided by others. Firms responding to this RFP are hereby made aware of the County's goals for M/WBE utilization. Respondents should contact Agatha Muse-Salters, Leon County M/WBE Director, at phone (850) 488-7509; fax (850) 487-0928 for additional information. Respondents must complete and submit the attached Minority/Women Business Enterprise Participation Plan form. **Failure to submit the form will result in a determination of non-responsiveness for your proposal.**

As a part of the selection process for this project, the ranking procedure will provide a maximum of ten (10) percent of the total score where M/WBE's are used as follows:

M/WBE Participation Level	Points
The respondent is certified as a Minority/Woman Business Firm with Leon County, as defined in the County's M/WBE policy.	10
The respondent is a joint venture of two or more firms/individuals with a minimum participation in the joint venture of at least 20% by certified minority/women business firms/individuals.	8
The respondent has certified that a minimum of 15.5% of the ultimate fee will be subcontracted to certified M/WBE Firm(s), and has identified in the proposal the M/WBE Firm(s) that it intends to use.	6

B. Equal Opportunity/Affirmative Action Requirements

The contractors and all subcontractors shall agree to a commitment to the principles and practices of equal opportunity in employment and to comply with the letter and spirit of federal, state, and local laws and regulations prohibiting discrimination based on race, color, religion, national region, sex, age, handicap, marital status, and political affiliation or belief.

For federally funded projects, in addition to the above, the contractor shall agree to comply with Executive Order 11246, as amended, and to comply with specific affirmative action obligations contained therein.

In addition to completing the Equal Opportunity Statement, the Respondent shall include a copy of any affirmative action or equal opportunity policies in effect at the time of submission.

VIII. INSURANCE

Your attention is directed to the insurance requirements below. Respondents should confer with their respective insurance carriers or brokers to determine in advance of bid submission the availability of insurance certificates and endorsements as prescribed and provided herein. If a respondent fails to comply strictly with the insurance requirements, that respondent may be disqualified from award of the contract.

Contractor shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees, or subcontractors. The cost of such insurance shall be included in the Contractor's pricing.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

1. Minimum Limits of Insurance: Contractor shall maintain limits no less than:

   a. General Liability: $1,000,000 Combined Single Limit for bodily injury and property damage per occurrence with a $2,000,000 annual aggregate.

   b. Automobile Liability: One Million and 00/100 ($1,000,000.00) Dollars combined single limit per accident for bodily injury and property damage. ***(Non-owned, Hired Car).***

   c. Workers' Compensation Employers Liability: Insurance covering all employees meeting Statutory Limits in compliance with the applicable state and federal laws and Employer's Liability with a limit of $500,000 per accident, $500,000 disease policy limit, $500,000 disease each employee. ***Waiver of Subrogation in lieu of Additional Insured is required.***

   d. Professional Liability Insurance, including errors and omissions: for all services provided under the terms of this agreement with minimum limits of Five Million and 00/100 ($5,000,000.00) Dollars per occurrence; or claims made form with "tail coverage" extending three (3) years beyond the term of the agreement. Proof of "tail coverage" must be submitted with the invoice for final payment. In lieu of "tail coverage", Contractor may submit annually to the County a current Certificate of Insurance proving claims made insurance remains in force throughout the same three (3)-year period.

2. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the County. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

3. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

   a. General Liability and Automobile Liability Coverages ***(County is to be named as Additional Insured).***

      1) The County, its officers, officials, employees and volunteers are to be covered as additional insureds as respects; liability arising out of activities performed by or on behalf of the Contractor, including the insured's general supervision of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protections afforded the County, its officers, officials, employees or volunteers.

      2) The Contractor's insurance coverage shall be primary insurance as respects the County, it officers, officials, employees and volunteers. Any insurance of self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of the Contractor=s insurance and shall not contribute with it. Contractor hereby waives subrogation rights for loss or damage against the county.

      3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the county, its officers, officials, employees or volunteers.

4) The Contractor's insurance shall apply separately to each insured against whom claims is made or suit is brought, except with respect to the limits of the insurer=s liability.

5) Companies issuing the insurance policy, or policies, shall have no recourse against the County for payment of premiums or assessments for any deductibles with are all at the sole responsibility and risk of Contractor.

b. All Coverages: Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the County.

4. Acceptability of Insurers: Insurance is to be placed with insurers with a Best's rating of no less than A:VII.

5. Verification of Coverage: Contractor shall furnish the County with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by the County before work commences. The County reserves the right to require complete, certified copies of all required insurance policies at any time.

6. Subcontractors: Contractors shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

IX. ETHICAL BUSINESS PRACTICES

A. Gratuities. It shall be unethical for any person to offer, give, or agree to give any County employee, or for any County employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or performing in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, subcontract, or to any solicitation or proposal therefor.

B. Kickbacks. It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

C. The Board reserves the right to deny award or immediately suspend any contract resulting from this proposal pending final determination of charges of unethical business practices. At its sole discretion, the Board may deny award or cancel the contract if it determines that unethical business practices were involved.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

PROPOSAL RESPONSE COVER SHEET

This page is to be completed and included as the cover sheet for your response to the Request for Proposals.

The Board of County Commissioners, Leon County, reserves the right to accept or reject any and/or all bids in the best interest of Leon County.

Keith M. Roberts, Purchasing Director

Cliff Thaell, Chairman
Leon County Board of County Commissioners

This bid response is submitted by the below named firm/individual by the undersigned authorized representative.

____
(Firm Name)

BY ____
(Authorized Representative)

____
(Printed or Typed Name)

ADDRESS ____

____

CITY, STATE, ZIP ____

TELEPHONE ____

FAX ____

ADDENDA ACKNOWLEDGMENTS: (IF APPLICABLE)

Addendum #1 dated ____________ Initials _____

Addendum #2 dated ____________ Initials _____

Addendum #3 dated ____________ Initials _____

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

STATEMENT OF NO BID

We, the undersigned, have declined to respond to the above referenced RFP for the following reasons:

_________ We do not offer this service

_________ Our schedule would not permit us to perform.

_________ Unable to meet specifications

_________ Others (Please Explain)

____

____

____

____

We understand that if the no-bid letter is not executed and returned, our name may be deleted from the list of qualified bidders for Leon County.

Company Name ______________________________

Signature ______________________________

Name (Print/Type) ______________________________

Telephone No. ______________________________

FAX No. ______________________________

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

SWORN STATEMENT UNDER SECTION 287.133(3)(a), FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to Leon County Board of County Commissioners

   by____
   [print individual's name and title]

   for____
   [print name of entity submitting sworn statement]

   whose business address is: ____

   ____

   and (if applicable) its Federal Employer Identification Number (FEIN) is ____________.
   (If the entity has no FEIN, include the Social Security Number of the individual signing this sworn

   statement:______________________________).

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:

   a. A predecessor or successor of a person convicted of a public entity crime: or
   b. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact

   business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. [Indicate which statement applies.]

_____ Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However there has been a subsequent proceeding before a hearing a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. [Attach a copy of the final order.]

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

____
(signature)

Sworn to and subscribed before me this _____ day of ___________, 20___.

Personally known ______________ OR Produced identification______________________________
(Type of identification)

____
NOTARY PUBLIC

Notary Public - State of ______________________

My commission expires:______________________

____
Printed, typed, or stamped commissioned name of notary public

MINORITY/WOMEN BUSINESS ENTERPRISE PARTICIPATION PLAN

RESPONDENT____

MBE Participation Levels		**Points**
______	The respondent is certified as a Minority/Woman Business Firm with Leon County, as defined in the County's M/WBE policy.	10
______	The respondent is a joint venture of two or more firms/individuals with a minimum participation in the joint venture of at least 20% by certified minority/women business firms/individuals.	8
______	The respondent has certified that a minimum of 15.5% of the ultimate fee will be subcontracted to certified M/WBE Firm(s), and has identified in the proposal the M/WBE Firm(s) that it intends to use.	6

M/WBE firms and subcontractors must be certified by the City of Tallahassee or Leon County to qualify for M/WBE participation credit. Please provide the following information for each M/WBE. Please indicate minority groups by using the corresponding letters: African American (B), Asian American (A), Hispanic American (H), Native American (N) and Non Minority Female (F). **You must submit proof of certification with your proposal.** Attach additional sheets as necessary.

Name, Address, and Phone	Materials/Services	Amount	Group
____________________	____________________	________	______
____________________	____________________		
____________________	____________________		
____________________	____________________	________	______
____________________	____________________		
____________________	____________________		
____________________	____________________	________	______
____________________	____________________		
____________________	____________________		

Total Value of M/WBE Participation: $ ____________
Total Project Base Bid: $ ____________
M/WBE Participation as % of Total Base Bid: ____________%

The vendor acknowledges the Leon County M/WBE policy and the provisions specified for this RFP. If applicable, vendor certifies that the above list of minority vendors and the respective contract amounts and percentages of the total bid are accurate.

Signed: ______________________________ Title: ____________________ Date____________

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

EQUAL OPPORTUNITY/AFFIRMATIVE ACTION STATEMENT

1. The contractors and all subcontractors hereby agree to a commitment to the principles and practices of equal opportunity in employment and to comply with the letter and spirit of federal, state, and local laws and regulations prohibiting discrimination based on race, color, religion, national region, sex, age, handicap, marital status, and political affiliation or belief.

2. The contractor agrees to comply with Executive Order 11246, as amended, and to comply with specific affirmative action obligations contained therein.

Signed: ______________________________

Title: ______________________________

Firm: ______________________________

Address: ______________________________

____

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

INSURANCE CERTIFICATION FORM

To indicate that Bidder/Respondent understands and is able to comply with the required insurance, as stated in the bid/RFP document, Bidder/Respondent shall submit this insurances sign-off form, signed by the company Risk Manager or authorized manager with risk authority.

A. Is/are the insurer(s) to be used for all required insurance (except Workers' Compensation) listed by Best with a rating of no less than A:VII?

☐ YES ☐ NO

Commercial General Liability:	Indicate Best Rating: Indicate Best Financial Classification:	______ ______
Business Auto:	Indicate Best Rating: Indicate Best Financial Classification:	______ ______
Professional Liability:	Indicate Best Rating: Indicate Best Financial Classification:	______ ______

1. Is the insurer to be used for Workers' Compensation insurance listed by Best with a rating of no less than A:VII?

☐ YES ☐ NO

Indicate Best Rating: ______
Indicate Best Financial Classification: ______

If answer is NO, provide name and address of insurer:

____

____

____

2. Is the Respondent able to obtain insurance in the following limits (next page) for this professional services agreement?

☐ YES ☐ NO

Insurance will be placed with Florida admitted insurers unless otherwise accepted by Leon County. Insurers will have A.M. Best ratings of no less than A:VII unless otherwise accepted by Leon County.

Required Coverage and Limits

The required types and limits of coverage for this bid/request for proposals are contained within the solicitation package. Be sure to carefully review and ascertain that bidder/proposer either has coverage or will place coverage at these or higher levels.

Required Policy Endorsements and Documentation

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

Certificate of Insurance will be provided evidencing placement of each insurance policy responding to requirements of the contract.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the County. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Endorsements to insurance policies will be provided as follows:

Additional insured (Leon County, Florida, its Officers, employees and volunteers) - General Liability & Automobile Liability

Primary and not contributing coverage- General Liability & Automobile Liability

Waiver of Subrogation (Leon County, Florida, its officers, employees and volunteers)- General Liability, Automobile Liability, Workers' Compensation and Employer's Liability

Thirty days advance written notice of cancellation to County - General Liability, Automobile Liability, Worker's Compensation & Employer's Liability.

Professional Liability Policy Declaration sheet as well as claims procedures for each applicable policy to be provided

Please mark the appropriate box:

Coverage is in place ☐ Coverage will be placed, without exception ☐

The undersigned declares under penalty of perjury that all of the above insurer information is true and correct.

Name ______________________________
Typed or Printed

Signature ______________________________

Date ______________________________

Title ______________________________
(Company Risk Manager or Manager with Risk Authority)

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, And OTHER RESPONSIBILITY MATTERS PRIMARY COVERED TRANSACTIONS

1. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

   a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

   b) Have not within a three-year period preceding this been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statues or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

   c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of these offenses enumerated in paragraph (1)(b) of this certification; and

   d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

3. No subcontract will be issued for this project to any party which is debarred or suspended from eligibility to receive federally funded contracts.

____
Signature

____
Title

____
Contractor/Firm

____
Address

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

ATTACHMENT A
GENERAL INFORMATION

I. Current Plan Information

A. The group is comprised of the employees, retirees and dependents and COBRA participants of County Commissioners, Supervisor of Elections, Clerk of the Courts, Property Appraiser, Sheriff, and Tax Collector.

B. At a future date, the County may be involved in a health care consortium with the Leon County School Board and the City of Tallahassee. This may include a joint request for proposal on all plan options indicated in this Proposal.

C. There are approximately 1414 employees in the present group working for the Board of Commissioners and Constitutional Offices of County government:

1. Board of County Commissioners & Supervisor of Elections - 619
2. Clerk of the Courts - 134
3. Sheriff's Department (includes Jail) - 539
4. Tax Collector - 79
5. Property Appraiser - 43

D. Census information provided by all entities will detail the number enrolled employees by tier and dependent status (information attached).

E. Leon County currently offers two fully insured HMO health plans with Capital Health Plan and with VISTA. (Employee Benefits booklet information attached).

F. Currently, Leon County pays 92.5% of the cost of employee and family coverage. Employees contribute 7.5%. Employee contribution rates will be determined on an annual basis solely by the Leon County Board of County Commissioners.

Employees may choose to pay for certain of their benefits on a pre-tax basis under Leon County's Internal Revenue Code (IRC) Section 125 cafeteria plan. In addition, employees can utilize a medical and/or dependent care flexible spending account. The Flexible Spending Account is being administered by the Fringe Benefit Management Company.

G. New Hires have 30 days to enroll in coverage. Employees and their eligible dependents are covered effective the first day of the month following date of application. Employees may Opt-Out of the Medical Plan provided they can provide proof of other coverage outside of LCBCC. Employees receive $300 per month for opting out of the Medical Plan.

II. Proposed Plan Specifications

A. All offers must provide the following:

1. Waiver of waiting period, pre-existing condition limitations and Actively at Work provision for the initial enrollment with a new carrier for those employees who have already satisfied these requirements under the current plan, including eligible COBRA participants, Retirees, or employees on an approved leave of absence. There should also be no limitation for maternity benefits for eligible enrollees.
2. Waiver of waiting period and pre-existing condition limitations for new enrollees with prior creditable coverage under HIPAA guidelines.
3. Deductible carryover credit.

4. "No loss, no gain" of benefits as a result of a change in carrier, or when enrolling on the Leon County BCC plan under HIPAA Special Enrollment provisions or a qualifying event.
5. Transition of Care benefits at inception of plan.

B. Proposed Group Health Coverage

The proposals shall provide coverage for the following:

1. Full-time employees; and part time employees working at least 20 hours per week who have been employed for 2 years.
2. Dependents of covered employees, which include:
   a) Legally married spouse;
   b) Unmarried natural, adopted or foster children up to age 19, or age 25 if enrolled in a state-approved educational or technical institution;
   c) Stepchildren up to age 19, or age 25 if enrolled in a state-approved educational or technical institution;
   d) Grandchildren, if employee is legal guardian;
   e) Any dependent claimed on the employee's federal income tax return.
3. Medicare enrollees.
4. The successful bidder will comply with all COBRA and HIPAA requirements.

C. Guaranteed Rates

All rates shall be guaranteed for 12 months beginning January 1, 2006. However, The County reserves the right to accept a guarantee of more than 12 months if it is in the County's best interest. Multi-year rate guarantees are strongly recommended and will be a consideration in the evaluation process. All guarantees should be explained in your quote.

Leon County requires a minimum rate guarantee of 12 months. Please confirm this guarantee in your response. Leon County prefers a multi-year contract. ***To enter into a multi-year contract, the County requires you to include a method for calculating the increase for each option year in the contract***. Leon County prefers a method of calculation based on an objective standard related to its performance. Clearly indicate a method of calculating the increase in your response for each option period. ***If you are basing the rate of increase on our claims detail, please explain your methodology***. The contract is to provide that changes in premium can only be instituted on a policy anniversary date and that the selected proposer must provide for notice of changes in premium at least 90 days before renewal.

D. Information Provided to Insurers

Data regarding Leon County employee census and schedule of benefits are provided as attachments and are to be used specifically to aid in the underwriting and issuance of a proposal for Leon County's employee benefits. Any unauthorized use of this information will be cause for immediate termination of any existing or future contracts.

E. Term of Contract and Extension/Renewal Rights

The term of the contract(s) issued as a result of this request for proposal shall be for not less than one year, subject to earlier termination as provided by law and by the terms of the contract. In addition, unless otherwise specified in the proposal, the award of this contract shall include the right at the option of the County, contingent upon the agreement by both parties to any change in premium costs or benefits, to renew and extend this contract on a year-to-year basis as may be permitted by applicable law and County Policy.

It is the County's intent to award a contract for a 3 year period, with 3 one year extension options, at the discretion on the County. If all extension options were exercised, the maximum total term of the agreement would be 6 years.

F. Role of Consultant

The County will retain an independent consultant to provide medical plan consulting services in the RFP review, evaluation and analysis process.

G. Cost of Preparation

The County will not reimburse any Proposer for any costs associated with the preparation and submittal of any proposal, or for any travel and per diem costs that are incurred by any Proposer in preparation and submittal of any proposal.

H. Employee Contributions

Employee contribution rates will be determined on an annual basis solely by the Leon County Board of County Commissioners.

III. GENERAL REQUIREMENTS

A. Requirements of Companies and Agents Submitting Proposals

1. It is the intent of Leon County that covered employees and covered dependents shall not lose or gain benefits as a result of a change in carrier. This is commonly referred to as "No loss/No Gain." Leon County requires that the pre-existing condition limitations and the actively at work provision be waived for the initial enrollment for those employees who have already satisfied the waiting period for pre-existing conditions under the current plan. Please confirm your agreement with this provision.

2. The selected insurer will be responsible for all claims incurred on or after the effective date and within the contract period. An appropriate transition program will need to be developed before the effective date.

3. The selected insurer(s) should have electronic data transfer capability for eligibility and billing, both at initial implementation and on an ongoing basis. The insurer must be EDI compliant with HIPAA requirements.

4. All Companies submitting proposals must be licensed by the State of Florida and have a demonstrated level of good performance with public entities, including Counties.

5. Any Company Agent or Third Party Administrator must have an errors and omissions policy with a minimum limit of $1,000,000. Please enclose proof with your proposal.

6. Insurance Companies must be recommended in the latest edition of Best's Life Insurance Reports with a general policy holder's rating of A or better. Leon County must be furnished the Best's policyholder rating for each company with which coverage is being quoted.

7. Companies must have a willingness to commit to specified levels of performance for service and quality.

8. Companies must have an organization that has demonstrated the ability to deliver cost-effective service and claims processing.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

9. Companies must provide sufficient telephone service, including toll-free and local service, to handle inquiries directly from plan participants as well as County business representatives.

10. It is the intent of Leon County that no commissions, placement fees, overrides, or any other form of compensation be paid to any broker/agent as a part of any insurance contract. No proposal should include any such payments, of any type, to any broker or agent, and any fees paid must be fully disclosed with the responding company's proposal.

11. Must not include any "actively at work" clauses in contracts.

12. Proposer must assume current policy benefit structure and provide a "no loss/no gain" assumption of risk and credit for all annual deductibles, co-insurance, and major medical maximum benefits.

13. Proposer must comply with all recent federal legislation including but not limited to HIPAA, COBRA and Mental Health Parity.

14. Proposer should provide the names of three current and three terminated references that we may contact (including number of employees, location, contact and telephone number) that are similar in size and composition to Leon County.

    For these references, also please provide the following information:
    a) The services you provide to these clients;
    b) When the clients were underwritten and or terminated;
    c) Membership size of the clients.

15. QUARTERLY REPORTING (all within the guidelines of HIPAA):
    a) Paid claims by member (employee, spouse or child)
    b) Paid claims by service area
    c) Benefit analysis (submitted claims, ineligible expenses, COB, member share, network savings, paid amount)
    d) Network savings report
    e) Utilization report by provider type
    f) Prescription drug report (top drugs by cost and by number of scripts, generic vs. brand utilization, etc.)
    g) Disease Management enrollment report
    h) Large claims over $50,000 (see III G for more information)
    i) De-identified case management summary reports
    j) Questions relating to reporting requirements:
        1) What is your charge for custom reports?
        2) Submit a copy of one page of each of your standard reports in your reporting package.
        3) Submit copy of your sample ID card
        4) Describe your electronic claims submission and adjudication capabilities.
            (a) Are you presently able to accept and process claims from providers electronically via the Internet or secure data exchange?
            (b) Do your systems presently meet electronic data interchange (EDI) requirements proposed by the Health Insurance Portability and Accountability Act?
            Is your current claims payment process capable of meeting the required deadlines for initial claim determination and communications requirements for Urgent, Pre-Service and Post-Service claims as specified in the final ERISA Claims and Appeal Regulations?

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

16. Provide enrollment assistance to County during open enrollment on an annual basis. This could include, but is not limited to, providing educational materials on the Plan and having properly trained representatives attend Benefit Fairs and give educational presentations on the Plan.

17. PERFORMANCE AND SERVICE STANDARDS

A service standards agreement by the successful Proposer shall be executed prior to the execution of the contract between the parties. The successful Proposer is required to meet the following monthly performance standards. The County reserves the right to have an independent consultant, on a quarterly basis, review adherence to these service standards. Adherence is expected to each of these standards. This agreement is binding for the period of the contact, subject to mutually satisfactory modifications with the County reserving the right to impose non performance liquidated damages.

a. Average Claim Turnaround Time: 90% of all clean claims must be paid and Explanation of Benefit (EOB) mailed within 10 working days after claim submission.
b. Claims Status Report: Provide status to employees for claims not resolved within 30 days of claims submission.
c. Threatening Letter Response: Respond, in writing, directly to the letter writer, employee or covered dependent, and the County's Human Resources staff with an explanation of the claim status within 5 working days of receipt of notification, any time a County's employee or dependent receives a letter from a Provider threatening legal action, referral to a collection agency, or other negative action which could jeopardize the employee or dependent's credit standing because of the delay or failure in paying claims.
d. Financial and Claims Reports: Provide within 15 calendar days for monthly reports; 45 calendar days after end of period for quarterly or annual reports.
e. Payment Accuracy of Claims: Assess payment accuracy of claims through random sampling, on a quarterly basis, with error no greater than 2% .

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

ATTACHMENT B
QUESTIONNAIRE
ADMINISTRATIVE SERVICES & CLAIMS ADMINISTRATION - ALL PLANS

All respondents must complete this questionnaire under each category for which they are providing a proposal.

1. Briefly describe your ability to assume the County Plan.
   a. Number of claim processors at your location.
   b. Number of claim processors reserved for the County.
   c. Who would conduct the enrollment process?
   d. Name of individual responsible for County Plan.
   e. Submit brief resume on individuals you propose to handle the County contract.

2 Provide information on how you perform the following:

   a) Describe your online enrollment and customer service capabilities.
   b) Describe how you identify and monitor ineligible and duplicate charges, bundling/unbundling of charges, and COB.
   c) Describe how you track accumulators.
   d) Describe your process for resolving pended claims.
   e) Describe your appeals process.
   f) Do you set R&C charges in your PPO/POS plans based on a percentile? If so, what percentile? How often do you change R&C pricing?
   g) What is your subrogation process?
   h) How many medical directors do you employ?

3. Will you provide renewal and rate information 90 days prior to renewal? If not what is the earliest date renewal rate information will be made available?

4. Does your plan currently offer on-line access to claims and eligibility information?

5. Describe how participants select network providers. Do you provide member support services for selecting and/or locating network providers?

6. Do you have on-line access to network provider listings and locations to assist members with provider selection?

7. What assistance do you provide plan members if a network provider terminates their contract during the plan year? How and when are members notified? What happens to patients that are receiving on-going treatment from that network provider?

8. How do you provide transition of care and treatment of patients who are being treated by a physician that is not in your network.
   a. Maternity Coverage prior to the last trimester
   b. Maternity Coverage in the last trimester
   c. Ongoing cancer chemotherapy
   d. Disabled employees
   e. Hospitalized employees or dependents on the date of risk assumption. Specific and aggregate coverage may be in effect prior to the effective date based on the policy limits proposed.
   f. Not actively at work employees on the effective date.
   g. Employees on extended leave of absence.

9. Is eligibility available online to Human Resources staff?

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

10. Will there by a dedicated customer services unit for Leon County? If so, where will it be located and how will it be staffed?

11. Attach samples of your standard reporting package that is included in your quote. Please note if your paid claims numbers are based on paid or incurred claims figures.

12. Attach sample reports that are available but not included in standard package. How are these requested and what is the cost if any.

13. What is the average hold time for customer service calls? Please supply a sample phone unit report.

14. Contracted vendors will keep Leon County supplied with needed enrollment materials, as well as current provider directories. Please supply sample of material.

15. Leon County would like you to survey our employees annually to monitor the employees' satisfaction with your product and services. Do you currently do this? If so, please describe your process.

16. What is the average turnaround time for supplying ID cards directly to participants?

17. As a vendor you will work with Leon County on wellness programs and initiatives (such as annual flu shots, allergy clinics, healthy pregnancies)? If so, include a suggested plan or sample plans you have used for other employers.

18. Leon County requires the right to approve any general distribution type correspondence sent to our employees. Do you agree to the prior approval agreement?

19. Please define a "paid claim" as it pertains to your organization. (Please be specific, as to when a claim is received, processed, paid and checked cut)?

20. Please define a "clean claim" as it pertains to your organization.

21. Proposer must indicate how present policy benefit structures would relate to your proposed plan and provide a 'no loss/no gain" assumption of risk and credit for all annual deductibles, co-insurance, and major medical maximum benefits.

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

ATTACHMENT C
FULLY INSURED PLAN – HEALTH MAINTENANCE ORGANIZATIONS QUESTIONNAIRE

Leon County is soliciting proposals for an HMO plan for its active and retired employees and their dependents and surviving spouses of retirees. The HMO plan option will be offered to those employees/ retirees/surviving spouses who reside or work in the network area. The provider network will need to include Centers of Excellence for various specialties, such as cardiac, oncology, and transplants.

There is no pre-existing conditions limitation on the medical plan. Qualified dependent children and grandchildren are eligible for coverage to age 25 if they are a student or claimed as a dependent on the employee's income tax filing.

a. ***Proposals must provide rates for the current plan of benefits offered to the employees of Leon County***. Optional benefit plan designs will be accepted only if rates are provided for the current benefit plan. If unable, please provide written explanation.

b. Health Maintenance Organization should initially attempt to duplicate the benefit structure of Capital Health Plan and VISTA as closely as possible. Please note in your proposal significant differences in your plan of benefits. A spreadsheet comparing your proposed plan with the two current plans would aid in the interpretation of your proposal.

Please reproduce these questions when supplying your answers.

1. What are the smallest and largest plan participant populations that the Firm now handles?

2. Will the Firm provide personalized enrollment forms? If so, at what additional cost to the amounts shown on the fee schedule? Please provide a sample.

3. What information does the Firm need from Leon County initially and on an ongoing basis to fulfill its contract obligations? How frequently? In what format and medium?

4. Please provide samples of all forms, communications, reports, and statements that the Firm would use in administering the Plan.

5. Please provide evidence that the HMO is licensed to operate in the State of Florida and/or is qualified under Section 1310(d) of the Health Maintenance Organization Act. Please indicate the month and year licensing and/or qualifications were originally obtained.

6. Has the HMO or its officers or directors been involved in a lawsuit related to the HMO in the past five years? If yes, please explain.

7. How is case management handled? Where is it located? What is the process in the case of a referral by a PCP to an: out of area provider, or an out of network provider, or to a Center of Excellence such as MD Anderson Medical Center? How do you contract with Centers if at all? How would your employees access needed treatment?

8. Please provide a list of the Centers of Excellence you contract with if any.

9. How many of each of the following providers are in your health plan in Leon County and contingent counties in the Florida Service area?
   a) Hospitals
   b) Pharmacies
   c) PCP's (general/family practice; internal medicine, pediatrics) How many of the PCP's and OB/GYN 's are accepting new patients?

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

d) OB/GYN's
e) Allergists
f) All other specialties

10. Are urgent care centers part of your provider network?

11. Must PCP's refer and coordinate utilization management on behalf of the member (non-OB/GYN)?

12. Please identify those services which require prior approval of the case manager or medical director.

13. What is your voluntary and involuntary provider turnover rate?

14. Is a toll free number provided for employees regarding network referrals and other network (non-claims) information?

15. Is there a nurse advisory toll free line for employees to access? Any associated cost?

16. Leon County expects to be notified if any hospitals or major provider groups drop out of network. How will this be handled?

17. Please identify and explain your disease management programs. Are these programs provided at an added cost? What is the expected plan benefit and savings? How are savings identified and shared with policyholders?

18. Please provide a copy of all network directories for the proposed service area.

19. Do your directories provide a unique numeric identifier for each PCP in order to allow for PCP selections to be made through a telephone enrollment system or online?

20. Do you allow licensed "Enrollers" that the County may select to enroll your plan?

21. Leon County may carve out the prescription plan and contract directly with a PBM. Can you interface with various PBM's? Do you have a recommendation?

22. Please provide a rate with and without prescription drug coverage.

23. Please indicate the brand names and/or trade names of the drugs in your formulary.

24. What is the average turnaround time for supplying ID cards directly to participants? How does an employee replace an ID card?

25. As a vendor, will you work with Leon County on wellness programs and initiatives (such as annual flu shots, allergy clinics, healthy pregnancies)? If so, provide a suggested plan or sample plans you have used for other companies.

26. Attach samples of your standard reporting package that is included in your quote. Please note if your paid claims numbers are based on paid or incurred claims figures.

27. Please indicate your process for handling subrogation claims.

Financial – HMO

Provide a fully insured quote for the HMO plan by completing the following section, indicating the rates on a monthly basis for each of the following rate categories and employee classes:

Please show "factors" used in determining the formula for each tier. If any one tier is "weighted" please

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

provide explanations.

Coverage	Rate
Employee Only	
Employee +1	
Employee + family	

Coverage	Rate
Retiree Only	
Retiree +1 Either Primary	
Retiree + 1 Both Primary	
Retiree + Family Either Primary	
Retiree + Family Both Primary	

Multi-year Fee Guarantee

Calendar 2006 Yes ( ) No ( )
Calendar 2007 Yes ( ) No ( )
Calendar 2008 Yes ( ) No ( )

If yes, please provide the formula for each year

Calendar 2006 ______________________
Calendar 2007 ______________________
Calendar 2008 ______________________

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

ATTACHMENT D
PPO PLAN – FULLY INSURED
QUESTIONNAIRE

General Information

Leon County currently does not offer a fully insured PPO plan to active employees, retirees, surviving spouses and their dependents. Of prime importance is quality and size of network, as well as availability to Centers of Excellence when needed as a network provider. Leon County may directly contract with a limited number of providers and, if so, may need the payor and carrier to administer those contracts.

(Please reproduce these questions when supplying your answers.)

1. How is large case management handled in the PPO plan? Are there local case management nurses, or is LCM telephonic only?

2. What happens in case an employee needs to access care outside the network? Out of area? At a Center of Excellence, such as M.D. Anderson Medical Center?

3. Leon County requires networks to have access to Centers of Excellence. How do you contract with the Centers? Through your own network or another type of arrangement? How will our employees access for needed treatment?

4. What is your average hold time for customer service calls? Please supply a sample phone unit report.

5. Do you have online eligibility and enrollment capabilities? Explain in detail.

6. What is your voluntary and involuntary provider turnover rate?

	Voluntary	Involuntary
a. Primary Care Physician	______	______
b. OB/GYN	______	______
c. Specialists (exclude OB/GYN)	______	______

7. Is a nurse advisory toll free number available?

8. Leon County will need to be notified if a large provider group or a hospital in our service area dropped out of the network. Will this present a problem?

9. As a vendor will you work with Leon County on wellness programs and initiatives (such as annual flu shots, allergy clinics, healthy pregnancies)? If so, provide a suggested plan or sample plans you have used for other employers.

10. Attach samples of your standard reporting package that is included in standard package. How are these requested, and what is the cost if any?

11. Attach sample reports that are available but not included in standard package. How are these requested and what is the cost if any?

12. Please indicate your process for handling subrogation claims.

13. Please define a "clean claim" as it pertains to your organization.

14. Will your organization collaborate with Leon County in preparing a detailed administrative manual including procedural information on all agreed upon plan administration and claims procedures?

RFP Title: Request for Proposals for Employee Medical Coverage
Proposal Number: BC-06-07-05-52
Opening Date: Tuesday, June 7, 2005 at 2:00 PM

15. Do you allow licensed "Enrollers" that the County may select to enroll your products?

16. What types of claims management services to you have in place?

17. What is the location of the claims processing site that would service Leon County?

18. What is the size of that location?
    a. Number of employees
    b. Weekly volume of claims
    c. Number of accounts over 3,000

19 What is your average claim processing time?

20. Is eligibility available on line to Human Resources staff?

Financial – PPO-Fully Insured

Provide a fully insured quote for the PPO plan by completing the following section, indicating the rates on a monthly basis for each of the following rate categories and employee class:

Coverage	Rate
Employee Only	
Employee +1	
Employee + family	

Coverage	Rate
Retiree Only	
Retiree +1 Either Primary	
Retiree + 1 Both Primary	
Retiree + Family Both Primary	
Retiree + Family Either Primary	

Multi-year Fee Guarantee

Calendar 2006 Yes ( ) No ( )
Calendar 2007 Yes ( ) No ( )
Calendar 2008 Yes ( ) No ( )

If yes, please provide the formula for each year

Calendar 2006 ______________________________
Calendar 2007 ______________________________
Calendar 2008 ______________________________

Board of County Commissioners
Agenda Request 17

Date of Meeting: **July 10, 2007**
Date Submitted: **July 4, 2007**

To: **Honorable Chairman and Members of the Board**
From: **Parwez Alam, County Administrator**
Lillian Bennett, Director of Human Resources
Subject: **Approval to Award County Employee Health Insurance Services for the 2008 Plan Year**

Statement of Issue:
This agenda item requests Board approval to award employee health insurance coverage to Capital Health Plan/ Blue Cross and Blue Shield (CHP/BCBS) Preferred Provider Option (PPO) as the exclusive provider of medical coverage for Leon County employees due to a substantial increase in health insurance premium rates proposed for the 2008 plan year from Vista Health Plan (26%) and United Healthcare (38%). The proposed premium rate increase is 7% for the CHP/BCBS PPO dual option. Attached are the rate proposals from CHP/BCBS (Attachment #1), Vista (Attachment #2) and United Healthcare (Attachment #3).

Background:
The health insurance plan for Leon County covers Board and Constitutional Office employees, as well as retirees. In May 2005, Leon County issued a Request for Proposal (RFP) for employee health insurance services. The RFP process resulted in the selection of three insurance carriers; Capital Health Plan, Vista Health Plan, and United Healthcare (Attachment #4).

Leon County entered into an Agreement with each insurance carrier. Each Agreement has a three-year term, ending on December 31, 2008, with an option for three one-year renewals for a maximum contract period of six years. Section VII of the Agreement states that

> "this agreement may be terminated by either party, provided a written notice of intent to terminate is delivered to the other Party by the terminating Party no less than 120 days prior to the expiration of the then Contract year, but only after the initial term has expired".

In plan year 2006, CHP, United, and Vista proposed the same plan design, prescription co-pays, and a flat rate 0% increase in premiums. For the 2007 plan year, the total cost of health insurance was estimated at $13.4 million, an increase of $176,264, or 1.33% over the 2006 plan year (Attachment #5). Since the issuance of the RFP for health insurance in 2005, for the past two plan years, Leon County has experienced a no increase or minimal increase in premium rates from the insurance carriers, resulting in significant savings.

Attachment #6 provides a five-year history of employee enrollment with each carrier. Leon County's enrollment is currently at 1439 employees. CHP continues to have the highest enrollment at 1171 employees; Vista's enrollment has continued to decline to 147 employees; and, United has increased enrollment for the past year to 121 employees. Attachment #7 provides a five-year history of total insurance costs for Leon County.

Current 2007 plan year premium rates are as follows:

Table #1 Current 2007 Monthly Premium Rates
CHP, United and Vista
7.5% Employee/ 92.5% Employer Contribution

CHP	**Employee**	**Employer**	**Total Monthly Premium**
Single	$29.74	$366.86	$396.60
Employee + 1	$61.58	$759.42	$821.00
Family	$78.82	$972.18	$1,051.00

United	**Employee**	**Employer**	**Total Monthly Premium**
Single	$29.44	$363.11	$392.55
Employee + 1	$60.94	$751.64	$812.58
Family	$78.02	$962.24	$1,040.26

Vista	**Employee**	**Employer**	**Total Monthly Premium**
Single	$30.90	$381.29	$412.19
Employee + 1	$63.98	$789.17	$853.15
Family	$81.90	$1,010.25	$1,092.15

Currently, Vista's monthly premium rates are the highest of the three carriers. Based on current enrollment numbers, the estimated 2007 plan year cost of health insurance is $13.6 million. The employer contribution amount at 92.5% is estimated at $12.6 million.

Analysis:

Annually, staff meets with each insurance carrier to negotiate renewal rates for the next plan year. In June 2007, staff met with Capital Health Plan, Vista Health Plan, and United Healthcare to discuss the rate renewal for the 2008 plan year. Each carrier submitted rate proposals for the 2008 plan year as follows: United (38% increase); Vista (26% increase; not offering current plan design); and, CHP (4.6% increase).

For the 2008 plan year, CHP and United proposed the same plan design as currently provided. Vista declined to offer the County's current plan design, and offered an alternate plan design at a 14% reduction in cost. The Vista alternate plan provides significantly lower benefits, and requires the employee to pay considerably higher out-of-pocket expenses.

}ased upon the substantial rate increases proposed by United and Vista, and a significant reduction in benefits ›roposed by Vista, staff requested CHP to provide a rate proposal for a CHP/Blue Cross and Blue Shield (BCBS) IMO/Preferred Provider Organization (PPO) plan option for Board consideration.

'lan Design and Cost Proposals

;taff has prepared a comparison of the plan designs and cost of each plan offered from CHP, Vista, and United Attachment #8). The following is a summary of each of the plan designs and costs offered by each carrier:

- **CHP HMO - (Multiple Provider or Exclusive Provider)**

The CHP HMO proposal offers the same plan design as is currently offered; $10 co-pay for office visits (PCP and Specialist); $100 co-pay for hospital emergency room, and prescription co-pays of $7 generic, $20 preferred brand, and $35 non- preferred brand. CHP continues to offer the same benefit design to County employees at a rate increase of 4.6%. This is well below the national average of 11 %. Under this option, CHP HMO would provide services as either an exclusive or a multiple provider of health insurance coverage for Leon County. Attachment #9 reflects the CHP Only options with variations in drug co-pays, current plan design and plans with reduced employee benefits as well as potential cost savings. With CHP, as the exclusive provider, the national network currently provided by United Healthcare would no longer be available.

- **CHP/Blue Cross Blue Shield PPO (Exclusive Provider – National Network)**

The CHP/BCBS PPO dual option plan would maintain the current HMO benefits provided by CHP as indicated in the CHP HMO option above and partner with BCBS PPO to provide in and out of network benefits with a national network. The PPO plan design includes an annual hospital deductible of $500, and a $400 co-pay for inpatient hospital stay and rehabilitative services. The in-network coinsurance for the employee is 10%; out of network co-insurance is 40%. Co-insurance is the percentage the employee is responsible for paying once the deductible is met. There is a $15 co-pay for in network office visits. For out-of-net work office visits, the deductible and 40% co-insurance apply. In network specialists have a $30 co-pay, and out-of -network specialist require a deductible, and a 40% co-insurance. For in network emergency room visit, there is a $100 co-pay plus 10% co-insurance. For out of network emergency room visits, there is a $100 co-pay and a 40% co-insurance.

This plan will require additional employee out of pocket expenses in order to take advantage of the BCBS national network. However, the BCBS PPO plan would offer benefits for retirees living outside of the CHP service area and allow employees to receive medical services at specialty care centers (Center of Excellence) nationwide for critical illness. The cost of the CHP/BCBS dual option plan is an increase of (7%) over CHP's current rates. The rates are blended rates. In a blended rate arrangement, all employees pay the same premium rate; however, during open enrollment; employees would select either the CHP HMO option or the BCBS PPO option. Once a plan option is selected, employees will not be allowed to change options until the next open enrollment period held in November of each year. The plan option selected becomes effective in January of each year. This reflects a 7% increase in insurance cost over the 2007 plan year. The BCBS plan requires significantly more out of pocket expenses for the employee than the United Healthcare option that also provides a national network without deductibles and coinsurance.

- **CHP / BCBS Alternate Plan (P) - (Reduced Benefits)**

On July 2, 2007, CHP submitted additional exclusive proposals with variations in prescription co-pays of $7/$20/ $35, $10/$25/40 and $15/$30/$50. Proposals with reduced benefits and higher co-pays could result in significant savings to Leon County, however out of pocket costs will be higher for employees. The City of Tallahassee and the Leon County School Board currently provide reduced benefit plans with drug co-pays of $15/$30/$50 and $10/$25/ $40 respectively, to its employees. Attachment #10 reflects CHP/BCBS dual plan options with variations in drug co-pays, current plan designs and plans with reduced employee benefits as well as potential cost savings. Attachment #11 reflects the comparison of the current plan design (Plan F) to the proposed reduced benefits plan design (Plan P). The reduced benefit plan has increased co-pays for medical services, hospital admissions and diagnostic testing for MRI, CAT Scans, etc. The potential employer savings from the CHP/BCBS Alternate Plan P

(Reduced Benefits options ranges from $101,577 - $745,144.

- **Vista Health Plan - (Multiple Provider)**

Vista is no longer offering the County's current plan design. Vista indicates that they can no longer afford to offer the current benefit-rich plan to County employees. If Vista did offer the current plan, the cost would be at a rate increase of 26%.

Vista is offering an alternate plan design for Board consideration, at a reduced cost with significantly lower benefits to the employee. The alternate plan design is as follows; $15 co-pay for office visits (PCP); $30 co-pay (specialist); $100 co-pay for hospital emergency room; prescription co-pays of $15 generic, $35 preferred brand, and $50 non-preferred brand; $500 deductible, and $200 per day for the first five days for a hospital stay. All hospital claims, in-patient or out-patient are subject to the $500 deductible. The maximum out-of-pocket for a five- day hospital stay is $1,500.

While Vista's alternate plan offering would result in a (14.1%) decrease in cost, Leon County employees and their dependents would incur additional out-of-pocket expenses, and significantly reduced benefits. The Vista plan does not include a national network of providers.

- **United Health Care – (Multiple Provider – National Network)**

The United proposal offers the same plan design as is currently offered; $10 co-pay for office visits (PCP and Specialist); $100 co-pay for hospital emergency room, and prescription co-pays of $7 generic, $20 preferred brand, and $35 non- preferred brand. Employees enrolled in United Health Care also can take advantage of the Choice Plus national network and Centers of Excellence. United continues to offer the same benefit design to county employee, however the premium rate will increase by 38. The United plan would result in a substantial increase in health insurance cost to Leon County and County employees. However, employees would continue to have access to a national network without any deductibles or co-insurance requirements, as is required with the CHP/BCBS plan option.

The following tables provide a comparison of the 2008 health insurance proposals:

Alternative A
Table #2 – Multiple Providers (Current Arrangement)
Comparison of 2008 Proposed Annual Health Insurance Cost

Category	CHP	United (National Network)	Vista (Plan No longer offered)	Vista Alternate Plan (Reduced Benefits)	**Total CHP, United & Vista (Plan no longer offered)**	**Total CHP, United & Vista Alternate Plan**
Renewal Increase	4.6%	38%	26%	(14.1%)	9.4%	5.2%
2008 Estimated Annual Cost	11,664,400	$1,405,738	$1,865,003	$1,271,923	$14,935,141	$14,342,061
2007 Estimated Annual Cost	11,150,772	1,018,857	1,480,160	1,480,160	$13,649,790	$13,649,790
Increase/ (Decrease) in cost over 2007	$513,628	$386,881	$384,843	($208,237)	$1,285,351	**$692,271**

Alternative B
Table #3 – CHP and United ONLY - Multiple Providers (National Network)
Comparison of 2008 Proposed Annual Health Insurance Cost

Category	CHP	United	Total CHP and United Only Plan Option
Renewal Increase	4.6%	38%	8.3%
2008 Estimated Annual Cost	12,418,644	$2,366,208	$14,784,852
2007 Estimated Annual Cost	11,900,052	1,749,738	13,649,790
Increase/(Decrease) in cost over 2007	$518,593	$616,470	$1,135,063

Alternative C
Table #4 – Exclusive Provider (New Arrangement)
Comparison of Exclusive Provider Annual Health Insurance Cost

Category	Alternative C-1 CHP HMO (Exclusive Provider)	Alternative C-2 CHP /BCBS (Exclusive Provider) National Network
Renewal Increase	4.6%	7%
2008 Estimated Annual Cost	$14,231,178	$14,556,823
2007 Estimated Annual Cost	$13,649,790	$13,649,790
Increase/(Decrease) in cost over 2007	$581,388	**$907,033**

)n July 2, 2007 CHP submitted the following additional reduced benefits options:

Alternative D
Table #5 – CHP/BCBS Alternate Plan (P) Reduced Benefits

Category	Drug Copay $7/$20/$35	Drug Copay $ 10/$25/$40	Drug Copay $15/$30/$50
Renewal Increase	5.84%	2.76%	0.74%
2008 Estimated Annual Cost	$14,447,031	$14,026,258	$13,751,263
2007 Estimated Annual Cost	$13,649,790	$13,649,790	$13,649,790
Increase/(Decrease) in cost over 2007	**$797,241**	**$376,468**	**$101,473**

Table #6 and #7 outlines the final negotiated rates and monthly premiums for each insurance provider.

Table #6 - Comparison of 2008 Proposed Monthly Premium Rates

Category	CHP	CHP /BXBS	Vista (Plan no longer offered)	Vista Alternate Plan (Reduced Benefits)	United
Renewal Increase	4.6%	7%	26%	(14.1%)	38%
Single	$414.90	$424.36	$519.36	$354.20	$541.61
Employee + 1	$858.80	$878.47	$1,074.97	$733.12	$1,121.13
Family	$1,099.40	$1,124.50	$1,376.11	$938.50	$1435.27

Table #7
CHP / BCBS Alternate Plan P Monthly Rates (Reduced Benefits)

Plan P	**Drug Co-pay 7/20/35**	**Drug Co-pay 10/25/40**	**Drug Co-pay 15/30/50**
Employee	$413.00	$400.97	$393.11
Employee + One	$848.43	$823.72	$807.57
Family	$1136.83	$1103.72	$1082.08

Contribution Strategies
The Board has customarily maintained an employee/employer contribution ratio structure of 7.5% and 92.5% respectively for payment of health insurance premiums. In accordance with the Agreement entered in with each provider, the employee's premium amount is determined by applying the Board approved employee contribution rate (7.5%) to the actual total premium and rate increase proposed by each provider.

Additional employee/employer contribution strategies the Board may want to consider is shown in Attachment #12. The strategies include a 10%/90% and a 15%/85% employee/employer contribution strategy. Potential savings for each strategy are also included in the summary. Increasing the employee contribution percentage will result in additional savings to Leon County. However, employees will be required to assume more of the cost of health insurance. Staff has also provided a comparison of Leon County's rates and contribution strategy to that of the City of Tallahassee, Leon County School Board, and the State of Florida (Attachment # 13)

Conclusion
The current health plans that provide out-of-network area coverage are United Healthcare and BCBS PPO. This service is needed for employees requiring specialized care for critical illnesses outside of Leon County, as well as retirees relocating outside of Leon County. Based on the proposals and rate increases presented by the current vendors, staff recommends that the Board consider the CHP/BCBS PPO (7% increase) as the exclusive provider of health care services for Leon County. The dual option plan will continue the level of CHP HMO benefits provided to County employees currently, and provide a PPO plan, in which employees can participate in the BCBS national network of providers. However, if the Board does not choose the CHP/BCBS PPO option, then staff recommends the CHP/United Healthcare plan option (8.3% increase) in order to maintain a national network benefit for employees.

During the open enrollment period, employees currently enrolled in Vista or United will have an opportunity to enroll in the new CHP/BCBS PPO plan. Upon Board approval of the dual option CHP/ BCBS plan only, the carriers will hold educational sessions for employees to inform them of the new health insurance offerings. In addition, staff will notify Vista and United that Leon County will not renew health insurance services for the 2008 plan year.

If the Board desires to reduce overall health insurance cost for Leon County, then the CHP/BCBS Alternate Plan (P) should be considered with reduced benefits to employees. The potential savings are outlined in the Table #7 below:

Table #7
CHP/BCBS Alternate Plan P (Reduced Benefits)

CHP/BCBS Blended Rates w/ Drug Copay Variations and Reduced Benefits			
Plan Options	**Total Plan Cost**	**Total Savings**	**Employer Savings @ 92.5%**
Recommended CHP/BCBS Option $7/ $25/$35	$14,556,823.57		
CHP Alternative Plan (P) $7/$20/ $35 w/ BCBS PPO Blended Rates Reduced Benefits	$14,447,031.36	$109,792.21	$101,557.79
CHP Alternative Plan Plan (P) $10/$25/$40 w/ BCBS PPO Blended Rates Reduced Benefits	$14,026,257.96	$530,565.61	$490,773.19
CHP Alternative Plan Plan (P) $15/$30/$50 w/ BCBS PPO Blended Rates Reduced Benefits	**$13,751,262.60**	**$805,560.97**	**$745,143.90**

Options:

1. Approve the Capital Health Plan/Blue Cross Blue Shield PPO national network dual option plan (7% increase) as the exclusive provider of health insurance for Leon County for the 2008 plan year.
2. Do not renew health insurance services with Vista Health Plan and United Healthcare for the 2008 plan year.
3. Maintain the current 7.5%/92.5% employee/employer contribution strategy for health insurance for the 2008 plan year.
4. Approve Alternative B, the Capital Health Plan/ United Healthcare plan option (8.3% increase) to maintain a national network benefit for employees for the 2008 plan year.
5. Board Direction

Recommendation:
Options #1, #2 and #3.

Attachments:

1. Capital Health Plan Renewal Rates and Plan Design
2. Vista Health Plan Renewal Rates and Plan Design
3. United Health Care Renewal Rates and Plan Design
4. Agenda items dated September 2005 and August 2005 requesting approval to "Award County Employee Health Insurance Services."
5. Agenda item dated August 2006, requesting approval to "Award County Employee Health Insurance Services."
6. 5 Year Provider Enrollment History
7. 5 Year History of Insurance Cost and the 2008 Health Insurance Cost Estimate
8. 2008 Health Plan Comparisons
9. CHP HMO Plans Only Comparisons, Potential Savings and Employer Contribution
10. CHP/BCBS Excusive Provider Blended Rates Comparisons, Potential Savings and Employer Contributions
11. Leon County Comparison Chart , Current Plan F and Reduced Benefit Plan P
12. Employee Contribution Strategy Impacts and Employer Savings
13. Contribution Strategies for Leon County School Board, The City of Tallahassee and the State of Florida

Capital Health Plan

LEON COUNTY RATES

This chart has the 2007 CHP Plan F: Rx $7/20/35 rates; CHP Plan F: Rx $7/20/35 rates effective 1/1/2008; and Alternative CHP/BCBSFL Blended Dual Option rates effective 1/1/2008 for Leon County.

2007 Leon County Plan (Plan F): Rx $7/20/35

Single	Employee + One	Family
$[illegible].60	$821.00	$1,051.00

***2008 Leon County Plan (Plan F): Rx $7/20/35**

Single	Employee + One	Family
$414.90	$858.80	$1,099.40

4.6% Increase

***2008 CHP/BCBSFL Blended Dual Option**
CHP Plan F Rx $7/20/35 & BCBSFL 1551 Rx $7/20/35

Single	Employee + One	Family
$424.36	$878.47	$1,124.57

7% Increase

*.These rates <u>do not include</u> any provision for PIP (Personal Injury Protection). Final rates may be adjusted due to Florida PIP coverage requirements. This adjustment will depend upon the outcome of the upcoming special legislative session.

Capital Health
PLAN

RECEIVED BY

JUN 05 2007

LEON COUNTY
HUMAN RESOURCES

May 29, 2007

Ms. Lillian Bennett
Human Resources Director
Leon County Board of County Commissioners
Leon County Courthouse, Suite 201
Tallahassee, Fl. 32301

Dear Lillian:

Thank your for your request for renewal premiums for Leon County. As you know, Leon County has partnered with Capital Health Plan to meet the health care needs of its employees and their families for 24 years. During this time Capital Health Plan has become recognized as one of the top health plans in the country for quality and service to its members (as most recently noted in U.S. News and World Report "America's Best Health Plans"). We continue to work proactively to identify Leon County enrollees with chronic illnesses to provide a high level of secondary preventive services to improve outcomes and cost, as we also focus on keeping employees and their families healthy through primary preventive services and education.

Our purpose as a non-profit HMO is to provide the people in Leon and surrounding counties with high quality, affordable health care that: (1) focuses on delivery of evidence based medical care under the direction of primary care physicians in an effective, timely and cost efficient manner, (2) emphasizes low administrative costs and ethical business practices, and (3) is proactive and innovative in its quest to continually improve the health of the community. The Plan's affiliation with Blue Cross and Blue Shield of Florida, and the Blue Cross and Blue Shield Association, offers members additional stability and access to national programs like Away from Home Care (for dependents and others temporarily living away from the service area) and urgent and emergent care outside of the local service area. A national contract with Walgreens' pharmacies also gives members access to prescription drugs when away from the service area.

Capital Health Plan has demonstrated a strong commitment to Leon County to keep rates as affordable as possible while offering employees a valued and comprehensive benefit plan. While health care costs have escalated nationwide over the past ten years, Leon County rate increases from CHP have been in the single digits, well below national trends, since 2004.

25th Anniversary
1982 - 2007

CHP did not increase rates at all in 2006 – when typical rate increases across the industry ranged from 8 to 15%. In 2007, the rate increase was 1%. We are once again pleased to offer premiums that demonstrate CHP's focus on affordability. In addition, we are offering our Plan P with a 10/25/40 Rx benefit for your consideration. This plan is similar to the plans offered by the State of Florida and the Leon County School Board.

The Retiree Advantage rates will be provided prior to the end of June.

In closing, CHP considers Leon County to be a key business partner and we take seriously our responsibility to manage its employee health benefits and administrative needs. Working together on the CHPConnect Employer Portal is an example of the cooperation that we share in this relationship. Capital Health Plan will continue to devote experienced staff to the Leon County account to assure that a high level of service and responsiveness is provided. CHP's Senior Executive staff is also committed to continue making themselves available to collaborate with the County as needed.

If you have questions or need additional information, please feel free to contact Deborah Sisk, Major Account Representative, at 383-3329, or Terry Steaple, Sales Director, at 523-7469.

Sincerely,

Terry Steaple
Sales Director

Capital Health PLAN

Large Group Plan F

Schedule of Copayments

Attachment C

Physician Services	[illegible]
Office visit(s) for services provided by member's primary care physician or other CHP personnel during regular office hours	**$10**
Office visit(s) for services provided by member's primary care physician or other CHP personnel after regular office hours (including evenings and weekends)	**$15**
Office visit(s) for services provided by a participating provider when authorized by the primary care physician	**$10**
Outpatient surgical procedures, surgical services, and other medical care provided by the primary care physician or participating provider when authorized by the primary care physician	**$10**
Mental health outpatient care for short-term evaluative or crisis intervention for 20 visits per contract year when authorized by the primary care physician	**$20 per visit**

Hospital Services	[illegible]
All hospital benefits covered under this agreement	**$0**
Outpatient surgical procedures performed in a hospital or ambulatory surgical center	**$0**
Mental health inpatient care for crisis intervention for 31 days per contract year	**$0**

Maternity Services	[illegible]
Physician Services	
Office visit(s) for services provided by a member's primary care physician	**$10**
Office visit(s) for services provided by a participating provider when authorized by the primary care physician or non-plan provider when authorized by the Medical Director of CHP	**$10**
Hospital services: All maternity inpatient care	**$0**

Emergency Services	Required copayment
Emergency room visits	$100 per episode
Emergency services outside the service area	$100 per episode

[illegible]	Required copayment
Home health services	$0
Hospice home care	$0
Hospice outpatient care	$0
Hospice inpatient care	$0
Skilled nursing facility for up to 60 days per admission with subsequent admission available following 180 days from discharge date of the previous admission	$0
Alcohol and drug abuse	Covered by endorsement only
Durable medical equipment and prosthetic medical appliances	$0
Outpatient prescription drugs	Covered by endorsement only
Visits for short-term physical/speech or other rehabilitation therapies	$10 per visit
Routine eye exams for vision correction	$10

[illegible]

Attachment # 2
Page 13 of 63

BlueCross BlueShield of Florida

BlueOptions
For Large Groups
Health Benefit Summary Plan 1551

Benefits for Covered Services	Amount Member Pays
Office Services	
Physician Office Services In-Network Family Physician In-Network Specialist Out-of-Network Office Visit In-Network e-Office Visit Out-of-Network e-Office Visit	 $15 Copayment $30 Copayment CYD[1] + 40% Coinsurance $10 Copayment CYD + 40% Coinsurance
Maternity Initial Visit In-Network Specialist Out-of-Network	 $30 Copayment CYD + 40% Coinsurance
Allergy Injections *(rendered by an In-Network Physician)*	$10 Copayment
Preventive Care	
Adult Wellness Benefit Maximum *(PCY[2] max, includes Well Woman and Routine Adult Physical Exam and Immunizations)*	$150
Routine Adult Physical Exam and Immunizations (Applies towards Adult Wellness PCY max) In-Network Family Physician In-Network Specialist Out-of-Network	 $15 Copayment $30 Copayment 40% Coinsurance
Well Woman Exam (e.g. Annual GYN) (Applies towards Adult Wellness PCY max) In-Network Family Physician In-Network Specialist Out-of-Network	 $15 Copayment $30 Copayment 40% Coinsurance
Mammograms (Covered at 100% of Allowed Amount, In- and Out-of-Network)	$0
Well Child (No PCY max) In-Network Family Physician In-Network Specialist Out-of-Network	 $15 Copayment $30 Copayment 40% Coinsurance
Emergency Medical Care	
Urgent Care Centers In-Network / Out-of-Network	 $30 Copayment / CYD + 40% Coinsurance
Emergency Room Facility Services (per visit) (copayment waived if admitted) In-Network Out-of-Network	 $100 Copayment + 10% Coinsurance $100 Copayment + 40% Coinsurance
Ambulance Services (Ground travel / Air and water travel, per day maximum)	CYD + 10% Coinsurance $400 / $4,000
Outpatient Diagnostic Services	
Independent Diagnostic Testing Facility Services (per visit) (e.g. X-rays) (Includes Provider Services) In-Network / Out-of-Network	 $75 Copayment / CYD + 40% Coinsurance
Independent Clinical Lab (e.g. Blood Work) In-Network / Out-of-Network	 $0 / CYD + 40% Coinsurance
Outpatient Hospital Facility Services (per visit) (e.g. Blood Work and X-rays) In-Network (Option 1 / Option 2) Out-of-Network	 $100 Copayment / $200 Copayment $300 Copayment

1 CYD = Calendar Year Deductible
2 PCY = Per Calendar Year
Note: Out-of-Network services may be subject to balance billing.

63251-0307R

BlueOptions
For Large Groups
Health Benefit Summary Plan 1551

Benefits for Covered Services	*Amount Member Pays*
Mental Health/Substance Dependency	
Mental Health (PCY)	30 Inpatient days, 20 Outpatient visits
Inpatient Hospital Facility Services (per admit)	
In-Network (Option 1 / Option 2)	$400 Copayment / $800 Copayment
Out-of-Network	$1,200 Copayment
Outpatient Office Visit	
In-Network Specialist	$30 Copayment
Out-of-Network	CYD + 40% Coinsurance
Substance Dependency (Lifetime max)	$2,500
Inpatient Hospital Facility Services (per admit)	
In-Network (Option 1 / Option 2)	$400 Copayment / $800 Copayment
Out-of-Network	$1,200 Copayment
Outpatient Office Visit	
In-Network Specialist	$30 Copayment
Out-of-Network	CYD + 40% Coinsurance
Other Provider Services	
Provider Services at Hospital and ER	
In-Network and Out-of-Network	*CYD + 10% Coinsurance*
Provider Services at Locations other than Office, Hospital and ER	
In-Network Family Physician	CYD + 10% Coinsurance
In-Network Specialist	CYD + 10% Coinsurance
Out-of-Network	CYD + 40% Coinsurance
Other Special Services	
Combined Outpatient Cardiac Rehabilitation and Occupational, Physical, Speech and Massage Therapies and Spinal Manipulations (PCY max)	$2,500
In-Network Locations other than Hospital and Physician's Office	$30 Copayment
Out-of-Network Locations other than Hospital	CYD + 40% Coinsurance
Outpatient Hospital Facility Services (per visit)	
In-Network (Option 1 / Option 2)	$100 Copayment / $200 Copayment
Out-of-Network	$300 Copayment
Durable Medical Equipment	
In-Network	CYD + 10% Coinsurance
Out-of-Network	CYD + 40% Coinsurance
Home Health Care (PCY max)	$2,500
In-Network	CYD + 10% Coinsurance
Out-of-Network	CYD + 40% Coinsurance
Skilled Nursing Facility (PCY)	60 days
In-Network	CYD + 10% Coinsurance
Out-of-Network	CYD + 40% Coinsurance
Hospice (Lifetime max)	$7,500
In-Network	CYD + 10% Coinsurance
Out-of-Network	CYD + 40% Coinsurance
Hospital/Surgical	
Ambulatory Surgical Center Facility (ASC)	
In-Network / Out-of-Network	$75 Copayment / CYD + 40% Coinsurance
Inpatient Hospital Facility and Rehabilitation Services (per admit)	Rehabilitation Services limit - 21 days PCY
In-Network (Option 1 / Option 2)	$400 Copayment / $800 Copayment
Out-of-Network	$1,200 Copayment

BlueOptions

For Large Groups
Health Benefit Summary Plan 1551

Benefits for Covered Services	*Amount Member Pays*
Hospital/Surgical (Continued)	
Outpatient Hospital Facility Services (per visit) In-Network: (Option 1 / Option 2) Out-of-Network	 $100 Copayment / $200 Copayment $300 Copayment
Emergency Room Facility Services (per visit) (copayment waived if admitted) In-Network Out-of-Network	 $100 Copayment + 10% Coinsurance $100 Copayment + 40% Coinsurance
Financial Features	
Calendar Year Deductible (CYD) (per person / family aggregate) In-Network Out-of-Network (CYD is the amount the member is responsible for before BCBSF pays)	 $500 / $1,500 Combined w/ In-Network
Coinsurance *In-Network / Out-of-Network* (Coinsurance is the percentage the member pays for services)	 10% / 40%
Out-of-Pocket Maximum (*per person / family aggregate*) In-Network Out-of-Network (*Out-of-Pocket Maximum* includes CYD, Coinsurance and Copayments; Excludes Prescription Drugs)	 $2,500 / $7,500 Combined w/ In-Network
Total Lifetime Maximum Benefit	$5,000,000

Additional Benefits and Features

BlueScript Prescription Drug Program

In the event your Group has purchased pharmacy coverage from Blue Cross and Blue Shield of Florida, **you'll find a Pharmacy** Program information sheet enclosed. Please review it carefully, as you'll find it contains an overview of your benefits and how to utilize them.

An Array of Value-Added Programs and Services*

- Access to valuable **health information** and resources, including care decision support, our online provider directory at ***www.bcbsfl.com*** and other interactive web-based support tools
- **MyBlueService**, our 24/7 online member self-service, where you can request extra ID cards, review benefits, check claims status, print forms and more
- **Discounts** on vision care, hearing care, alternative care, fitness clubs, bicycle helmets and more through our *BlueComplements program*
- *Online access to participating physician offices for* ***e-office visits***, consultations, appointment scheduling or cancellation, prescription refills and much more**
- A quarterly **Personal Health Report**, and programs to **reward you for staying healthy and participating in sports**

Access to Our Strong Networks

NetworkBlue℠ is the Preferred Provider Network designated as "In-Network" for BlueOptions. However, you will have **protection from balance billing** when you receive covered *services from a provider in our* ***Traditional Program Network.*** You may also receive **out-of-state coverage through the BlueCard**® Program with access to the participating providers of independent Blue Cross and/or Blue Shield organizations across the country.

BlueOptions
For Large Groups
Health Benefit Summary Plan 1551

Physician Discount
Many NetworkBlue physicians offer BlueOptions members a rate which is at least 25 percent below the usual fees charged for services that are not Covered Services under your health plan. By taking advantage of this discount, you get the care you need from the doctor you trust. However, BCBSF does not guarantee that a physician will honor the discount. Since you pay out-of-pocket for any non-covered services, it's your responsibility to discuss the costs and discounted rates for non-covered services with your physician before you receive services. 'Physician Discount' is not part of your insurance coverage or a discount medical plan. For more information, please refer to the online Provider Directory at www.bcbsfl.com.

* As a courtesy, Blue Cross and Blue Shield of Florida, Inc. has entered into arrangements with various vendors to provide value-added features that include care decision support tools and services to its members. These programs are not part of insurance coverage. All decisions that members make pertaining to medical/clinical judgment should be made in conjunction with their Physician since neither BCBSF nor its vendors provide medical care or advice.
** As a courtesy, Blue Cross and Blue Shield of Florida, Inc. has an arrangement with a vendor to provide secure online communication between its members and participating physicians as a value-added feature. The written terms of your policy, certificate or benefit booklet determine what is covered.

This is not an insurance contract or Benefit Booklet. The above Benefit Summary is only a partial description of the many benefits and services covered by Blue Cross and Blue Shield of Florida, Inc., an independent licensee of the Blue Cross and Blue Shield Association. For a complete description of benefits and exclusions, please see Blue Cross and Blue Shield of Florida's BlueOptions Benefit Booklet and Schedule of Benefits; its *terms prevail.*

Attachment # 2
Page 17 of 63F

Vista Healthplan, Inc.
Leon County
January 1, 2008 Effective Date

VISTA Healthplans

26% Rate Increase

HMO Options Plan Number	EE's	Current Plan NO08	VISTA's Proposed Plans NO25	NO40	NO29	NO43
Plan Description		HMO Large Group - LC	HMO FD 1520A-7	HMO FD 1520A-9	HMO FD 2020A-7	HMO FD 2020A-9
PCP Copay		$10	$15	15	$20	20
Specialist Copay		$10	$30	30	$40	40
Hospital Copay		No Copay	$200/Day (1-5)	$200/Day (1-5)	$250/Day (1-5)	$250/Day (1-5)
ER Copay		$100	$100	$100	$100	100
Urgent Care Copay		$15	$30	30	$40	40
Rx Copay		$7/$20/$35	$15/$35/$50	$15/$35/$50	$20/$40/$60	$20/$40$60
Hospital Deductible		N/A	$500	$1,000	$500	$1,000
Out of Pocket Max		$1500/$3000	$1500/$4500	$1500/$4500	$2000/$6000	$2000/$6000

Proposed Active Rates		Current Rates	Proposed Rates			
Employee Only	51	$412.19	$354.20	$329.82	$329.48	$305.64
Employee + 1	42	$853.15	$733.12	$682.66	$681.95	$632.62
Employee & Family	67	$1,092.15	$938.50	$873.89	$873.00	$809.84
Monthly Premium	160	$130,028.04	$111,734.91	$104,043.18	$103,938.27	$96,416.80
Annual Premium		$1,560,336.48	$1,340,818.90	$1,248,518.21	$1,247,235.27	$1,157,001.55
Increase/Decrease		N/A	($219,517.58)	($311,818.27)	($313,101.21)	($403,334.93)
Percentage Increase/Decrease		N/A	-14.1%	-20.0%	-20.1%	-25.8%

Proposed Retiree Rates		Proposed Rates			
MPSG		$235.49	$219.28	$219.06	$203.21
2MED		$470.99	$438.57	$438.12	$406.42
MPES		$589.64	$549.05	$548.49	$508.81
2MWF		$819.91	$763.46	$762.88	$707.50
MPFAM		$819.97	$763.52	$762.74	$707.55

Please note this is not a contract. For a detailed and precise statement of benefits and exclusion, please refer to your evidence of coverage. Rates are subject to change with a 10% change in enrollment.

VISTA Healthplans™

Vista Healthplan™, Inc.

Summary of Benefits
HMO Large Group – North Florida
Focused Deductible Plan – FD1520A Option 7 ($15/$35/$50/20%)

Copayment Maximums (Individual / Family)	$1,500 / $4,500
Lifetime Maximum Benefit	Unlimited
Annual Hospital Deductible (per calendar year): applies to all inpatient and outpatient services at hospital	$500
Annual Pharmacy Deductible (per calendar year) Annual Pharmacy Benefit Maximum (per calendar year)	$0 Unlimited
Major Copayment Provisions	**Member Copay**
Primary Care Physician (PCP) office visits	$15 copay
Specialist office visits	$30 copay
Hospital admission	After Hospital Deductible: $200/day for the first 5 days
Emergency room (waived if admitted)	$100 copay
Prescription drugs:* 30-day supply at participating pharmacy (includes contraceptives) - $250 per month out-of-pocket limit on self-injectables (except for diabetic supplies). Mail order available for formulary drugs only (mail order – 3 copays for a 90-day supply)	After Pharmacy Deductible: $15 generic / $35 brand formulary $50 non-formulary 20% self injectables
Inpatient Hospital / Physician Services	**Member Copay**
Inpatient hospital facility services (includes pre-admission testing, room and board, diagnostic tests, x-rays, operating & recovery room, intensive & special care units, general nursing care, anesthesia, prescribed drugs, radiation therapy & chemotherapy, surgeon services, anesthesiologist services, specialist consultation, physician visits, human organ transplants, maternity care)	After Hospital Deductible: $200/day for the first 1-5 days
Rehabilitative Services Limitation: 30 days per calendar year	After Hospital Deductible: No additional copay
Outpatient Medical Services	**Member Copay**
Wellness care: preventive care, including physical exams, eye exams, health education and counseling and immunizations	See office visit copay
Well-child care to age 18 including immunizations	See office visit copay
Annual well-woman care, including pap smears	See office visit copay
Routine mammography (based on established guidelines)	No copay
Diagnostic procedures, tests, chest x-rays, blood tests, urinalysis, EKG's performed: • In a physician's office • at a separate facility	No additional copay No copay
Outpatient diagnostic services (MRI, CAT scans, etc) • at Hospital • at Freestanding Facility	After Hospital Deductible: $60 copay $30 copay
Outpatient Surgery (including physician and facility services) • at Hospital • at Ambulatory Surgical Center	After Hospital Deductible: $200 copay $100 copay
Prenatal & postnatal care in physician's office	One time $30 copay
Radiation and chemotherapy • at Hospital • at Ambulatory Surgical Center	After Hospital Deductible: $30 copay $30 copay
Second medical and surgical opinion • Participating Provider • Non-Participating Provider	See office visit copay 40% of Allowed Amount
Non-Surgical Spine and Back services Limitation: 20 visits per calendar year	See office visit copay

Mental Health, Alcohol & Substance Abuse Services	Member Copay
Mental health care	
• Inpatient Limitation: 30 days per calendar year	After Hospital Deductible: $200/day for the first 5 days
• Outpatient Limitation: 30 visits per calendar year	$30 copay
Alcohol and substance abuse care	
• Inpatient detoxification Limitation: 5 days per calendar year	After Hospital Deductible: $100 copay per day
• Inpatient rehabilitation treatment Limitation: 30 days per calendar year	After Hospital Deductible: $200/day for the first 5 days
• Outpatient rehabilitation treatment Limitation: 30 visits per calendar year	$30 copay
Special Kinds of Care	**Member Copay**
Emergency and urgent care	
• In hospital emergency room (waived if admitted)	$100 copay
• In urgent care facility	$30 copay
• In physician's office	See office visit copay
• Ambulance service to hospital	No copay
Home Health Care Limitation: 60 visits per calendar year	No copay
Hospice Care Limitation: 210 days maximum lifetime benefit	No copay
Skilled Nursing Facility Care Limitation: 30 days per calendar year	$25/day for the first 5 days of each admission
Dialysis treatment (outpatient) • at Hospital • at Freestanding Facility	After Hospital Deductible: $30 copay per treatment $30 copay per treatment
Insulin Diabetic supplies (includes glucose monitors, test strips, lancets, etc.)	After Pharmacy Deductible: $35 copay per prescription $35 copay per month
Outpatient physical, speech and occupational therapy Limitation: 60 visits per calendar year, combined for all therapies • at Hospital • at Freestanding Facility	After Hospital Deductible: $30 copay $30 copay
Outpatient cardiac and respiratory therapy • at Hospital • at Freestanding Facility	After Hospital Deductible: $30 copay $30 copay
Durable medical equipment; other external orthotics and prosthetics	No copay
Hearing Aids	Not covered
Family Planning	
• Voluntary counseling	$30 copay
• Infertility diagnosis	$30 copay
• Infertility treatment	Not covered
• Elective abortion (outpatient hospital or office)	Not covered
Elective sterilization • at Hospital • at Freestanding Facility	After Hospital Deductible: $200 copay $200 copay
Vision care - at a participating Optometrist • Refractive eye exams	$15 copay

*If you or your physician requests a brand name medication when a generic is available, you must pay 100% of the difference in price between the generic and brand name medication, plus the applicable brand copayment. Prescription drug copays do not apply toward the annual copayment maximum.

Certain Covered Services require Prior Authorization. Please refer to the Certificate of Coverage for further details on Prior Authorization requirements.

Services must be rendered within the VISTA network. VISTA participating physicians and providers have contracted with VISTA to provide care to our members.

This summary is provided for information only; it does not contain complete details of the Plan which are available only in the Certificate of Coverage and Schedule of Benefits, and it does not constitute an Agreement.

This plan has exclusions and limitations and terms under which the plan may be continued in force or discontinued. For cost and complete details of coverage, contact your agent.

UNITED HEALTHCARE FINANCIAL EXHIBITS - MEDICAL

Leon County Gov't
Effective Date: January 01, 2008

	Option 1 Current Plan	Option 2 Current Plan	Option 3	Option 4	Option 5	Option 6
PLAN OFFERED						
Plan Name	NRA - mod (1 C INS)	NLB (2 C+ INS)	NRD (6 C INS)	NRF (8 C INS)	NRI (11 C INS)	NRJ (12 C INS)
Product	Choice *	Choice Plus *	Choice *	Choice *	Choice *	Choice *
Locations	Option 1	Option 2				
Plan Offering	Single Option	Single Option	Single Option	Single Option	Single Option	Single Option
Multiple Option with:	Option(s) N/A	Option(s) N/A	Option(s) N/A	Option(s) N/A	Option(s) N/A	Option(s) N/A
HRA or HSA	No	No	No	No	No	No
RATES						
Employee	$541.61	$541.61	$527.18	$489.02	$469.88	$449.37
Employee + 1	$1,121.13	$1,121.13	$1,091.27	$1,012.28	$972.65	$930.19
Employee + Family	$1,435.27	$1,435.27	$1,397.03	$1,295.91	$1,245.18	$1,190.83
ASSUMED ENROLLMENT						
Employee	57	0	57	57	57	57
Employee + 1	22	0	22	22	22	22
			0	0	0	0
Employee + Family	46	0	46	46	46	46
Monthly Premium	$121,559	$0	$118,321	$109,756	$105,459	$100,856
Annual Premium	$1,458,709	$0	$1,419,848	$1,317,076	$1,265,514	$1,210,274
Change from Current	38.0%	38.0%	34.3%	24.6%	19.7%	14.5%
BENEFITS*						
In-Network:						
Office Copay (PCP/SPC)	$10 Per Visit	$10 Per Visit	$15 Per Visit	$15 Per Visit	$20 Per Visit	$20 Per Visit
Other Copays (IP/ER/UC)	N/A/$100/$35	$0 /$10/$35	$250/$75/$35	N/A/$100/$50	N/A/$100/$50	N/A/$100/$50
Deductible (Individual/Family)	N/A	N/A	N/A	$250/500	$500/1,000	$500/1,000
Coinsurance	100%	100%	100%	90%	90%	80%
Out-of-Pocket (Individual/Family)	N/A	N/A	N/A	$2,000/4,000	$3,000/6,000	$4,000/8,000
Pharmacy	$7/20/35	$7/20/35	$7/25/50	$7/25/50	$7/25/50	$7/25/50
Out of Network:						
Deductible	N/A	$500/1,000	N/A	N/A	N/A	N/A
Coinsurance	N/A	80%	N/A	N/A	N/A	N/A
Out of Pocket	N/A	$2,000/4,000	N/A	N/A	N/A	N/A

*High level benefit summary. Please see your plan summary for more detailed benefit description.

UNITED HEALTHCARE FINANCIAL EXHIBITS - MEDICAL

Leon County Gov't

Effective Date: January 01, 2008

	Option 7	Option 8	Option 9	Option 10	Option 11
PLAN OFFERED					
Plan Name					
Product					
Locations					
Plan Offering					
Multiple Option with:					
HRA or HSA	No	No	No	No	No
RATES					
Employee					
Employee + 1					
Employee + Family					
ASSUMED ENROLLMENT					
Employee					
Employee + 1					
Employee + Family					
Monthly Premium	$0	$0	$0	$0	$0
Annual Premium	$0	$0	$0	$0	$0
Change from Current					
BENEFITS*					
In-Network:					
Office Copay (PCP/SPC)					
Other Copays (IP/ER/UC)					
Deductible (Individual/Family)					
Coinsurance					
Out-of-Pocket (Individual/Family)					
Pharmacy					
Out of Network:					
Deductible					
Coinsurance					
Out of Pocket					

*High level benefit summary. Please see your plan summary for more detailed benefit description.

UNITED HEALTHCARE FINANCIAL EXHIBITS - MEDICAL

Leon County Gov't

Effective Date: January 01, 2008

Medical Quote Assumptions

The rates quoted here are based on the following assumptions. Changes to these assumptions may result in an adjustment to rates or revocation of the quote.

- Rates are guaranteed for 12 months for the contract period of 1/1/08 through 12/31/08.
- Rates assume a multiple carrier offering scenario.
- UnitedHealthcare reserves the right to adjust the rates if the enrollment at issue varies by +/- 10% from the submitted census.
- Employer contributes a minimum of 70% toward the employee only rates and 50% toward the dependent rates.
- Requires a minimum participation level of 20%.
- COBRA continuees make up 10% or less of covered employees.
- Rates include commissions.

- Unless otherwise stated, this offer replaces and renders all previous offers null and void.
- INS-Choice plans are not available for subscribers in HI, KS, MA, NH, NC, or TX.

This quote includes 0.00% commissions.

Agents may receive commissions and other compensation for selling the products in this proposal, and this cost may be directly or indirectly reflected in the premium or fees. Agent compensation is subject to disclosure on Form 5500 for customers governed by ERISA. It is our policy to exclude from bonus payments any case in which the agent is receiving a consulting fee from a customer. Contact your agent if you have questions on their compensation for the products in this proposal.

Medicare Part D regulations require employers to provide creditable coverage notification to Medicare eligible participants of their prescription drug plan as well as to Centers for Medicare & Medicaid Services (CMS) at least once a year at specified times. Please contact your *Strategic Account Executive for information* on the support and services UnitedHealthcare can provide employers to help them meet these requirements and take advantage of the potential financial opportunities as a result of Medicare Part D.

Leon County Gov't
Effective Date: January 01, 2008

Attachment # 2
Page 23 of 63

UnitedHealthcare
Choice *Plan 001 - modified*

Choice plan gives you the freedom to see any Physician or other health care professional from our Network, including specialists, without a referral. With this plan, you will receive the highest level of benefits when you seek care from a network physician, facility or other health care professional. In addition, you do not have to worry about any claim forms or bills.

Some of the Important Benefits of Your Plan:

You have access to a Network of physicians, facilities and other health care professionals, including specialists, without designating a Primary Physician or obtaining a referral.

Benefits are available for office visits and hospital care, as well as inpatient and outpatient surgery.

Care Coordination[SM] services are available to help identify and prevent delays in care for those who might need specialized help.

Emergencies are covered anywhere in the world.

Pap smears are covered.

Prenatal care is covered.

Routine check-ups are covered.

Childhood immunizations are covered.

Mammograms are covered.

Vision and hearing screenings are covered.

Choice *Benefits Summary*

Types of Coverage	Network Benefits / Copayment Amounts
This Benefit Summary is intended only to highlight your Benefits and should not be relied upon to fully determine coverage. This benefit plan may not cover all of your health care expenses. More complete descriptions of Benefits and the terms under which they are provided are contained in the Certificate of Coverage that you will receive upon enrolling in the Plan. If this Benefit Summary conflicts in any way with the Policy issued to your employer, the Policy shall prevail. Terms that are capitalized in the Benefit Summary are defined in the Certificate of Coverage. Benefits are payable for Covered Health Services provided by or under the direction of your Network physician. *Prior Notification is required for certain services.	Annual Deductible: No Annual Deductible. Out-of-Pocket Maximum: No Out-of-Pocket Maximum. Maximum Policy Benefit: No Maximum Policy Benefit.
1. Ambulance Services - Emergency only	Ground Transportation: No Copayment Air Transportation: 0% of Eligible Expenses
2. Dental Services - Accident only	*No Copayment *Prior notification is required before follow-up treatment begins.
3. Durable Medical Equipment Benefits for Durable Medical Equipment are limited to $2,500 per calendar year. Limits do not apply to Durable Medical Equipment classified as diabetic equipment or supplies.	No Copayment
4. Emergency Health Services	$100 per visit
5. Eye Examinations Refractive eye examinations are limited to one every other calendar year from a Network Provider.	$10 per visit
6. Home Health Care Benefits are limited to 60 visits for skilled care services per calendar year.	No Copayment
7. Hospice Care Benefits are limited to 360 days during the entire period of time a Covered Person is covered under the Policy.	No Copayment
8. Hospital - Inpatient Stay	No Copayment
9. Injections Received in a Physician's Office	$10 per visit
10. Maternity Services	Same as 8, 11, 12 and 13 No Copayment applies to Physician office visits for prenatal care after the first visit.
11. Outpatient Surgery, Diagnostic and Therapeutic Services	
Outpatient Surgery	No Copayment
Outpatient Diagnostic Services	For lab and radiology/Xray: No Copayment
Outpatient Diagnostic/Therapeutic Services - CT Scans, Pet Scans, MRI and Nuclear Medicine	No Copayment
Outpatient Therapeutic Treatments	No Copayment
12. Physician's Office Services	
Covered Health Services for preventive medical care.	$10 per visit. No Copayment applies when a Physician charge is not assessed.
Covered Health Services for the diagnosis and treatment of a Sickness or Injury.	$10 per visit. No Copayment applies when a Physician charge is not assessed.
13. Professional Fees for Surgical and Medical Services	No Copayment
14. Prosthetic Devices Benefits for prosthetic devices are limited to $2,500 per calendar year.	No Copayment
15. Reconstructive Procedures	Same as 8, 11, 12, 13 and 14

Types of Coverage	Network Benefits / Copayment Amounts
16. Rehabilitation Services - Outpatient Therapy Benefits are limited as follows: 20 visits of physical therapy; 20 visits of occupational therapy; 20 visits of speech therapy; 20 visits of pulmonary rehabilitation; and 36 visits of cardiac rehabilitation per calendar year.	$10 per visit
17. Skilled Nursing Facility/Inpatient Rehabilitation Facility Services Benefits are limited to 60 days per calendar year.	No Copayment
18. Transplantation Services	*No Copayment
19. Urgent Care Center Services	$35 per visit

Additional Benefits

Bones or Joints of the Jaw and Facial Region	Same as 8, 11, 12 and 13
Child Health Supervision Services	Same as 11, 12, 13 and 16
Cleft Lip/Cleft Palate Treatment	Same as 8, 11, 12, 13, and 16
Dental Procedures - Anesthesia and Hospitalization	Same as 6, 11, and 13
Diabetes Treatment	Same as 3, 11, 12 and 13
Mammography	No Copayment
Mastectomy	Same as 8, 11, 12 and 13
Mental Health and Substance Abuse Services - Outpatient Must receive prior authorization through the Mental Health/Substance Abuse Designee. Benefits are limited to 30 visits per calendar year.	$20 per individual visit; $5 per group visit.
Mental Health and Substance Abuse Services - Inpatient and Intermediate Must receive prior authorization through the Mental Health/Substance Abuse Designee. Benefits are limited to 30 days per calendar year.	No Copayment
Osteoporosis Treatment	Same as 11, 12 and 13
Prescription and Non-Prescription Enteral Formulas Benefits for low protein food products for Covered Persons through age 24 are limited to $2,500 per calendar year.	No Copayment
Spinal Treatment Benefits include diagnosis and related services and are limited to one visit and treatment per day. Benefits are limited to 24 visits per calendar year.	$10 per visit

UnitedHealthcare

Pharmacy Management Program Plan 001

UnitedHealthcare's pharmacy management program provides clinical pharmacy services that promote choice, accessibility and value. The program offers a broad network of pharmacies (more than 56,000 nationwide) to provide convenient access to medications.

While most pharmacies participate in our network, you should check first. Call your pharmacist or visit our online pharmacy service at www.myuhc.com. The online service offers you home delivery of prescriptions, ability to view personal benefit coverage, access health and well being information, and even location of network retail neighborhood pharmacies by zip code.

Copayment per Prescription Order or Refill

Your Copayment is determined by the tier to which the Prescription Drug List Management Committee has assigned the Prescription Drug Product. All Prescription Drug Products on the Prescription Drug List are assigned to Tier 1, Tier 2 or Tier 3. Please access www.myuhc.com through the Internet, or call the Customer Service number on your ID card to determine tier status.

For a single Copayment, you may receive a Prescription Drug Product up to the stated supply limit. Some products are subject to additional supply limits. You are responsible for paying the lower of the applicable Copayment or the retail Network Pharmacy's Usual and Customary Charge, or the lower of the applicable Copayment or the Home Delivery Pharmacy's Prescription Drug Cost.

Also note that some Prescription Drug Products require that you notify us in advance to determine whether the Prescription Drug Product meets the definition of a Covered Health Service and is not Experimental, Investigational or Unproven.

	Retail Network Pharmacy For up to a 31 day supply	**Home Delivery Network Pharmacy** For up to a 90 day supply	**Retail Non-Network Pharmacy** For up to a 31 day supply
Tier 1	$7	$17.50	$7
Tier 2	$20	$50	$20
Tier 3	$35	$87.50	$35

Board of County Commissioners
Agenda Request 8

Date of Meeting:	**September 20, 2005**
Date Submitted:	**September 14, 2005**
To:	**Honorable Chairman and Members of the Board**
From:	**Parwez Alam, County Administrator** **Lillian Bennett, Human Resources Director**
Subject:	**Approval to Award County Employee Health Insurance Services**

Statement of Issue:

At the request of the Board at the August 30, 2005 meeting, the attached bid tabulation sheet presents the results of a new invitation to bid issued for County Employee Medical Services (Attachment #1). Accordingly, this agenda item requests Board approval to award County Employee Health Insurance Services to Capital Health Plan (CHP), Vista Health Plan (Vista) and United Health Care (United) for the 2006 Plan Year. Additionally, Board approval is requested to negotiate and finalize the draft Agreement with all three insurance carriers and authorize the Chairman to execute (Attachment #2).

Background:

Leon County currently contracts with CHP and Vista for health insurance services. At the August 30, 2005, Board meeting, the Health Insurance RFP Evaluation Committee, comprised of Board and Constitutional Officer appointed representatives requested Board approval of the following three options (Attachment #3):

1. Award County Employee Health Insurance Services to Capital Health Plan and United Health Care for the 2006 Plan Year
2. Negotiate and Finalize an agreement with CHP and United and authorize the Chairman to execute and;
3. Do not pursue a Self Funded Health Plan or Health Care Consortium at this time.

On August 30, 2005, Vista Health Plan submitted a letter requesting Board support to continue providing health insurance services to Leon County employees (Attachment #4). The original RFP allowed for selection of either a sole provider or up to two providers. The Board rejected all bids and instructed staff to issue a new Invitation to Bid. As a result, staff revised and issued a new proposal which would allow up to three carriers to provide health insurance services to Leon County employees and eliminate the minimum A.M. Best rating requirement (Attachment #5).

Analysis:

On September 2, 2005, an Invitation to Bid was issued for Employee Medical Coverage (Attachment #6). On September 9, 2005, bids were received and opened. Three insurance carriers, Capital Health Plan, Vista Health Plan, and United Health Care provided responses. All three carriers submitted premium rates for Plan Year 2006, that are essentially the same as the current plan year (Attachment #7). Importantly, this means that there will be no increase in total insurance cost for Leon County in the 2006 Plan Year from CHP, Vista, or United.

The total cost of health insurance for Plan Year 2006 is estimated at $12,965,348. This continues to represent a savings of $660,550, or a 5% reduction in cost over 2005 estimated cost of $13,625,898. The major difference with three providers will be in employee selection of a carrier during open enrollment and the final enrollment numbers for each carrier. Nevertheless, 2006 premium rates will be guaranteed regardless of enrollment numbers.

All three vendors have agreed to participate in the 15% minority vendor aspirational goal of M/WBE participation. At the time of the bid opening, CHP did not submit the County-approved form for the M/WBE statement; however, they did submit a written statement in the bid package agreeing to meet M/WBE goals. Since that time, CHP has submitted the signed M/WBE participation form (Attachment #8). Staff requests Board approval to waive this minor bid irregularity and accept the written statement and the appropriate M/WBE participation form from CHP.

In summary, as requested by the Board, staff is seeking Board approval of Capital Health Plan, Vista Health Plan, and United Health Care for employee health insurance services for the 2006 Plan Year. There will be no increase in rates from any of the providers. Staff requests Board approval to negotiate and finalize draft Agreements with each vendor. The Agreement will have a three-year term, with an option of three one-year renewals for a maximum period of six years.

CHP, Vista, and United will be given an opportunity to give presentations to employees at educational sessions during the Open Enrollment period in November 2005. Staff also recommends that due to the success of the competitive process, that the Board not pursue the Self Funded Health Plan or the Health Care Consortium at this time.

Options:

1. Approve the award of County Employee Health Insurance Services to Capital Health Plan, Vista Health Plan, and United Health Care for the 2006 Plan Year.

2. Direct staff to negotiate and finalize the draft Agreement with Capital Health Plan, Vista Health Plan, and United Health Care for the 2006 Plan Year, and authorize the Chairman to execute.

3. Waive the minor bid irregularity and accept the written statement and the appropriate M/WBE form from CHP agreeing to meet County M/WBE participation goals.

4. Due to the success of the competitive process, direct staff not to pursue a Self Funded Health Plan or Health Care Consortium at this time.

5. Board Direction.

Recommendation:
Options #1, #2, #3 and #4.

Attachments:
1. Bid Tabulation Sheet
2. Draft Agreement between Leon County and Insurance Carriers
3. August 30, 2005 agenda item on County Employee Health Insurance
4. Letter from Vista dated August 30, 2005
5. Follow-up from August 30, 2005 Board Meeting
6. Copy of Invitation to Bid issued for Employee Medical Coverage
7. Pricing Sheets for CHP, Vista and United
8. M/WBE Statement and CHP Statement to meet M/WBE goals

Attachment # 2
Page 31 of 63

Board of County Commissioners
Agenda Request

Date of Meeting:	August 30, 2005
Date Submitted:	August 24, 2005
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Lillian Bennett, Human Resources Director
Subject:	Approval to Award County Employee Health Insurance Services

Statement of Issue:

At the recommendation of the Health Insurance RFP Evaluation Committee and Mercer Human Resource Consulting, this agenda item requests Board approval to award County Employee Health Insurance Services to Capital Health Plan (CHP) and United Health Care (United) for the 2006 Plan Year (Attachment #1). Additionally, Board approval is requested to negotiate and finalize an agreement with both insurance carriers and authorize the Chairman to execute.

Background:

On February 22, 2005, the Board held a workshop to discuss County Employee Health Insurance Options (Attachment #2). On March 22, 2005, the Board ratified actions taken at the Board Workshop on County Employee Health Insurance Options that included approval to issue a Request for Proposal for County Employee Health Insurance. The Board also directed staff to bring back additional information (Attachment #3).

At the May 10, 2005 Board meeting, staff provided a Status Report on County Employee Health Insurance. As requested by the Board, the status report included updates on the Request for Proposals, Consultant Agreements and a Market Share analysis of CHP, Vista and United (Attachment #4). On April 26, 2005, an Agreement and scope of services was finalized with Mercer, Human Resource Consulting to evaluate the RFP responses. On May 19, 2005, a Health Insurance RFP Evaluation committee was established. The committee was comprised of representatives from the Board and each Constitutional Office as follows:

Health Insurance RFP Evaluation Committee

Lillian Bennett, Chairman, Human Resource Director	John Stott, Clerk of Courts
Joe Sharp, Health and Human Services Director	Cindy Kelley, Supervisor of Elections
Joe McCabe, Leon County Sheriff's Office	Barry Brooks, Tax Collector
Michelle Weathersby, Property Appraiser	

The RFP Evaluation Committee, under consultation with Mercer, reviewed and analyzed the RFP responses, requested presentations from each insurance carrier and is prepared to make a recommendation to the Board for a County Health Insurance Provider.

Analysis:

Leon County currently contracts with CHP and Vista for health insurance services. To assess the effectiveness of the County's current plan designs and assist in the RFP review process, Mercer provided a benchmarking analysis of the current health insurance coverage for Leon County as compared to National, Government and County Government entities.

Benchmarking

The benchmarking is based on the Mercer Annual Survey of Employer Sponsored Health Plan, the largest and most comprehensive annual survey available. The complete benchmarking report can be found in the *Mercer Report Notebook on Leon County 2005 Medical and Marketing Renewal Analysis which is located at the County Administration 5th floor Reception Area or in the County's Human Resource Division* (Attachment #5). The Executive Summary of the survey is included as Attachment #6. A brief summary of the results of the survey indicate the following:

- Leon County's total expected health benefit cost increase for 2005 was 15%, while most government and county government entities expected an 11% increase in cost.
- Leon County is significantly below industry standards in what is required for employee contributions on individual and family coverage. Leon County requires a 7.5% employee contribution while most governments and county governments require a 34% and 35% employee contribution respectively for family coverage. The national norm is 33%.
- Leon County has a $10 physician co-pay. The national average is $15. Leon County does not have an in-patient hospital co-pay. However 46% of all entities surveyed nationally do. The national and county average co-pay for in-patient hospital stay was $250 per admission.

Overall, Leon County's health insurance coverage and plan design for employees exceeds comparable governments, county governments and other entities nationwide. The exception in this area has been the total percentage annual renewal increase in the cost of health benefits.

RFP Responses and Analysis

Upon issuance of the RFP, responses were received from three insurance carriers, Capital Health Plan, Vista, and United Health Care. A total of 30 different health plan designs and rate combinations were received and analyzed by Mercer. The proposals were subsequently presented and reviewed by the RFP Evaluation Committee. The coverage plan options included Fully Insured HMO, Fully Insured PPO, and Fully Insured POS plans.

In accordance with the requirements of the RFP, vendors submitted proposals and prepared actuarial analysis as a sole provider of County health insurance and as one of two providers of County health insurance. The three-provider option was not considered due to the County's comparatively small employee population and the potential for increased premium rates. Mercer provided a complete analysis of each of the proposals. The complete analysis can be found in the Mercer Report Notebook (Attachment #5). The Leon County Medical Renewal Summary provides an overview of each of the vendor plan offerings as shown in Attachment #1. A brief summary is outlined as follows:

- **Capital Health Plan (CHP)**

Capital Health plan has proposed a flat rate renewal for the County's existing health plan design. This essentially means that there will be no increase in premium rates over current 2005 rates. The current plan is an HMO and may continue to be offered alongside Vista or another carrier. All of CHP's alternate quotes assume a total replacement of all non-CHP Plans, with the exception of the Blue Cross Blue Shield PPO, which is offered in conjunction with CHP. The BCBS PPO options are quoted based on blended rates for the HMO and PPO offering. The PPO plan is an 80% in network, 60% out-of-network plan with deductibles and out of pocket maximums.

- **Vista Health Plan (Vista)**

Vista has proposed a renewal increase in premium rates of 8.5% for their current HMO plan design. For Vista's alternate plan quotes, 2 (two) different rates for each plan were provided. One set of rates assumes Vista will continue to be offered in conjunction with another provider. The second set of rates assumes Vista is the only insurer for Leon County (total replacement quotes). Vista does not meet Mercer's minimum financial guidelines. Vista's A.M. Best rating of C is defined as a "weak" rating. They have the ability to meet contractual obligations, but their financial strength is very vulnerable to changes in underwriting or economic conditions. The Standard & Poor rating of R indicates that Vista, since year 2000 has experienced a regulatory action regarding solvency and has not been subsequently upgraded in S&P reporting. In addition, Vista did not meet the requirement of the RFP which states that **"All proposals shall show an insurance company rating from A.M. Best's Insurance Guide or appropriate financial documents to assure bidder is a stable, sound, and responsible company. Only companies rated "A" or better will be considered." Vista currently has a "C" rating.**

- **United Health Care (UHC)**

UHC quoted four total replacement options (two HMO plans and two POS plans) and one HMO option to be offered alongside another carrier HMO. All are open access plans, meaning the member does not have to choose a PCP and can self-refer to specialists. Retiree and Active employee rates are blended in all UHC options so that there is no rate differential. UHC also provides access to its national HMO Choice Plus network to retirees. The HMO Choice Plus option allows retirees to relocate from the Leon County geographical area to a location where the Choice Plus Plan is offered and continue to maintain their County health insurance. A map of the UHC network is included as Attachment #7. A listing of the Centers of Excellence is included as Attachment #8.

All of the carriers provide adequate PCP access for Leon County's employees. Similarly, all carriers appear to provide adequate hospital and pharmacy access. An analysis of the physician access, as well as the local provider directory for United is included as Attachment #9.

RFP Evaluation Committee Selection

Upon completion of the review of each of the health plans submitted by each vendor, the RFP Evaluation committee, under consultation from Mercer, narrowed the plan alternatives to the following two options:

- **CHP/United Health Care HMO**
- **CHP/Blue Cross Blue Shield PPO**

The **CHP/Vista option**, the current plan offered by the County was not recommended by Mercer due to Vista not meeting the A.M Best rating of "A" as required in the RFP nor meeting the minimum Mercer financial guidelines (Attachment #10). However, the RFP Evaluation Committee rated all three-vendor plan options including the current CHP/Vista plan option based on a one or two provider option and the evaluation criteria outlined in the RFP. Please note that a third provider option was not considered due to the requirements of the RFP. In addition, carriers would have to resubmit proposals as being one of three providers, which could potentially result in increased costs. A summary of the committee's ratings is outlined as follows:

Table #1
Health Insurance RFP Evaluation Committee Ratings

Evaluation Criteria	pts	CHP/Vista Renewal Dual Choice Option	CHP/BCBS Dual Option	CHP/United Dual Choice Option
Scope of Service, plan design, and integration of plan functions	15pts	38	65	71
Cost of Services, including multi-year rate guarantees/rate caps and performance guarantees	25pts	87	104	116
References and experience with similar clients, including responsiveness and financial stability	15pts	30	68	72
Hospital and Physician network/disruption	20pts	80	94	88
Reporting capabilities, online capabilities, interface with vendors	10pts	25	43	50
Customer Service, including location and hours of service, quality controls, contracts	5pts	17	22	25
Minority Vendor Participation	10pts	0	0	0
Committee Members Total	100pts	277	396	422
Grand Total Average	[illegible]	55	79	84

None of the vendors met County minority participation goals during the RFP process (Attachment #11); however, both CHP and United have agreed to subcontract a minimum of 15.5% of services under this Agreement with certified minority vendors.

Based on the evaluation criteria outlined in the RFP and the rankings by each committee member, the RFP Evaluation Committee has selected the **CHP/United Health Care HMO** option as the recommended option for the 2006 plan year. The total cost of this option is $12,965,348 annually. Following negotiations with United, the premium rates for both United and CHP are basically the same. After years of experiencing double digit increases, this means that for Plan year 2006, there will be no increase in health care premium rates for employees who enroll in either CHP or United.

Table #2
Comparison of Annual Estimated Cost

	Current 2005 CHP/Vista Costs	2006 CHP/Vista Costs	2006 CHP/BCBC Costs	**2006 CHP/United Costs
Total Cost	$13,625,898	$13,199,055	$13,313,077	$12,965,348
Cost Savings		$ 426,843	$ 312,821	$ 660,550
% Decrease from 2005 costs		3%	2%	5%

*Vista cost savings due to declining enrollment numbers. Premium rate increase of 8.5% for 2006
** CHP/United Option reflects flat premium, no increase rate for 2006 from both carriers.

The benefits of the CHP/United option include the following:

- Maintains the Current Plan Design, Co-pays and Employee/Employer Contribution Rates
- Access to CHP staff employed physicians
- Access to the United Health Care National HMO Choice Plus Network
- No Increase in Premium Rates for Plan Year 2006
- 5% Reduction in Total Cost over Plan Year 2005
- Minimal Employee Disruption - 26 Vista employees must change primary care physicians
- Provides employees with a choice of two very good health options
- A.M. Best Financial Rating of "A" for United and "A-" for CHP
- Maintains competition amongst two very strong, financially stable, insurance carriers
- Automation of Billings and Reconciliations for Clerk's Office
- Performance Based Contract with Improved Reporting and Performance Standards
- Status Report to the Board on Vendor Performance at Annual Renewal

The CHP/Blue Cross Blue Shield Plan Option was also a very good plan for the County. This option could not be offered along side another vendor's plan. The plan cost was 2.7% above current CHP employer plan cost. The committee was not opposed to this option; however, with the positive results of the competitive process, the committee does not wish to compromise that process in the future with the selection of a sole provider. Accordingly, staff requests Board approval to negotiate an agreement with CHP and United for the 2006 Plan Year and to authorize the Chairman to execute. Each of the finalist comparisons of plan designs and total cost is outlined in Attachment #1.

Self-Funded Health Insurance Plan

The Board directed staff to have Mercer look at the feasibility of establishing a self-insured health plan for Leon County as a potential means to control costs. Mercer has performed that analysis and it is included as Attachment #12. Due to the success of the competitive process, and the flat rate increases for the 2006 Plan Year, staff does not recommend the establishment of a self-funded health plan at this time. The Board may want to review this alternative at a future date.

Health Insurance Consortium

Staff has continued discussions with the City and the School Board on the potential for establishment of a Health Care Consortium. The City's consultant has prepared a white paper on the advantages and disadvantages of such a pooling arrangement (Attachment #13). Based on the loss of complete decision-making authority by the Board regarding County employee's health care plan, the major differences in plan design and the level of employee contributions, staff recommends that the County not pursue the health care consortium at this time. In addition, all three governments currently contract with Capital Health Plan and are community rated. This essentially means that each entity shares in the liability and rate setting of the other. In a sense, the pooling or consortium arrangement, at some level, is already taking place, while at the same time allowing each government entity control over its own health plan.

In summary, staff recommends the Capital Health Plan/United Health Care HMO Option for the 2006 Plan year with a flat rate, no increase in premium rates from both providers. Staff requests Board approval to negotiate and finalize Agreements with each vendor. The Agreement will have a three-year term, with an option of three one-year renewals for a maximum period of six years. Staff will develop a communications and transition plan for the 195 employees with Vista who will need to select either the CHP or United option. It is estimated that approximately 26 of these employees will be impacted and will have to change primary care physicians. They will still receive continuation of coverage for pre-existing conditions from both CHP and United. Both CHP and United have been invited to give presentations to employees at educational sessions during the Open Enrollment period in November 2005. Staff also recommends that due to the success of the competitive process, that the Board not pursue the Self Funded Health Plan or the Health Care Consortium at this time.

Options:

1. Approve the award of County Employee Health Insurance Services to Capital Health Plan and United Health Care for the 2006 Plan Year.
2. Direct staff to negotiate and finalize an agreement with Capital Health Plan and United Health Care for the 2006 Plan Year, and authorize the Chairman to execute.
3. Due to the success of the competitive process, direct staff not to pursue a Self Funded Health Plan or Health Care Consortium at this time.
4. Board Direction.

Recommendation:

Options #1, #2 and #3.

Attachments:

1. Mercer Leon County 2005 Medical Renewal Summary
2. Workshop Agenda dated February 22, 2005 (w/o attachments)
3. Ratification Agenda dated March 22, 2005 (w/o attachments)
4. Status Report Agenda dated May 10, 2005 (w/o attachments)
5. Mercer Report Notebook on Leon County 2005 Medical Marketing and Review Analysis (Copies available for review in 5th floor County Administration Reception Area and Human Resources)
6. Mercer Report Executive Summary of Benchmarking Survey Results
7. Map of United Health Care Choice Plus Nationwide Network
8. Listing of United Health Care Center's of Excellence
9. Physician Network Analysis/United Local Provider Directory
10. Mercer Analysis of Carrier Financial Ratings and Rating Explanations
11. M/WBE Analysis of RFP Respondents
12. Mercer Analysis of Self-Funded Health Plan
13. City of Tallahassee Consultant Report on Consortium Pooling Arrangements

PA/LB/AC

Board of County Commissioners
Agenda Request 49

Date of Meeting: **August 22, 2006**
Date Submitted: **August 16, 2006**

To: **Honorable Chairman and Members of the Board**
From: **Parwez Alam, County Administrator**
Lillian Bennett, Director of Human Resources
Subject: **Approval to Renew Employee Health Insurance Coverage for the 2007 Plan Year**

Statement of Issue:
This agenda item requests Board approval to renew employee health insurance coverage and accept rate increase proposals from the insurance carriers as follows: Capital Health Plan (1.04%) increase), Vista Health Plan (5% increase), and United Healthcare (No Rate Increase) for the 2007 plan year (Attachment #1).

Background:
Leon County currently contracts with Capital Health Plan (CHP), Vista Health Plan (Vista), and United Healthcare (UHC) for employee health insurance services. For plan year 2006, Leon County issued a Request for Proposal (RFP) for employee health insurance services. The RFP process resulted in the selection of three insurance carriers, Capital Health Plan, Vista Health Plan and United Healthcare (Attachment #2). UHC was the newest vendor added to the list of County health insurance providers. All three carriers proposed the same plan design, prescription co-pays, and a flat rate, no premium increase for the 2006 plan year. As a result, Leon County estimated a projected $660,000 in savings over the 2005 plan year. In addition, a no premium increase was significant because annual County insurance rate renewals historically increased an averageof 15% per year. In September 2005, based on enrollment at that time, the total annual estimated cost of health insurance for 2006 was $12.9 million, down from $13.6 million in 2005. Currently, the projected cost for 2006 is $13.2 million due to increased enrollment.
Leon County has entered into an agreement with each insurance carrier. Each agreement has a three-year term, ending on December 31, 2008, with an option for three one-year renewals for a maximum contract period of six years. The health insurance plan for Leon County covers Board and Constitutional Office employees, as well as retirees.

Current premium rates are as follows:

Current Monthly Premium Rates - CHP, Vista and UHC
7.5% Employee/ 92.5% County Contribution

	Employee	Employer	Total Monthly Premium
Single	$ 29.44	$ 363.06	$ 392.50
EE+1	$ 60.94	$ 751.56	$ 812.50
Family	$78.02	$ 962.19	$1,040.20

Analysis:
Annually, staff meets with each insurance carrier to negotiate renewal rates for the next plan year. In July 2006, staff met with Capital Health Plan, Vista Health Plan, and United Healthcare to discuss the

rate renewal for the 2007 plan year. The initial rates provided from each provider were as follows: UHC (No Rate Increase), CHP (1.04% Increase), and Vista (25.4% Increase). All providers proposed the same plan design at renewal as the current plan, $10 co-pay for Office Visits (PCP and Specialist), $100 co-pay for Hospital ER, and Prescription co-pays of $7 Generic, $20 Preferred Brand, and $35 Non- Preferred Brand. While United has submitted no rate increase for 2007, United seeks to increase its enrollment to approximately 250 subscribers in order to remain competitive and to continue to provide services to Leon County in the 2008 plan year.

Upon staff review of the proposed rates, Vista's rates were significantly higher than the other providers. Accordingly, staff sent a letter to Vista requesting a reduction in their rates similar to that of the other providers. Additionally, staff advised Vista representatives that if the proposed rates could not be significantly reduced, staff would recommend the removal of Vista as a County health insurance provider for the 2007 plan year (Attachment #3). Vista responded to staff's request with a reduction in rates from 25.4% to 5%. Table #1 outlines the final negotiated rates and monthly premiums for each insurance provider.

Table #1
Comparison of 2007 Proposed Monthly Premium Rates

Category	United	CHP	Vista
Renewal Increase	No Rate Increase	1.04%	5%
Single	$ 392.55	$ 396.60	$ 412.19
Employee +1	$812.52	$821.00	$853.15
Family	$1,040.26	$1,051.00	$1092.15

Table #2 outlines employee monthly cost based on the proposed rates for the 2007 plan year. A detailed analysis of the increase in 2007 rates over the 2006 plan year is shown in Attachment # 4.

Table #2
Employee Monthly Cost Comparison (7.5% Contribution Rate)

Category	United	CHP	Vista
Single	$ 29.44	$ 29.75	$ 30.91
Employee +1	$60.94	$61.56	$63.99
Family	$78.02	$78.83	$81.91

The estimated 2007 total annual cost of health insurance for Leon County is $13.4 million. The employer contribution amount at 92.5% is $12.4 million. For 2007, the total increase in cost is estimated at $176,264, which is a 1.33% increase in total insurance cost. This is a nominal increase when compared to the current national market with increases ranging between 9% and 12%.

Table #3 outlines the employee enrollment and estimated 2007 annual cost for each provider:

Table #3
Enrollment and 2007 Annual Insurance Cost by Provider

	United	CHP	Vista	Total
Enrollment (as of July 2006)	82	1165	165	1412
Leon County Contribution 92.5%	$649,312	$10,229,575	$1,546,146	12,425,033
Employee Contribution 7.5%	$52,647	$829,425	$125,364	$1,007,436
Total Estimated Insurance Cost 100%	$701,959	$11,059,000	$1,671,510	$13,432,469

Attachment #5 provides a five-year history of employee enrollment with each provider. CHP remains as the leader in enrollment. Vista's enrollment has continued to decline and United, the newest carrier, has a current enrollment of 82 employees. Attachment #6 provides a five-year history of total insurance costs for CHP and Vista. United has only been with Leon County for the 2006 Plan year.

Contribution Strategies

The Board has consistently and generously rewarded employees by maintaining an employee/employer contribution ratio structure of 7.5% and 92.5%, respectively, for payment of health insurance premiums. Staff recommends this contribution strategy for the 2007 plan year.

Historically, Leon County has equalized the amount of premium each employee paid to that of CHP, since approximately 82% of the workforce elected CHP for their health plan. However, for 2007, in accordance with the RFP and agreement entered in with each provider, staff recommends that the employee's premium amount be determined by applying the 7.5% employee contribution amount to the actual total premium amount and rate increase proposed by each provider. This will result in each employee paying the appropriate premium amount based on the insurance carrier selected as shown in Table #2.

Options:

1. Approve the proposed renewal rates and plan design for Capital Health Plan (1.04% increase), Vista Health Plan (5% increase) and United Health Care (No Rate Increase) for the 2007 Plan Year.
2. Do not approve the proposed renewal rates and plan design for Capital Health Plan (1.04% increase), Vista Health Plan (5% increase) and United Health Care (No Rate Increase) for the 2007 Plan Year.
3. Board Direction

Recommendation:

Option #1

Attachments:

1. 2007 Rate Proposals and Plan Design from CHP, Vista and United
2. September 20, 2005 and August 30, 2005 Agenda Items "Approval to Award County Employee Health Insurance Services w/o attachments
3. Letter to Vista dated July 27,2006
4. Comparison of 2006 and 2007 Premium Rates for CHP, Vista and United
5. Five-Year History of Enrollment Five-Year History of Total Insurance Cost

5 Year Provider Enrollment History

CHP	Total Subscribers	% Change
2003	1,183	
2004	1,244	5%
2005	1,267	2%
2006	1,165	-8%
2007	1,171	1%
Inc./Dec. In Enrollment Since 2003	(12)	-1%
HPSE/Vista	**Total Subscribers**	**% Change**
2003	268	
2004	235	-12%
2005	195	-17%
2006	165	-15%
2007	147	-11%
Inc./Dec. in Enrollment Since 2003	(121)	-45%
United Health Care	**Total Subscribers**	**% Change**
2006	82	
2007	121	48%
Inc./Dec. In Enrollment Since 2006	39	48%
2007 Total Enrollment	1,439	

Subscriber equals employee insured

5 Year History of Insurance Cost

Year 2003	% Increase
$9,846,103	
Year 2004	
$11,817,598	20%
Year 2005	
$13,625,898	15%
Year 2006	
$13,328,982	-2%
Year 2007	
$13,606,767	2%
Est. Year 2008 CHP/BCBS Plan	
$14,556,823	7%

2008 Health Plan Comparison

Plan Coverages	Current Capital Health Plan	Current United Health Plans	Current Vista Health Plan	Vista Health Plan
2008 Rate Increase	4.61%	38%	Vista did not offer current plan. It would have been a 26% increase	Alternate Plan
Copay Individual / Family	$1500 / $3000	No maximum		$1,500 / $4,500
Lifetime Maximum Benefit	None	None	None	Unlimited
Coinsurance	None	None	None	None
Calendar Year Deductible (CYD)	None	None	None	None
Annual Hospital Deductible (per calendar year)	None	None	None	$500
Major Copayment Provisions	**Member Copay**	**Member Copay**	**Member Copay**	**Member Copay**
Primary Care Physician (PCP)	$10	$10	$10	$15
Office Visits	$10	$10	$10	$10
Specialist Office Visits	$10	$10	$10	$30
Hospital Admission	No deductible	No deductible	No deductible	After $500 deductible: $200 a day for the first 5days
Emergency Room (waived if admitted)	$100	$100	$100	$100
Prescription Drug	$7/$20/$35	$7/$20/$35	$7/$20/$35	$15/$35/$50
Inpatient Hospital / Physician Services	**Member Copay**	**Member Copay**	**Member Copay**	**Member Copay**
Inpatient Hospital Facility Services	No charge	No charge	No charge	After $500 deductible: $200 a day for the first 5days
Rehabilitative Services	No charge	No charge	No charge	$500 Hospital Deductible, 30 days per calendar year
Outpatient Medical Services	**Member Copay**	**Member Copay**	**Member Copay**	**Member Copay**
Wellness Care, physical exams, etc.	$10	$10	$10	$15
Well Child Care to 16 w/ immunizations	$10	$10	$10	$15
Annual well women care w/ pap smear	$10	$10	$10	$15
Diagnostic procedures, test chest x-rays, blood test in a physician office at a separate facility	No charge	No charge	No charge	No copay
MRI and Cat Scans,etc.	No charge	No charge	No charge	at hospital, $500 deductible: $60 copay, at freestanding facility $30 copay
Outpatient Surgery	No charge	No charge	No charge	at hospital, $500 deductible: $200 copay, at ambulatory surgery center $100 copay
Prenatal & postnatal care	$10/visit	$10/visit	$10/visit	one time $30 copay
Radiation and chemotherapy	No charge	No charge	No charge	at hospital, $500 deductible: $30 copay, at ambulatory surgery center $30 copay
Non-surgical Spine and Back services	$10/visit	$10/visit	$10/vist	$15, 20 visits per year

Attachment # 2
Page 45 of Attachment 63

2008 Health Plan Comparison

Plan Coverages	Current Capital Health Plan	Current United Health Plan	Current Vista Health Plan	Vista Health Plan
Mental Health, Alcohol and Substance Abuse Services	**Member Copay**	**Member Copay**	**Member Copay**	**Member Copay**
Inpatient	No charge 31 days per year	No charge 30 days per year	No charge 30 days per year	After $500 deductible: $200 a day for the first 5days 30days per year
Outpatient	$20/visit 20 visits per year	$20/visit 20 visits per year	$20/visit 30 visits per year	30, 30 visits per year
Alcohol and Substance Abuse				
Inpatient detoxification	No charge, detox only	No charge, detox only	No charge, detox only	After $500 deductible: $200 a day for the first 5days,5 days per cal year, 30 days per cal
Inpatient rehabilitation	None, detox only	None, detox only	None, detox only	After $500 deductible: $100 a day for the first 5days, 30 days per cal
Outpatient rehabilitation	$20/visit, 20 visit per year	$20/visit, 20 visit per year	$20/visit, 30 visit per year	30, 30 visits per cal, year
Special Care	**Member Copay**	**Member Copay**	**Member Copay**	**Member Copay**
Emergency and Urgent Care				
In hospital	$100	$100	$100	*$100 waived if admitted*
In urgent care facility	$15	$15	$15	$30
In physicians office	$15	$15	$15	$15
Home Health Care	No charge	No charge	No charge	No copay, 60 visits per cal year
Hospice Care	No charge	No charge	No charge	No copay, 210 days maximum
Skilled Nursing Facility	No charge, up to 60 days per admission	No charge, up to 60 days per admission	No charge, up to 60 days per admission	$25/day for the first 5 days of each admission, 30 days per cal yr.

This is only a summary of benefits. For complete detail regarding benefits for all plans please refer to the certificate of insurance coverage for that company.

BlueCross BlueShield of Florida

BlueOptions

For Large Groups
Health Benefit Summary Plan 1551

Benefits for Covered Services	Amount Member Pays
Office Services	
Physician Office Services In-Network Family Physician In-Network Specialist Out-of-Network Office Visit In-Network e-Office Visit Out-of-Network e-Office Visit	 $15 Copayment $30 Copayment CYD[1] + 40% Coinsurance $10 Copayment CYD + 40% Coinsurance
Maternity Initial Visit In-Network Specialist Out-of-Network	 $30 Copayment CYD + 40% Coinsurance
Allergy Injections (rendered by an In-Network Physician)	$10 Copayment
Preventive Care	
Adult Wellness Benefit Maximum (PCY[2] max, includes Well Woman and Routine Adult Physical Exam and Immunizations)	$150
Routine Adult Physical Exam and Immunizations (Applies towards Adult Wellness PCY max) In-Network Family Physician In-Network Specialist Out-of-Network	 $15 Copayment $30 Copayment 40% Coinsurance
Well Woman Exam (e.g. Annual GYN) (Applies towards Adult Wellness PCY max) In-Network Family Physician In-Network Specialist Out-of-Network	 $15 Copayment $30 Copayment 40% Coinsurance
Mammograms (Covered at 100% of Allowed Amount, In- and Out-of-Network)	$0
Well Child (No PCY max) In-Network Family Physician In-Network Specialist Out-of-Network	 $15 Copayment $30 Copayment 40% Coinsurance
Emergency Medical Care	
Urgent Care Centers In-Network / Out-of-Network	 $30 Copayment / CYD + 40% Coinsurance
Emergency Room Facility Services (per visit) (copayment waived if admitted) In-Network Out-of-Network	 $100 Copayment + 10% Coinsurance $100 Copayment + 40% Coinsurance
Ambulance Services (Ground travel / Air and water travel, per day maximum)	CYD + 10% Coinsurance $400 / $4,000
Outpatient Diagnostic Services	
Independent Diagnostic Testing Facility Services (per visit) (e.g. X-rays) (Includes Provider Services) In-Network / Out-of-Network	 $75 Copayment / CYD + 40% Coinsurance
Independent Clinical Lab (e.g. Blood Work) In-Network / Out-of-Network	 $0 / CYD + 40% Coinsurance
Outpatient Hospital Facility Services (per visit) (e.g. Blood Work and X-rays) In-Network (Option 1 / Option 2) Out-of-Network	 $100 Copayment / $200 Copayment $300 Copayment

1 *CYD = Calendar Year Deductible*
2 PCY = Per Calendar Year
Note: Out-of-Network services may be subject to balance billing.

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BlueOptions
For Large Groups
Health Benefit Summary Plan 1551

Benefits for Covered Services	*Amount Member Pays*
Mental Health/Substance Dependency	
Mental Health (PCY) Inpatient Hospital Facility Services (per admit) In-Network (Option 1 / Option 2) Out-of-Network Outpatient Office Visit In-Network Specialist Out-of-Network	30 Inpatient days, 20 Outpatient visits $400 Copayment / $800 Copayment $1,200 Copayment $30 Copayment CYD + 40% Coinsurance
Substance Dependency (Lifetime max) Inpatient Hospital Facility Services (per admit) In-Network (Option 1 / Option 2) Out-of-Network Outpatient Office Visit In-Network Specialist Out-of-Network	$2,500 $400 Copayment / $800 Copayment $1,200 Copayment $30 Copayment CYD + 40% Coinsurance
Other Provider Services	
Provider Services at Hospital and ER In-Network and Out-of-Network	CYD + 10% Coinsurance
Provider Services at Locations other than Office, Hospital and ER In-Network Family Physician In-Network Specialist Out-of-Network	CYD + 10% Coinsurance CYD + 10% Coinsurance CYD + 40% Coinsurance
Other Special Services	
Combined Outpatient Cardiac Rehabilitation and Occupational, Physical, Speech and Massage Therapies and Spinal Manipulations (PCY max) In-Network Locations other than Hospital and Physician's Office Out-of-Network Locations other than Hospital Outpatient Hospital Facility Services (per visit) In-Network (Option 1 / Option 2) Out-of-Network	$2,500 $30 Copayment CYD + 40% Coinsurance $100 Copayment / $200 Copayment $300 Copayment
Durable Medical Equipment In-Network Out-of-Network	CYD + 10% Coinsurance CYD + 40% Coinsurance
Home Health Care (PCY max) In-Network Out-of-Network	$2,500 CYD + 10% Coinsurance CYD + 40% Coinsurance
Skilled Nursing Facility (PCY) In-Network Out-of-Network	60 days CYD + 10% Coinsurance CYD + 40% Coinsurance
Hospice (Lifetime max) In-Network Out-of-Network	$7,500 CYD + 10% Coinsurance CYD + 40% Coinsurance
Hospital/Surgical	
Ambulatory Surgical Center Facility (ASC) In-Network / Out-of-Network	$75 Copayment / CYD + 40% Coinsurance
Inpatient Hospital Facility and Rehabilitation Services (per admit) In-Network (Option 1 / Option 2) Out-of-Network	Rehabilitation Services limit - 21 days PCY $400 Copayment / $800 Copayment $1,200 Copayment

BlueOptions

For Large Groups
Health Benefit Summary Plan 1551

Benefits for Covered Services	Amount Member Pays
Hospital/Surgical (Continued)	
Outpatient Hospital Facility Services (per visit) In-Network (Option 1 / Option 2) Out-of-Network	 $100 Copayment / $200 Copayment $300 Copayment
Emergency Room Facility Services (per visit) (copayment waived if admitted) In-Network Out-of-Network	 $100 Copayment + 10% Coinsurance $100 Copayment + 40% Coinsurance
Financial Features	
Calendar Year Deductible (CYD) (per person / family aggregate) In-Network Out-of-Network (CYD is the amount the member is responsible for before BCBSF pays)	 $500 / $1,500 Combined w/ In-Network
Coinsurance In-Network / Out-of-Network (Coinsurance is the percentage the member pays for services)	 10% / 40%
Out-of-Pocket Maximum (per person / family aggregate) In-Network Out-of-Network (Out-of-Pocket Maximum includes CYD, Coinsurance and Copayments; Excludes Prescription Drugs)	 $2,500 / $7,500 Combined w/ In-Network
Total Lifetime Maximum Benefit	$5,000,000

Additional Benefits and Features

BlueScript Prescription Drug Program
In the event your Group has purchased pharmacy coverage from Blue Cross and Blue Shield of Florida, you'll find a Pharmacy Program information sheet enclosed. Please review it carefully, as you'll find it contains an overview of your benefits and how to utilize them.

An Array of Value-Added Programs and Services*

- **Access to valuable health information and resources**, including care decision support, our online provider directory at *www.bcbsfl.com* and other interactive web-based support tools
- **MyBlueService**, *our 24/7 online member self-service*, where you can request extra ID cards, review benefits, check claims status, print forms and more
- **Discounts** on vision care, hearing care, alternative care, fitness clubs, bicycle helmets and more through our BlueComplements program
- *Online access to participating physician offices for e-office* **visits**, consultations, appointment scheduling or cancellation, prescription refills and much more**
- A quarterly **Personal Health Report, and programs to reward you for staying healthy and participating in sports**

Access to Our Strong Networks

NetworkBlue℠ is the Preferred Provider Network designated as "In-Network" for BlueOptions. However, you will have ***protection from balance billing when you receive covered*** services from a provider in our Traditional Program Network. You may also receive **out-of-state coverage through the** BlueCard® Program with access to the participating *providers of independent Blue Cross and/or Blue Shield* organizations across the country.

BlueOptions

For Large Groups
Health Benefit Summary Plan 1551

Physician Discount
Many NetworkBlue physicians offer BlueOptions members a rate which is at least 25 percent below the usual fees charged for services that are **not Covered Services** under your health plan. By taking advantage of this discount, you get the care you need from the doctor you trust. However, BCBSF does not guarantee that a physician will honor the discount. Since you pay out-of-pocket for any non-covered services, it's your responsibility to discuss the costs and discounted rates for non-covered services with your physician before you receive services. 'Physician Discount' is not part of your insurance coverage or a discount medical plan. For more information, please refer to the online Provider Directory at **www.bcbsfl.com.**

* As a courtesy, Blue Cross and Blue Shield of Florida, Inc. has entered into arrangements with various vendors to provide value-added features that include care decision support tools and services to its members. These programs are not part of insurance coverage. All decisions that members make pertaining to medical/clinical judgment should be made in conjunction with their Physician since neither BCBSF nor its vendors provide medical care or advice.
** As a courtesy, Blue Cross and Blue Shield of Florida, Inc. has an arrangement with a vendor to provide secure online communication between its members and participating physicians as a value-added feature. The written terms of your policy, certificate or benefit booklet determine what is covered.

This is not an Insurance contract or Benefit Booklet. The above Benefit Summary is only a partial description of the many benefits and services covered by Blue Cross and Blue Shield of Florida, Inc., an independent licensee of the Blue Cross and Blue Shield Association. For a complete description of benefits and exclusions, please see Blue Cross and Blue Shield of Florida's BlueOptions Benefit Booklet and Schedule of Benefits; its terms prevail.

CHP HMO Plans Only Comparisons

CHP HMO Only Plan (F) Current Plan Design w/ Drug Copay Variations						
#1	Current CHP Plan (F) Renewal w/ $7/$20/$35					
	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$183,800.70	443x$414.90	$331,496.80	386x$858.80	$670,634.00	610x$1099.40
Annual Cost Each Tier	$2,205,608.40		$3,977,961.60		$8,047,608.00	
2008 Total Annual Premium						$14,231,178.00
2007 Annual Premium						$13,649,790
Difference						$581,388
Percentage Difference						4.26%
#2	CHP Plan (F) w/ $10/$25/$40					
	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$181,497.10	443 x $409.7	$327,366.60	386 x $848.10	$662,277.00	610 x $1085.70
Annual Cost Each Tier	$2,177,965.20		$3,928,399.20		$7,947,324.00	
2008 Total Annual Premium						$14,053,688.40
2007 Annual Premium						$13,649,790.00
Difference						$403,898.40
Percentage Difference						2.96%
#3	CHP Plan (F) w/ $15/$30/$50					
	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$177,997.40	443 x $401.80	$321,036.20	386 x $831.70	$649,467.00	610 x $1064.70
Annual Cost Each Tier	$2,135,968.80		$3,852,434.40		$7,793,604.00	
2008 Total Annual Premium						$13,782,007.20
2007 Annual Premium						$13,649,790.00
Difference						$ 132,217.20
Percentage Difference						0.97%

CHP Alternative Plan (P) w/ Drug Copay Variations and Reduced Benefits						
#4	CHP Alternative Plan (P) w/ $7/$20/$35					
	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$179,813.70	433 x $405.90	$324,317.20	386 x $840.20	$656,116.00	610 x $1075.60
Annual Cost Each Tier	$2,157,764.40		$3,891,806.40		$7,873,392.00	
2008 Total Annual Premium						$13,922,962.80
2007 Annual Premium						$13,649,790
Difference						$273,173
Percentage Difference						2.00%
#5	CHP Alternative Plan (P) w/ $10/$25/$40					
	Employee		Employee+1		Family	
	443		386		610	1439
Monthly Premium	$174,187.60	443 x $393.20	$314,165.40	386 x $813.90	$635,559.00	610 x $1041.90
Annual Cost Each Tier	$2,090,251.20		$3,769,984.80		$7,626,708.00	
2008 Total Annual Premium						$13,486,944.00
2007 Annual Premium						$13,649,790
Difference						($162,846)
Percentage Difference						-1.19%
#6	CHP Alternative Plan (P) w/ $15/$30/$50					
	Employee		Employee+1		Family	
	443		386		610	1439
Monthly Premium	$170,732.20	443 x $385.40	$307,950.80	386 x $797.80	$622,993.00	610 x $1021.30
Annual Cost Each Tier	$2,048,786.40		$3,695,409.60		$7,475,916.00	
2008 Total Annual Premium						$13,220,112.00
2007 Annual Premium						$13,649,790
Difference						($429,678)
Percentage Difference						-3.15%

CHP Only Plan Savings

CHPOnly w/ Drug Copay Variations			
Plan Name	2008 Total Annual Premium	Total Savings over CHP/BCBS Recommended Option	Employer Savings @ 92.5%
Recommended Option	$14,556,823.57		
#1 Current CHP Plan (F) Renewal w/ $7/$20/$35	$14,231,178.00	$325,645.57	$301,222.15
#2 Current CHP Plan (F) Renewal w/ $10/$25/$40	$14,053,688.40	$503,135.17	$465,400.03
#3 Current CHP Plan (F) Renewal w/ $15/$30$50	$13,782,007.20	$774,816.37	$716,705.14
CHPOnly w/ Drug Copay Variations and Reduced Benefits			
#4 CHP Alternative Plan (P) $7/$20/$35 Reduced Benefits	$13,922,962.80	$633,860.77	$586,321.21
#5 CHP Alternative Plan Plan (P) $10/$25/$40 Reduced Benefits	$13,486,944.00	$1,069,879.57	$989,638.60
#6 CHP Alternative Plan Plan (P) $15/$30/$50 Reduced Benefits	$13,220,112.00	$1,336,711.57	$1,236,458.20

CHP HMO Only Employer Contribution Strategy Cost

Plan Name	2008 Total Annual Premium	92.5%	90%	85%
CHPOnly w/ Drug Copay Variations				
#1 Current CHP Plan (F) Renewal w/ $7/$20/$35	$14,231,178.00	$13,163,839.65	$12,808,060.20	$12,096,501.30
#2 Current CHP Plan (F) Renewal w/ $10/$25/$40	$14,053,688.40	$12,999,661.77	$12,648,319.56	$11,945,635.14
#3 Current CHP Plan (F) Renewal w/ $15/$30$50	$13,782,007.20	$12,748,356.66	$12,403,806.48	$11,714,706.12
CHPOnly w/ Drug Copay Variations and Reduced Benefits				
#4 Alternative Plan (P) $7/$20/$35 Reduced Benefits	$13,922,962.80	$12,878,740.59	$12,530,666.52	$11,834,518.38
#5 CHP Alternative Plan Plan (P) $10/$25/$40 Reduced Benefits	$13,486,944.00	$12,475,423.20	$12,138,249.60	$11,463,902.40
#6 CHP Alternative Plan Plan (P) $15/$30/$50 Reduced Benefits	$13,220,112.00	$12,228,603.60	$11,898,100.80	$11,237,095.20

CHP / Blue Cross Blue Shield Exclusive Provider Blended Rates Options

CHP/BCBS Blended Rates w/ Drug Copay Variations

#1 Current CHP Plan (F) w/ BCBS Blended Rate Plan $7/$20/$35

	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$187,991.48	443 x $424.36	$339,089.42	386 x $878.47	$685,987.70	610 x $1124.57
Annual Cost Each Tier	$2,255,897.76		$4,069,073.04		$8,231,852.40	
2008 Total Annual Premium						$14,556,823.20
2007 Annual Premium						$13,649,790
Difference						$907,033
Percentage Difference						6.65%

#2 Current CHP Plan (F) w/ BCBS Blended Rate Plan $10/$25/$40

	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$187,114.34	443 x $422.38	$337,506.82	386 x $874.37	$682,785.20	610 x $1119.32
Annual Cost Each Tier	$2,245,372.08		$4,050,081.84		$8,193,422.40	
2008 Total Annual Premium						$14,488,876.32
2007 Annual Premium						$13,649,790.00
Difference						$839,086.32
Percentage Difference						6.15%

#3 Current CHP Plan (F) w/ BCBS Blended Rate Plan $15/$30/$50

	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$186,237.20	443 x $420.40	$335,920.36	386 x $870.26	$678,930.00	610 x $1113.00
Annual Cost Each Tier	$2,234,846.40		$4,031,044.32		$8,147,160.00	
2008 Total Annual Premium						$14,413,050.72
2007 Annual Premium						$13,649,790.00
Difference						$ 763,260.72
Percentage Difference						5.59%

CHP/BCBS Blended Rates w/ Drug Copay Variations and Reduced Benefits

#4 CHP Alternative Plan (P) $7/$20/$35 w/ BCBS PPO Blended Rates

	Employee		Employee+1		Family	Cost
	443		386		610	1439
Monthly Premium	$182,959.00	443 x $413.00	$327,493.98	386 x $848.43	$693,466.30	610 x $1136.83
Annual Cost Each Tier	$2,195,508.00		$3,929,927.76		$8,321,595.60	
2008 Total Annual Premium						$14,447,031.36
2007 Annual Premium						$13,649,790
Difference						$797,241
Percentage Difference						5.84%

#5 CHP Alternative Plan Plan (P) $10/$25/$40 w/ BCBS PPO Blended Rates

	Employee		Employee+1		Family	
	443		386		610	1439
Monthly Premium	$177,629.71	443 x $400.97	$317,955.92	386 x $823.72	$673,269.20	610 x $1103.72
Annual Cost Each Tier	$2,131,556.52		$3,815,471.04		$8,079,230.40	
2008 Total Annual Premium						$14,026,257.96
2007 Annual Premium						$13,649,790
Difference						$376,468
Percentage Difference						2.76%

#6 CHP Alternative Plan Plan (P) $15/$30/$50 w/ BCBS PPO Blended Rates

	Employee		Employee+1		Family	
	443		386		610	1439
Monthly Premium	$174,147.73	443 x $393.11	$311,722.02	386 x $807.57	$660,068.80	610 x $1082.08
Annual Cost Each Tier	$2,089,772.76		$3,740,664.24		$7,920,825.60	
2008 Total Annual Premium						$13,751,262.60
2007 Annual Premium						$13,649,790
Difference						$101,473
Percentage Difference						0.74%

CHP/BCBS Exclusive Plan Savings over Recommended Option #1

Plan Name	CHP / BCBS PPO Alternative Options	Total Savings over Recommended Option #1	Employer Savings @ 92.5%
CHP/BCBS Blended Rates w/ Drug Copay Variations			
#1 Current CHP Plan (F) Renewal w/ BCBS PPO$7/$20/$35	$14,556,823.57		
#2 Current CHP Plan (F) w/ BCBS Blended Rate Plan $10/$25/$40	$14,488,876.00	$67,947.57	$62,851.50
#3 Current CHP Plan (F) w/ BCBS Blended Rate Plan $15/$30/$50	$14,420,809.20	$136,014.37	$125,813.29
CHP/BCBS Blended Rates w/ Drug Copay Variations and Reduced Benefits			
#4 CHP Alternative Plan (P) $7/$20/$35 w/ BCBS PPO Blended Rates Reduced Benefits	$14,447,031.36	$109,792.21	$101,557.79
#5 CHP Alternative Plan Plan (P) $10/$25/$40 w/ BCBS PPO Blended Rates Reduced Benefits	$14,026,257.96	$530,565.61	$490,773.19
#6 CHP Alternative Plan Plan (P) $15/$30/$50 w/ BCBS PPO Blended Rates Reduced Benefits	$13,751,262.60	$805,560.97	$745,143.90

CHP / BCBS PPO Blended Rates Employer Contribution Strategy Cost

CHP/BCBS Blended Rates w/ Drug Copay Variations

Plan Name	2008 Total Annual Premium	92.5%	90%	85%
#1 Current CHP Plan (F) Renewal w/ BCBS PPO$7/$20/$35	$14,556,823.57	$13,465,061.80	$13,101,141.21	$12,373,300.03
#2 Current CHP Plan (F) w/ BCBS Blended Rate Plan $10/$25/$40	$14,488,876.00	$13,402,210.30	$13,039,988.40	$12,315,544.60
#3 Current CHP Plan (F) w/ BCBS Blended Rate Plan $15/$30/$50	$14,420,809.20	$13,339,248.51	$12,978,728.28	$12,257,687.82

CHP/BCBS Blended Rates w/ Drug Copay Variations and Reduced Benefits

Plan Name	2008 Total Annual Premium	92.5%	90%	85%
#4 CHP Alternative Plan (P) $7/$20/$35 w/ BCBS PPO Blended Rates Reduced Benefits	$14,447,031.36	$13,363,504.01	$13,002,328.22	$12,279,976.66
#5 CHP Alternative Plan Plan (P) $10/$25/$40 w/ BCBS PPO Blended Rates Reduced Benefits	$14,026,257.96	$12,974,288.61	$12,623,632.16	$11,922,319.27
#6 CHP Alternative Plan Plan (P) $15/$30/$50 w/ BCBS PPO Blended Rates Reduced Benefits	$13,751,262.60	$12,719,917.91	$12,376,136.34	$11,688,573.21

LEON COUNTY
COMPARISON CHART

Physician Services	Alternate Plan Plan P Required Copayments	Current Plan Plan F Required Copayments
Office visit(s) for services provided by member's primary care physician or other CHP personnel during regular office hours	$15	$10
Office visit(s) for services provided by a member's primary care physician or other CHP personnel after regular office hours (including evenings and weekends)	$20	$15
Office visit(s) for services provided by a participating provider when authorized by the primary care physician	$25	$10
Outpatient surgical procedures, surgical services, and other medical care provided by a participating provider when authorized by the primary care physician	$25	$10
Behavioral health outpatient care for short-term evaluative or crisis intervention for 20 visits per calendar year when authorized by the primary care physician	$25	$20 per visit

Hospital Services		
All hospital benefits covered under this agreement	$250 per admission	$0
Outpatient surgical procedures performed in a hospital or ambulatory surgical center	$0	$0
Mental health inpatient care for crisis intervention for 31 days per calendar year	$250 per admission	$0

Maternity Services		
Physician Services		
Office visit(s) for services provided by a member's primary care physician	$15	$10
Office visit(s) for services provided by a participating provider when authorized by the primary care physician or non-plan provider when authorized by the Medical Director of CHP	$25	$10
Hospital services: All maternity inpatient care	$250 per admission	$0

Emergency Services		
Emergency room visits	$100 per episode	$100 per episode
Emergency services outside the service area	$100 per episode	$100 per episode

Other Benefits		
Home health services	0	0
Hospice home care	0	0
Hospice outpatient care	0	0
Hospice inpatient care	0	0
Skilled nursing facility for up to 60 days per admission with subsequent admission available following 180 days from discharge date of the previous admission	0	0
Alcohol and drug abuse	See Behavioral Health Outpatient Benefit	See Behavioral Health Outpatient Benefit
Durable medical equipment and prosthetic medical appliances	0	0
Diagnostic MRI, PET, and CT Scans	$100 copay	0
Outpatient prescription drugs	$7/$20/$35 $10/$25/$40 $15/$30/$50	$7/$20/$35 $10/$25/$40 $15/$30/$50
Visits for short-term physical/speech or other rehabilitation therapies	$25 per visit	$10 per visit
Routine eye exams for vision correction	$15	$10

The maximum amount of copayment required in any calendar year, excluding prescription drug copayments, is limited to	$2000 per member and $4500 per family	$1500 per member and $3000 per family

CHP HMO Only Rates

Plan F	7/20/35	10/25/40	15/30/50
Employee	$414.90	$409.70	$401.80
Employee + One	$858.80	$848.10	$831.70
Family	$1099.40	$1085.70	$1064.70

CHP HMO Only Rates

Plan P	7/20/35	10/25/40	15/30/50
Employee	$405.90	$393.20	$385.40
Employee + One	$840.20	$813.90	$797.80
Family	$1075.60	$1041.90	$1021.30

CHP / BCBS Blended Rates

Plan F	7/20/35	10/25/40	15/30/50
Employee	$424.36	$422.38	$420.40
Employee + One	$878.47	$874.37	$870.26
Family	$1124.57	$1119.32	$1113.00

CHP / BCBS Blended Rates

Plan P	7/20/35	10/25/40	15/30/50
Employee	$413.00	$400.97	$393.11
Employee + One	$848.43	$823.72	$807.57
Family	$1136.83	$1103.72	$1082.08

Attachment # 2
Page 58 of 63

2008 HEALTH INSURANCE COST
Estimate

	CHP,UHC and Vista Renewal Cost								
	Employee	Cost	Employee+1	Cost	Family	Cost	Total Enrollment	Monthly Cost	Annual Cost
Capital Health Plan 4.61% increase	350	$ 145,215.00	315	$ 270,572.00	506	$ 556,296.40	1171	$ 972,033.40	$ 11,664,400.80
Vista Health Plan 26% increase	41	$ 21,293.70	39	$ 41,923.83	67	$ 92,199.37	147	$ 155,416.96	$ 1,865,003.52
Vista Alternate Plan	41	$ 14,522.45	39	$ 28,591.68	67	$ 62,879.50	147	$ 105,993.63	$ 1,271,923.51
United Health Plan 38% increase	52	$ 28,163.72	32	$ 35,876.16	37	$ 53,104.99	121	$ 117,144.87	$ 1,405,738.44
Total Est. Cost w/ Vista Current Plan									$ 14,935,142.76
Total Est. Cost w/ Vista Alternate Plan									$ 14,342,062.75
				CHP / UHC Plan					
Capital Health Plan 4.61% increase	370	$ 153,513.00	335	$ 287,698.00	540	$ 593,676.00	1245	$ 1,034,887.00	$ 12,418,844.00
United Health Plan 38% increase	73	$ 39,537.53	51	$ 57,177.63	70	$ 100,468.90	194	$ 197,184.06	$ 2,366,200.72
									$ 14,784,852.72
2007 Estimated Premium									$13,649,790.00
Difference									$ 1,135,062.72
Percentage Difference									8.32%

CHP Sole Provider

	Employee		Employee+1		Family	
	443		388		610	1439
Monthly Premium	$183,800.70	443 x $414.90	$331,496.80	388 x $856.80	$670,634.00	610 x $1099.40
annual premium	$2,205,608.40		$3,977,961.60		$8,047,608.00	
total annual premium						$14,231,178
2007 premium						$13,649,790.00
difference						$581,388
percentage difference						4.28%

CHP Blue Cross Blue Shield Sole Provider

	Employee		Employee+1		Family	
CHP/BXBS Sole Provider	443		388		610	1439
Monthly Premium	$187,991.48	443 x $424.36	$339,089.42	388 x $878.47	$685,987.70	610 x $1124.57
annual premium	$2,255,897.76		$4,069,073.04		$8,231,852.40	
total annual premium						$14,558,823.20
2007 premium						$13,649,790.00
difference						$907,033.20
percentage difference						6.65%

Employer/ Employee Annual Cost @ 92.5%/7.5% if renewed with current vendors

Provider	CHP	United	Vista	CHP/BXBS	CHP (SP)	Total For CHP United & Vista
Annual Premium	$11,664,400.00	$1,405,738.44	$1,865,003.52	$14,558,823.20	$14,231,178.00	
Employer annual cost 92.5%	$10,789,570.00	$1,300,308.06	$1,725,128.26	$13,465,061.46	$13,163,839.65	$13,815,006.31
Employee annual cost 7.5%	$874,830.00	$105,430.38	$139,875.26	$1,091,761.74	$1,067,338.35	$1,120,135.65
Total Annual Premium for Each Vendor	$11,664,400.00	$1,405,738.44	$1,865,003.52	$14,558,823.20	$14,231,178.00	$14,935,141.96

Alternate Plan with CHP & Blue Cross Blue Shield $10,$20,$40 Prescription Drug

10,25,40// 6.5%	Employee		Employee+1		Family	
CHP/BXBS Sole Provider	443		388		610	1439
Monthly Premium	$187,114.34	443 x $422.38	$337,506.82	388 x $874.37	$682,785.20	610 x $1119.32
annual premium	$2,245,372.08		$4,050,081.84		$8,193,422.40	
total annual premium						$14,488,876.32
2007 premium						$13,649,790.00
difference						$839,086.32
percentage difference						6.15%

Alternate Plan with CHP & Blue Cross Blue Shield $15,$30,$50 Prescription Drug

15,30,50//6%	Employee		Employee+1		Family	
CHP/BXBS Sole Provider	443		386		610	1439
Monthly Premium	$188,237.20	443 x $420.40	$335,920.36	388 x $870.26	$679,578.60	610 x $1113.00
annual premium	$2,234,846.40		$4,031,044.32		$8,154,919.20	
total annual premium						$14,420,809.92
2007 premium						$13,649,790.00
difference						$ 771,019.82
percentage difference						5.65%

Current Multiple Vendors Proposal for 2008	
CHP, UHC and Current Vista Plan	$14,935,142.76
CHP, UHC and Alternate Vista Plan	$14,342,062.75
Amount Difference	$593,080.01
Percentage Difference	4.14%
CHP, UHC and Current Vista Plan	$14,935,142.76
2007 Estimated Cost	$13,649,790.00
Amount Difference	$1,285,352.76
Percentage Difference	9.42%
Option Summary #1	
CHP, UHC and Alternate Vista Plan	$14,342,062.75
2007 Estimated Cost	$13,649,790.00
Amount Difference	$692,272.75
Percentage Difference	5.07%
Option Summary #2	
CHP/BCBS Sole Providers	$14,558,823.20
2007 Estimated Cost	$13,649,790.00
Amount Difference	$907,033.20
Percentage Difference	6.65%
Option Summary #3	
CHP Plan Sole Provider	$14,231,178.00
2007 Estimated Cost	$13,649,790.00
Amount Difference	$581,388.00
Percentage Difference	4.26%
Option Summary #4	
CHP/UHC	$14,784,852.72
2007 Estimated Cost	$13,649,790.00
Amount Difference	$1,135,062.72
Percentage Difference	8.32%

Employee Contribution Strategy Impacts

Year	2007	2008	Cost Difference	2008	Difference in Cost	2008	Difference in Cost
Contribution Strategy	7.50%	7.50%		10%		15%	
CHP							
Employee Only	$29.74	$31.12	$1.38	$41.49	$11.75	$62.24	$32.50
Employee + 1	$61.58	$64.41	$2.83	$85.88	$24.30	$128.82	$67.24
Family	$78.82	$82.46	$3.64	$109.94	$31.12	$164.91	$86.09
Vista Current							
Employee Only	$30.90	$38.95	$8.05	$51.94	$21.04	$77.90	$47.00
Employee + 1	$63.98	$80.62	$16.64	$107.50	$43.52	$161.24	$97.26
Family	$81.90	$103.21	$21.31	$137.61	$55.71	$206.42	$124.52
United							
Employee Only	$29.44	$40.62	$11.18	$54.61	$25.17	$81.24	$51.80
Employee + 1	$60.94	$84.08	$23.14	$112.11	$51.17	$168.16	$107.22
Family	$78.02	$107.65	$29.63	$143.53	$65.51	$215.29	$137.27
Vista Current/Vista Alternate							
Employee Only	$30.90	$26.57	-$4.33	$35.42	$4.52	$53.13	$22.23
Employee + 1	$63.98	$54.98	-$9.00	$73.31	$9.33	$109.97	$45.99
Family	$81.90	$70.39	-$11.51	$93.85	$11.95	$140.78	$58.88
CHP/BCBS							
Employee Only	$29.74	$31.83	$2.09	$42.43	$12.69	63.65	$33.91
Employee + 1	$61.58	$65.89	$4.31	$87.85	$26.27	131.77	$70.19
Family	$78.82	$84.34	$5.52	$112.46	$33.64	168.69	$89.87

Potential Savings on Contribution Strategies
Alternative A
Multiple Providers – CHP, United and Vista
2008 Proposed Annual Cost and Employer Contribution Strategies

Category	CHP	United	Vista (Plan No longer offered)	Vista Alternate Plan (Reduced Benefits)	Total CHP, United & Vista (Plan no longer offered)	**Total CHP, United & Vista Alternate Plan**
Renewal Increase	4.6%	38%	26%	(14.1%)	9.6%	5.2%
Annual total Cost	11,664,400	$1,405,738	$1,865,003	$1,271,923	$14,935,141	$14,342,061

Employer Contribution – 92.5%	$10,789,570	$1,300,307	$1,725,128	$1,176,528	$13,815,005	$13,266,405

Employer Contribution – 90%	$10,497,960	$1,265,164	$1,678,502	$1,144,730	$13,441,626	$12,907,854
Savings at 90% contribution	**($291,610)**	**($35,143)**	**($46,626)**	**($31,798)**	**($373,379)**	**($358,551)**

Employer Contribution – 85%	$9,914,740	$1,194,877	$1,585,252	$1,081,134	$12,694,869	$12,190,751
Savings at 85% Contribution	**($874,830)**	**($105,430)**	**($139,876)**	**($95,394)**	**($1,120,136)**	**($1,075,654)**

Alternative B
Multiple Providers – CHP and United Only
2008 Proposed Annual Cost and Employer Contribution Strategies

Category	CHP[1]	United[1]	Total CHP and United Only
Renewal Increase	4.6%	38%	8.5%
Annual total Cost	$12,418,644	$2,366,209	$14,784,853
Employer Contribution – 92.5%	$11,487,245	$2,188,743	$13,675,988
Employer Contribution – 90%	$11,176,780	$2,129,588	$13,306,368
Savings at 90% contribution	**($310,465)**	**($59,155)**	**($369,620)**
Employer Contribution – 85%	$10,555,847	$2,011,278	$12,567,125
Savings at 85% Contribution	**($931,398)**	**($177,465)**	**($1,108,863)**

[1] Assumption based on enrollment in Vista transferring to CHP and United at 50% each.

Alternative C
Exclusive Provider Option
CHP HMO Only (C-1) or CHP/BCBS Dual Option (C-2)

Category	CHP	CHP /BXBS
Renewal Increase	4.6%	7%
Annual total Cost	$14,231,178	$14,556,823
Employer Contribution – 92.5%	$13,163,839	$13,465,061
Employer Contribution – 90%	$12,808,060	$13,101,140
Savings at 90% contribution	**($355,779)**	**($363,921)**
Employer Contribution – 85%	$12,096,501	$12,373,299
Savings at 85% Contribution	($1,067,338)	($1,091,762)

Alternative D
Exclusive Provider Option
CHP / BCBS Alternate Plan P (Reduced Benefits)

Category	$7/$20/$35	$10/$25/$40	$15/$30/$50
Renewal Increase	5.84%	2.76%	0.74%
Annual total Cost	$14,447,031	$14,026,257	$13,751,262
Employer Contribution – 92.5%	$13,363,503	$12,974,288	12,719,918
Employer Contribution – 90%	$13,002,327	$12,623,632	12,376,136
Savings at 90% contribution	**($361,176)**	**($350,657)**	**($343,782)**
Employer Contribution – 85%	$12,279,977	$11,922,319	11,688,573
Savings at 85% Contribution	**($1,083,527)**	**($1,051,970)**	**($1,031,345)**

2007 Employee and Employer Monthly Cost

Leon County

Company	Emp	Emp Cont 7.5%	Empler Cont 92.5%	Emp +1	Emp Cont 7.5%	Empler Cont 92.5%	Fam	Emp Cont 7.5%	Empler Cont 92.5%
CHP	$414.90	$31.12	$383.78	$858.80	$64.41	$794.39	$1,099.40	$82.46	$1,016.95
UHC	$541.61	$40.62	$500.99	$1,121.13	$84.08	$1,037.05	$1,435.27	$107.65	$1,327.62
Vista	$519.36	$38.95	$480.41	$1,074.97	$80.62	$994.35	$1,376.11	$103.21	$1,272.90
Vista Alternate	$354.20	$26.57	$327.64	$733.12	$54.98	$678.14	$938.50	$70.39	$868.11
Vista declined to renew our current plan with the renewal rates shown above, which is a 26% increase over last years rates.									
CHP/BXBS	$424.36	$31.83	$392.53	$878.47	$65.89	$812.58	$1,124.57	$84.34	$1,040.23

School Board

Company	Emp	Emp Cont 20%	Empler Cont 80%	Emp +1	Emp Cont 40%	Empler Cont 60%	Fam	Emp Cont 40%	Empler Cont 60%
CHP	$406.31	$81.26	$325.05	$833.09	$333.24	$499.85	$1,178.42	$471.37	$707.05
UHC	$428.39	$85.68	$342.71	$878.20	$351.28	$526.92	$1,242.32	$496.93	$745.39
Vista	$476.32	$95.26	$381.06	$973.57	$389.43	$584.14	$1,092.15	$436.86	$655.29

City of Tallahassee

Company	Emp	Emp Cont 17%	Empler Cont 83%	Emp +1	Emp Cont 25%	Empler Cont 75%	Fam	Emp Cont 35%	Empler Cont 65%
CHP/BCBS	$365.18	$62.08	$303.10	$729.12	$182.28	$546.84	$999.90	$349.97	$649.94

$164 Flex cash is given to employee to spend on employee benefit of their choosing

State of Florida

Company	Emp	Emp Cont 11.7%	Empler Cont 88.3%	Emp +1	Emp Cont 25%	Empler Cont 75%	Fam	Emp Cont 35%	Empler Cont 65%
All Plans Offered	$427.86	$50.00	$377.86	N/A	N/A	N/A	$967.60	$180.00	$787.60

Attachment # 3
Page 1 of 1

Cost Per Covered Employee by Coverage Type

Coverage Type	Employee	Employe+1	Family	
Enrollment	58	35	56	
UHC Cost Per covered employee	$6,011.88	12,444.60	15,931.56	
CHP Cost per Covered Employee	$4,605.36	$9,532.80	$12,203.28	
Employee Cost Above CHP	$1,406.52	$2,911.80	$3,728.28	
Annual Cost Above CHP for Each Coverage Type	81,578.16	101,913.00	208,783.68	
Total Annual Cost Above CHP				392,274.84

Attachment # 4
Page 1 of 2

Capital Health Plan

Large Group Plan F

Schedule of Copayments

Attachment C

Physician Services	[illegible]
Office visit(s) for services provided by member's primary care physician or other CHP personnel during regular office hours	**$10**
Office visit(s) for services provided by member's primary care physician or other CHP personnel after regular office hours (including evenings and weekends)	**$15**
Office visit(s) for services provided by a participating provider when authorized by the primary care physician	**$10**
Outpatient surgical procedures, surgical services, and other medical care provided by the primary care physician or participating provider when authorized by the primary care physician	**$10**
Mental health outpatient care for short-term evaluative or crisis intervention for 20 visits per contract year when authorized by the primary care physician	**$20 per visit**

Hospital Services	[illegible]
All hospital benefits covered under this agreement	**$0**
Outpatient surgical procedures performed in a hospital or ambulatory surgical center	**$0**
Mental health inpatient care for crisis intervention for 31 days per contract year	**$0**

Maternity Services	[illegible]
Physician Services	
Office visit(s) for services provided by a member's primary care physician	**$10**
Office visit(s) for services provided by a participating provider when authorized by the primary care physician or non-plan provider when authorized by the Medical Director of CHP	**$10**
Hospital services: All maternity inpatient care	**$0**

Emergency Services	Required Copayment
Emergency room visits	$100 per episode
Emergency services outside the service area	$100 per episode

[illegible]	Required Copayment
Home health services	$0
Hospice home care	$0
Hospice outpatient care	$0
Hospice inpatient care	$0
Skilled nursing facility for up to 60 days per admission with subsequent admission available following 180 days from discharge date of the previous admission	$0
Alcohol and drug abuse	Covered by endorsement only
Durable medical equipment and prosthetic medical appliances	$0
Outpatient prescription drugs	Covered by endorsement only
Visits for short-term physical/speech or other rehabilitation therapies	$10 per visit
Routine eye exams for vision correction	$10

[illegible]

Attachment # 5
Page 1 of 2 1

2008 PLAN COST COMPARISON
COMMERCIAL LARGE GROUPS
THIS IS A COST COMPARISON ONLY; IT IS NOT A SUBSTITUTE FOR MEMBER HANDBOOKS AND SHOULD NOT BE USED TO DEFINE BENEFITS.

Plan	Abbrev.	PCP	Specialist	Urgent Care	Emergency Room	Inpatient Hospital	Outpatient Hospital	Ambulatory Surgical	Rehabilitation Therapies (ST, OT, PT)	Behavioral Health Inpatient	Behavioral Health Outpatient	Routine Vision	DME	SNF Admission	Substance Abuse	Hospice	Home Health Service	OOP Maximum	OTHER[1]
State Selection (formerly State)	STATE	$15	$25	$15	$50/visit waived if admitted	$250/admission	$0	$0	$25 60 visits/injury	$250/admission 31 days	$25 26 visits	$15	$0	$0 60 days cal year	$250 IP/31 days $25 OP/26 days	$0	$0	$1500 $3000 (incl. drug copays)	$0 PET, MRI, CT Prescription drugs: $10/$25/$40/retail $20/$50/$80/mail order
LCSD Selection (formerly LCSB)	LCSD	$15	$25	$20	$100/visit	$250/admission	$0	$0	$25/visit 62 days	not a benefit	not a benefit	$15	$0 $2500/year	$0 60 days per admission	not a benefit contract w/ TMH	$0	$0	$1500 $3000 copays not included	$0 Copay for PET, MRI, CTPrescription drugs: $10/$25/$40
Leon County Selection (formerly Plan F)	Leon Cnty	$10	$10	$15	$100/visit waived if admitted	$0	$0	$0	$10 62 days/condition	$0 31 days/contract year	$20 20 visits	$10	$0 $2500/year	$0 60 days per admission	Covered by endorsement only.	$0	$0	$1500 $3000 copays not included	$0 copay for PET, MRI, CT Prescription drugs: $7/$20/$35
Premier Plus Selection (formerly Plan P)	Premier Plus	$15	$25	$20	$100/visit	$250/admission	$0	$0	$25 62 days	$250/admission 31 days	$25 20 visits	$15	$0 $2500/year	$0 60 days per admission	OP included in behavioral health	$0	$0	$2000 $4500 copays not included	$100 PET, MRI, CT; Prescription drugs:$10/$25/$40
City of Tallahassee Selection (formerly Plan Q)	COT	$15	$25	$20	$100/visit (waived if admitted)	$250/admission $750 year max.	$50	$50	$25 62 days	$250/admission 31 days $750 year max.	$25 20 visits	$15	$0 $2500/year	$0 60 days per admission	OP included in behavioral health	$0	$0	$2000 $4500 copays not included	$25 PET, MRI, CT; Prescription drugs: $15/$30/$50

[1] **All plans have $150 per contract annual health/fitness reimbursement benefit.**

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S. Elsass

Att 4

Attachment # 6
Page 1 of 1

Public Entities Group Health Insurance Cost and Contribution Strategies

Leon County									
Company	**Emp**	**Emp Cont 7.5%**	**Empler Cont 92.5%**	**Emp +1**	**Emp Cont 7.5%**	**Empler Cont 92.5%**	**Fam**	**Emp Cont 7.5%**	**Empler Cont 92.5%**
CHP	$414.90	$31.12	$383.78	$858.80	$64.40	$794.40	$1,099.40	$82.46	$1,016.94
UHC	$541.61	$40.62	$500.99	$1,121.13	$84.08	$1,037.05	$1,435.27	$107.64	$1,327.62
School Board									
Company	**Emp**	**Emp Cont 20%**	**Empler Cont 80%**	**Emp +1**	**Emp Cont 40%**	**Empler Cont 60%**	**Fam**	**Emp Cont 40%**	**Empler Cont 60%**
BCBS	$422.56	$84.51	$338.05	$866.40	$346.56	$519.84	$1,225.46	$490.22	$735.24
CHP	$429.52	$84.51	$345.01	$873.36	$346.56	$526.80	$1,232.52	$490.22	$742.20
Rates are based on 10 deductions. Also $6.96 is added to the CHP Premium for Mental Health w/ TMH. BCBS has mental health coverage built into the plan									
City of Tallahassee									
Company	**Emp**	**Emp Cont 16%**	**Empler Cont 84%**	**Emp +1**	**Emp Cont 22%**	**Empler Cont 78%**	**Fam**	**Emp Cont 31%**	**Empler Cont 69%**
CHP/BCBS	$382.74	$62.08	$320.66	$766.36	$167.70	$598.66	$1,048.30	$329.98	$718.32
City employees have Flex Credits in amount of $164 dollars called Flex Bucks to help pay for the cost of employee benefits									
State of Florida									
Company	**Emp**	**Emp Cont 12%**	**Empler Cont 78%**	**Emp +1**	**Emp Cont**	**Empler Cont**	**Fam**	**Emp Cont 18%**	**Empler Cont 82%**
All Plans Offered	$449.26	$50.00	$349.26	N/A	N/A	N/A	$1,015.98	$180.00	$835.98

LEON COUNTY COMPARISON CHART

Physician Services	Alternate Plan Plan P Required Copayments	Current Plan Plan F Required Copayments
Office visit(s) for services provided by member's primary care physician or other CHP personnel during regular office hours	$15	$10
Office visit(s) for services provided by a member's primary care physician or other CHP personnel after regular office hours (including evenings and weekends)	$20	$15
Office visit(s) for services provided by a participating provider when authorized by the primary care physician	$25	$10
Outpatient surgical procedures, surgical services, and other medical care provided by a participating provider when authorized by the primary care physician	$25	$10
Behavioral health outpatient care for short-term evaluative or crisis intervention for 20 visits per calendar year when authorized by the primary care physician	$25	$20 per visit

Hospital Services		
All hospital benefits covered under this agreement	$250 per admission	$0
Outpatient surgical procedures performed in a hospital or ambulatory surgical center	$0	$0
Mental health inpatient care for crisis intervention for 31 days per calendar year	$250 per admission	$0

Maternity Services		
Physician Services		
Office visit(s) for services provided by a member's primary care physician	$15	$10
Office visit(s) for services provided by a participating provider when authorized by the primary care physician or non-plan provider when authorized by the Medical Director of CHP	$25	$10
Hospital services: All maternity inpatient care	$250 per admission	$0

Emergency Services		
Emergency room visits	$100 per episode	$100 per episode
Emergency services outside the service area	$100 per episode	$100 per episode

Other Benefits		
Home health services	0	0
Hospice home care	0	0
Hospice outpatient care	0	0
Hospice inpatient care	0	0
Skilled nursing facility for up to 60 days per admission with subsequent admission available following 180 days from discharge date of the previous admission	0	0
Alcohol and drug abuse	See Behavioral Health Outpatient Benefit	See Behavioral Health Outpatient Benefit
Durable medical equipment and prosthetic medical appliances	0	0
Diagnostic MRI, PET, and CT Scans	$100 copay	0
Outpatient prescription drugs	$7/$20/$35 $10/$25/$40 $15/$30/$50	$7/$20/$35 $10/$25/$40 $15/$30/$50
Visits for short-term physical/speech or other rehabilitation therapies	$25 per visit	$10 per visit
Routine eye exams for vision correction	$15	$10

The maximum amount of copayment required in any calendar year, excluding prescription drug copayments, is limited to	$2000 per member and $4500 per family	$1500 per member and $3000 per family

CHP HMO Only Rates

Plan F	7/20/35	10/25/40	15/30/50
Employee	$414.90	$409.70	$401.80
Employee + One	$858.80	$848.10	$831.70
Family	$1099.40	$1085.70	$1064.70

CHP HMO Only Rates

Plan P	7/20/35	10/25/40	15/30/50
Employee	$405.90	$393.20	$385.40
Employee + One	$840.20	$813.90	$797.80
Family	$1075.60	$1041.90	$1021.30

CHP / BCBS Blended Rates

Plan F	7/20/35	10/25/40	15/30/50
Employee	$424.36	$422.38	$420.40
Employee + One	$878.47	$874.37	$870.26
Family	$1124.57	$1119.32	$1113.00

CHP / BCBS Blended Rates

Plan P	7/20/35	10/25/40	15/30/50
Employee	$413.00	$400.97	$393.11
Employee + One	$848.43	$823.72	$807.57
Family	$1136.83	$1103.72	$1082.08

Attachment # 8
Page 1 of 2

Monthly Employee/Employer Premium Rates for Cost Savings

Cost Saving Strategies		7.5%	92.5%	10%	90.0%	12.5%	87.5%	15%	85%
Strategy 2A **CHP Current Plan F $7/$20/$35**	Monthly Preimium	Employee Monthly Premium	Employer Monthly Premium	Employee Monthly Premium	Employer Monthly Premium	Employee Monthly Premium	Employer Monthly Premium	Employee Monthly Premium	Employer Monthly Premium
Employee Only	$414.90	$31.12	$383.78	$41.49	$373.41	$51.86	$363.04	$62.24	$352.67
Employee + 1	$858.80	$64.40	$794.40	$85.88	$772.92	$107.35	$751.45	$128.82	$729.98
Family	$1,099.40	$82.46	$1,016.95	$109.94	$989.46	$137.43	$961.98	$164.91	$934.49
Strategy 2B **Plan F HMO Only $10/$25/$40**									
Employee Only	$409.70	$30.73	$378.97	$40.97	$368.73	$51.21	$358.49	$61.46	$348.25
Employee + 1	$848.10	$63.61	$784.49	$84.81	$763.29	$106.01	$742.09	$127.22	$720.89
Family	$1,085.70	$81.43	$1,004.27	$108.57	$977.13	$135.71	$949.99	$162.86	$922.85
Strategy 2C **Plan F HMO Only $15/$30/$50**									
Employee Only	$401.80	$30.14	$371.67	$40.18	$361.62	$50.23	$351.58	$60.27	$341.53
Employee + 1	$831.70	$62.38	$769.32	$83.17	$748.53	$103.96	$727.74	$124.76	$706.95
Family	$1,064.70	$79.85	$984.85	$106.47	$958.23	$133.09	$931.61	$159.71	$905.00
Strategy #3 Alternative Plan P (Reduced Benefits)									
Strategy 3A **CHP Current Plan P $7/$20/$35**									
Employee Only	$405.90	$30.44	$375.46	$40.59	$365.31	$50.74	$355.16	$60.89	$345.02
Employee + 1	$840.20	$63.02	$777.19	$84.02	$756.18	$105.03	$735.18	$126.03	$714.17
Family	$1,075.60	$80.67	$994.93	$107.56	$968.04	$134.45	$941.15	$161.34	$914.26
Strategy 3B Plan P HMO Only $10/$25/$40									
Employee Only	$393.20	$29.49	$363.71	$39.32	$353.88	$49.15	$344.05	$58.98	$334.22
Employee + 1	$813.90	$61.04	$752.86	$81.39	$732.51	$101.74	$712.16	$122.09	$691.82
Family	$1,041.90	$78.14	$963.76	$104.19	$937.71	$130.24	$911.66	$156.29	$885.62
Strategy 3C Plan P HMO Only $15/$30/$50									
Employee Only	$385.40	$28.91	$356.50	$38.54	$346.86	$48.18	$337.23	$57.81	$327.59
Employee + 1	$797.80	$59.84	$737.97	$79.78	$718.02	$99.73	$698.08	$119.67	$678.13
Family	$1,021.30	$76.60	$944.70	$102.13	$919.17	$127.66	$893.64	$153.20	$868.11

Summary of Employer Annual Cost and "Cost Per Covered Employee" Cost Savings Strategies #2 and #3.

Table #1
Cost Per Covered Employee
Cost Saving Strategy #2
Current Plan Design

Current CHP Plan F Strategies-		92.5%	90%	87.5%	85%
Current Enrollment/costs	1261				
Annual Premium for 2A		11,614,304	$11,300,404	$10,986,504	$10,672,603
Strategy 2A – Avg. Cost per Covered Employee $7/$20/$35		$9,210	$8,961	$8,713	$8,464
Annual Premium for 2B		$11,469,458	$11,159,473	$10,849,487	$10,539,502
Strategy 2B- Avg. Cost per Covered Employee $10/$25/$40		$9,096	$8,850	$8,604	$8,358
Annual Premium for 2C		$11,247,730	$10,943,737	$10,639,745	$10,335,752
Strategy23C – Avg. Cost per Covered Employee $15/$35/$50		$8,920	$8,679	$8,438	$8,196

Table #2
Average Cost Per Covered Employee
Cost Saving Strategy #3
Alternative Plan P (Reduced Benefits)

Alternative CHP Plan P Strategies (Reduced Benefits)		92.5%	90%	87.5%	85%
Current Enrollment/costs	1261	11,614,304			
Current CHP Avg. Health Cost Per Covered Enrollee	$9,210				
Annual Premium for 3A		$11,362,767	$11,055,665	$10,748,563	$10,441,461
Strategy 3A – Avg. Cost per Covered Employee $7/$20/$35		$9,011	$8,767	$8,524	$8,280
Annual Premium for 3B		$11,006,925	$10,709,440	$10,411,956	$10,114,471
Strategy 3B- Avg. Cost per Covered Employee $10/$25/$40		$8,729	$8,493	$8,257	$8,021
Annual Premium for 3C		$10,789,162	$10,497,563	$10,205,964	$9,914,365
Strategy 3C – Avg. Cost per Covered Employee $15/$35/$50		$8,556	$8,325	$8,094	$7,862

PROGRAM BENEFITS

- Pools counties purchasing power
- Not-for-profit
- Overseen by local elected officials
- Advocates for members
- Consumer directed health plans

FLEXIBLE OPTIONS

- HMO
- POS
- PPO
- Multiple plan combinations
- Variable co-pays & deductibles
- Insured / self-insured
- Electronic enrollment & plan management

ONE STOP SHOPPING

- Dental plans
- Prescription drugs
- Vision discounts
- Group life plans
- Short / long term disability
- Long term care
- Life & disability plans

For more information contact :

John Ricco
Florida Association of Counties
PO Box 549
Tallahassee Florida, 32303
Phone: (850) 922-4300
Fax: (850) 922-2835
Email: [illegible]

or

[illegible] Jones
Jones Management Consulting
14 South Street
Concord, NH [illegible]
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E-mail [illegible]

FAC HEALTH PROGRAM

Helping counties address their employee health needs

FAC
FLORIDA ASSOCIATION OF COUNTIES

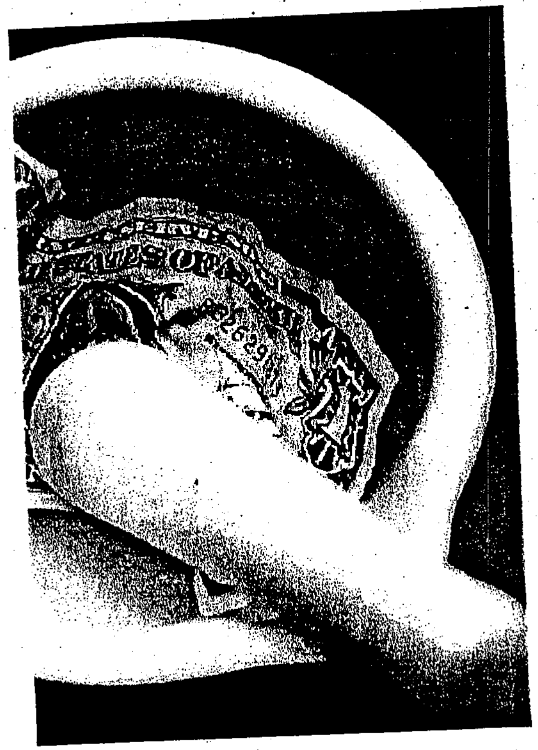
*All About **Florida***

Attachment # 9
Page 1 of 2

FAC HEALTH PROGRAM:

HELPING COUNTIES ADDRESS THEIR EMPLOYEE HEALTH NEEDS

County governments face significant challenges, as do many large employers, in providing their employees with quality health care coverage at affordable prices. To assist counties in addressing many of the challenges they face, FAC created a health insurance program in June of 1998, FAC and its health consultant, Jones Management Consulting , have traveled the state working with Florida's counties to provide insight in ensuring counties are providing comprehensive coverages to their employees while also being mindful of the significant resources required to fund employee health plans.



In order to help counties be more educated health consumers, FAC has conducted regional workshops on the following topics:

- ✓ Trends in ancillary benefits getting the most value for employer/employee dollars
- ✓ State and federal laws and regulatory changes
- ✓ What's Driving Healthcare Costs?
- ✓ Medical Care Quality
- ✓ The "must haves" in a Health Insurance RFP
- ✓ The Future of Managed Care

What does FAC need to prepare a proposal?

1) Employee Census

Employees' ages/dates of birth

Employee Zip Codes

Employees' genders – male/female

Types of coverage – individual, two person, family, etc.

2) Current Plan Description

3) Most recent renewal information:

Insurer/claim administrator

Stop Loss Carrier

Provider Network (PPO)

4) Month-by-month paid claims for the last 12 months

5) Large Claim information, including:

Start date of each claim

Age/sex of claimant

Amount paid on each claim

Diagnosis / Current Prognosis

Attachment # 9
Page 2 2

Matthew L. Snook
Principal

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November 28, 2007

Ms. Lillian Bennett
Ms. Amy Cox
Leon County Board of County Commissioners
301 S. Monroe Street
Room 108
Tallahassee, FL 32301

Subject: Engagement Letter for Medical Plan Consulting/Brokerage Assistance

Dear Lillian and Amy:

We are delighted to have the opportunity to work with Leon County Board of County Commissioners ("you" or "Client" or "Leon County") as we recently discussed. The objective of this letter of engagement is to confirm the scope of the work and set forth the terms of the engagement.

Scope of Services

Mercer Health & Benefits LLC and its affiliates operating under the name "Mercer Health & Benefits" (collectively "Mercer" or "we") will perform the services (the "Services") set forth below.

Mercer will provide consultative support services to assist Leon County with the tasks of requesting and evaluating proposals from insurance carriers/HMOs for the County's medical coverage program. In this capacity, we will provide oversight assistance to you in the development of the applicable Request for Proposals (RFP), and we will take the lead in the technical analysis of the proposals received. These processes are enumerated below:

1. We will review and recommend changes regarding plan design and employee contribution levels, utilizing Mercer's proprietary *National Survey of Employer-Sponsored Health Plans* database. This survey is the largest of its kind, and provides detailed information on plan prevalence and design. It can be used to evaluate and benchmark plan provisions against numerous comparison groups, including those based on geography and industry. We will use this database extensively in this exercise.
2. Mercer will review the RFP drafted by the County, and recommend changes as deemed appropriate and necessary to ensure the optimal result of the vendor marketing process.
3. We will provide research and responses to vendors' technical questions (those pertaining to the coverage being requested only) during the RFP process.
4. We will evaluate all vendor proposals submitted. We have assumed that our analysis will be limited to review of fully-insured quotes, and that no self-funded plan analysis will be required.
5. We will prepare a summary report of findings that addresses plan design, all applicable costs, and services provided by the various vendors submitting proposals. The report will

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outline our recommendations regarding items for clarification and negotiation with the quoting vendors. This may include plan design/benefit levels, cost/premium rates, performance standards/guarantees and quality of services, and reporting (utilization/performance, statistical/financial, etc.).

6. Mercer team members will travel to Tallahassee two times during the project – once to present the analysis report to the review committee, and once to participate in a meeting with the Board of County Commissioners to provide support and backup to County staff. We will also participate in additional calls as needed with County staff during the course of the project.
7. On an as-needed basis, we will also assist with the development and negotiation of performance standards and guarantees with the benefit plan providers, and we will review the provider contract(s).

Information and Data Required

Any information and data necessary for the completion of this project which is not already in hand will be requested under separate cover.

Instructions

Instructions with respect to this project will be given to us by Lillian Bennett, Amy Cox or their designee(s).

Timeframe

We will begin our work for you, after receipt of the executed engagement agreement, during the first calendar quarter of 2008. The duration of the project work is expected to be 16 to 20 weeks, dependent on the scheduling of meetings, and other factors.

Staffing

Mercer has established a project team that has the requisite skills and experience to assist Leon County in the evaluation of medical benefit vendors as outlined above. The core team members and their key areas of responsibility are as follows:

- Matthew Snook – Relationship Manager, responsible for overall delivery of Mercer services to Leon County

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- Renee Carey – Project Manager, responsible for the completion and delivery of activities and work products as outlined in the Scope of Services
- Linda Whitaker – Benefits Analyst, responsible for assisting with vendor information and proposal analysis

Compensation and Expenses

Mercer's fee for the performance of this project will be $48,000, inclusive of travel and other reimbursable expenses. Mercer will bill Leon County in four equal installments of $12,000, beginning in the month in which our work commences. Payment of Mercer's invoices is due upon receipt. If the scope of services or staffing requirements changes, then the professional fees will be adjusted in advance by mutual agreement.

Additional Terms and Conditions

THIS LETTER IS SUBJECT TO ADDITIONAL TERMS AND CONDITIONS CONTAINED IN THE ATTACHED OR ACCOMPANYING DOCUMENT ENTITLED "TERMS AND CONDITIONS," INCLUDING WITHOUT LIMITATION THE PROVISIONS AS REGARDS LEGAL DISPUTES AND LIMITATION OF LIABILITY, WHICH TERMS AND CONDITIONS ARE INCORPORATED HEREIN BY REFERENCE. In the event of any conflict or inconsistency between a provision of this letter and a provision of the "Terms and Conditions," the applicable provision of this letter shall control as respects the services to be provided under this letter.

Full Agreement

We look forward to deepening our close professional relationship with your organization. We have found that clarifying our terms of engagement in advance helps to prevent any misunderstandings later on. Consequently, this letter (with the "Terms and Conditions"), once accepted by both of us by our signatures below, will reflect our full and complete understanding and agreement of the terms of our relationship.

If you have any questions about these terms, please do not hesitate to call me. If not, please indicate your agreement to the terms of this letter by signing the enclosed copy of this letter and returning it to us.

(signature page follows)

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MERCER HEALTH & BENEFITS LLC

By:

Name: Matthew L. Snook Date: November 28, 2007

ACCEPTED AND AGREED
LEON COUNTY BOARD OF COUNTY COMMISSIONERS

By: ____________________

Name: ____________________ (Please Print) Date: ____________________

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TERMS AND CONDITIONS

1. **Definitions:** In these Terms and Conditions, the following terms have the meanings indicated:
   - "Agreement" means these Terms and Conditions, and any agreement incorporating these Terms and Conditions, including without limitation any Engagement Letter;
   - "Associated Entity" means any direct or indirect holding company of a party or any direct or indirect subsidiary of any such holding company;
   - "Compensation" means the fees, commissions and other consideration payable to Mercer for Services as agreed between the parties from time to time and subject to the provisions of this Agreement;
   - "Engagement Letter" means any letter of engagement providing for the provision of the Services;
   - "Personal Information" means information relating to an identified or identifiable individual that is subject to applicable data protection, privacy or other similar laws; and
   - "Services" means such services to be provided by Mercer as set forth in the Engagement Letter, or such additional or other services as the Client and Mercer may agree from time to time; provided however that "Services" shall not include outsourcing and/or benefit administration services, investment consulting and/or advisory services, investment management services, merger and acquisition related services, or services related to the use, support or development of Mercer proprietary software, databases, information systems or other intellectual property, it being understood and agreed that such services shall be provided under separate agreements which are specific to those particular services.

2. **Engagement:** The Client engages Mercer to supply Services in consideration of the Client paying (or causing to be paid) the Compensation. The engagement is on the terms set out in this Agreement, including without limitation the applicable Engagement Letter, and is with effect from the date of such Engagement Letter. Mercer will provide the Services only at the Client's request and accordingly, unless otherwise agreed, will not be responsible for keeping any aspect of the Client's affairs under review.

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The Client shall pay or cause to be paid the Compensation due Mercer for the Services. With respect to Compensation consisting of professional fees, the Client shall pay or cause to be paid the professional fees included in each Mercer invoice within 30 days of the date of the invoice. If any invoice is not timely paid, Mercer may exercise its right to claim interest for late payment as permitted by applicable law. If any invoice remains unpaid for longer than 90 days from the date of the invoice, Mercer may either suspend the provision of the Services until payment is received, or terminate this Agreement with immediate effect. Failure of Mercer to exercise any remedy set forth above shall not prevent Mercer from doing so with respect to any future unpaid invoice or taking any other actions available to Mercer under law.

3. **Provision of Information and Assistance:** The Client will provide all necessary cooperation to enable Mercer to provide the Services.

   The Client acknowledges that Mercer's ability to provide the Services is dependent on Mercer having access to (and being able to spend time with) employees of the Client and other individuals (including third parties such as the Client's other advisers) and also on Mercer being provided with (and continuing to receive) complete, accurate, up-to-date and timely documentation and information.

   The Client agrees that Mercer shall use all information and data supplied by or on behalf of the Client without having independently verified the accuracy or completeness of it except to the extent required by generally accepted professional standards and practices. If any documentation or information supplied to Mercer at any time is incomplete, inaccurate or not up-to-date, or its provision is unreasonably delayed, or if adequate access as described in the previous paragraph is not provided, then Mercer will not be responsible for any delays or liability arising there from, and will be entitled to charge the Client in respect of any resulting additional work actually carried out.

   The Client further understands that the failure to provide, or cause to provide, complete, accurate, up-to-date, and timely documentation and information to Mercer, an insurer, or other service provider, whether intentional or by error, could result in an impairment or voiding of coverage or service. The Client will review all policies, endorsements and program agreements delivered to it by Mercer and will advise Mercer of anything which the

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Client believes is not in accordance with the negotiated coverage and terms within thirty days following receipt.

4. **Instructions and Reporting**: Mercer will take instructions from the person or persons specified in the applicable Engagement Letter (or any successor to him/her) or any person nominated by such person or persons from time to time. Mercer will report to such person or persons (or any successor to him/her) or to any person who gave instructions. Instructions to and reports from Mercer may be provided either in writing or, where appropriate, orally.

5. **Confidential Information**: Each party to this Agreement is likely to disclose information to the other party from time to time in the course of the provision of the Services. The party receiving the information ("the receiving party") will not divulge or communicate it to any person other than in connection with the provision of the Services or as otherwise provided for in this Agreement. This restriction does not apply to information which (a) the receiving party must by law or legal process disclose, (b) is either already in the public domain or enters the public domain through no fault of the receiving party, (c) is available to the receiving party from a third party who, to the receiving party's knowledge, is not under any non-disclosure obligation to the disclosing party, or (d) is independently developed by the receiving party without reference to any confidential information of the disclosing party.

   The Client agrees that Mercer will be entitled to disclose information relating to the Services or the Client to regulators and otherwise as required by law. The Client also agrees that, notwithstanding the provisions of the previous paragraph, Mercer may disclose the identities of the Client's nominated contacts and information about the terms of this Agreement, the Services and the Compensation to any Associated Entities of Mercer whether in the European Economic Area or elsewhere. The Client will ensure that any such nominated contact who does not wish to be contacted about other services provided by any such Associated Entity is aware that he or she should advise the Client's usual Mercer consultant accordingly. The Client also agrees that Mercer may use data and other information provided by the Client and Mercer's other clients to build databases and intellectual capital for internal use by Mercer staff for the benefit of all clients by improving the quality of Mercer advice, but Mercer will not disclose such data or information to any third party in a manner which allows particular clients or individuals to be identified.

6. **Personal Information**: This Agreement is made on the basis that each party is entitled to assume that the other has complied and will continue to comply with its obligations arising

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from data protection and privacy laws in force from time to time to the extent applicable to this Agreement and the Services, any obligation of the Client to obtain any required consent(s) in respect of the transfer of Personal Information by the Client or any third party to Mercer, the creation or collection of additional Personal Information by Mercer, and the use, disclosure and transfer by Mercer of Personal Information as necessary to perform the Services. The parties acknowledge that any use or processing by Mercer of Personal Information supplied by or on behalf of the Client in connection with the Services shall be done solely on behalf of the Client and for the Client's purposes and Mercer shall deal with such Personal Information only in accordance with such reasonable instructions as the Client may from time to time provide or as reasonably necessary for the purpose of providing the Services. Mercer also confirms that it has taken appropriate technical and organizational measures against unauthorized or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data in accordance with applicable law.

7. **Intellectual Property**: The Client acknowledges that Mercer will retain all copyright and other intellectual property rights in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills, knowledge and experience (including opinions on and ratings of investment products), and any graphic or digitized representations of any of these, possessed by Mercer before the commencement of, or acquired by Mercer during or after, the performance of the Services.

8. **Conflicts of Interest**: The Client acknowledges that Mercer might currently or may in the future provide advice or services to other clients under circumstances which could potentially lead to conflicts of interest (such as when such other client is in the Client's business sector, including competitors of the Client, or has commercial or other relationships with the Client, such as acting as trustee of pension schemes or programs in which the Client participates), and Mercer agrees that in these instances Mercer shall abide by non-disclosure procedures (such as firewall protocols and other safeguards) to ensure that confidences are protected.

9. **Insurers and Other Service Providers**: Mercer does not act on behalf of any insurer or other service provider, is not bound to utilize any particular insurer or service provider, and does not have the authority to make binding commitments on behalf of any insurer or service provider. In addition, Mercer does not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to the Client. Mercer is

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not responsible for the solvency or ability to pay claims of any insurance carrier or for the solvency or ability of any service provider to provide service. Insurance carriers or service providers with which your risk or business is placed at the Client's direction will be deemed acceptable to the Client, in the absence of contrary instructions from the Client.

10. **Legal Disputes:** If Mercer becomes involved (whether or not as a party) with a legal dispute between the Client and a third party, the Client will pay Mercer, at Mercer's then current standard rates, for all Mercer time spent, and will reimburse all expenses incurred by Mercer, in connection with such legal dispute; provided, that the foregoing shall not apply in the event such dispute is finally determined to have resulting primarily from the negligence or willful misconduct of Mercer.

11. **Dispute Resolution:** Mercer and the Client agree that before commencing any action or proceeding with respect to any dispute between the parties arising out of or relating to this Agreement or the Services they first shall attempt to settle such dispute through consultation and negotiation in good faith and in a spirit of mutual cooperation. Any such dispute will be submitted in writing to a panel of one (1) senior executive of each of Mercer and the Client, who will promptly meet and confer in an effort to resolve such dispute. Each party's executive will be identified by notice to the other party, and may be changed at any time thereafter by notice to the other. Any mutually agreed decisions of the executives will be final and binding on the parties. In the event the executives are unable to resolve any dispute within thirty (30) days after submission to them, either party may then refer such dispute to mediation by a mutually acceptable mediator to be chosen by Mercer and the Client within forty-five (45) days after written notice by either party demanding mediation. Neither party may unreasonably withhold consent to the selection of a mediator. All communications and discussions in furtherance of this paragraph shall be treated as confidential settlement negotiations, which are not subject to disclosure. The costs of the mediator shall be shared equally, but each party shall pay its own attorneys' fees.

    Any dispute which cannot be resolved between the parties through negotiation, mediation or other form of alternative dispute resolution within six months of the date of the initial demand for mediation by one of the parties may then be submitted to a court of competent jurisdiction. To facilitate an expeditious and economical judicial resolution of such dispute, Mercer and the Client agree to waive and not to demand a trial by jury, and not to include any employee, officer, director or trustee of either as a party, in any action, proceeding or counterclaim relating to such dispute. Nothing in this Section will prevent either party from

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resorting to judicial proceedings if interim relief from a court is necessary to prevent serious and irreparable injury to that party or to others. Any claim, action or proceeding against Mercer or any of its Associated Entities will be barred unless the Client initiates the dispute resolution procedures outlined below within one year of first discovering the act, error or omission that is the basis for such claim.

12. **Limitation of Liability**: The liability of Mercer and its Associated Entities, in tort, contract or otherwise, to the Client and its Associated Entities, and the officers, directors, trustees, employees or shareholders of any of them, and to any other third party, for all claims arising in connection with or contributed to by this Agreement and the Services (including without limitation multiple claims arising out of or based upon the same act, error or omission, or series of continuous, interrelated or repeated acts, errors or omissions), shall not include loss of profit or incidental, consequential, indirect, punitive or similar damages. Nothing in this paragraph shall apply to any liability which has been finally determined to have arisen from willful misconduct or fraud on the part of Mercer or which cannot lawfully be limited, modified or excluded.

13. **Unforeseen Events**: Neither Mercer nor the Client can predict delays or failures in performance under this Agreement resulting from events beyond their reasonable control, including without limitation "acts of God", fire, flood, riots, new laws which prevent the carrying out of the Services, the results of terrorist activity, failures of third party suppliers, and electronic and other power failures. Should such circumstances arise, Mercer will use its commercially reasonable endeavors to continue to provide the Services but recognizes that the Client may not be able to wait while the matter is remedied. In such a case, either party may terminate this Agreement with immediate effect by giving written notice to the other.

14. **Duration and Termination of this Agreement**: This Agreement will begin on the date of the initial Engagement Letter and will continue until terminated as provided herein. This Agreement may be terminated by either party giving to the other party ninety (90) days' prior written notice of its election to terminate, by mutual agreement of the parties, or immediately by Mercer for non-payment of invoices by the Client as provided for under Section 2 of these Terms and Conditions. After the termination of this Agreement, Sections 5, 6, 7, 9, 10, 11, 12 and 15 through and including 23 of these Terms and Conditions will continue in full force and effect. Any such termination, and any termination pursuant to paragraph 13, shall not relieve the Client of its obligation to pay for Services rendered and expenses incurred by Mercer up to and including the effective date of such termination.

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15. **Notices:** Any notice which is to be given by one party to the other under this Agreement will be given in writing and delivered to the address of the other party set out in this Agreement or any other address specified subsequently. A notice will be effective upon receipt thereof by the other party. Either party may change its address for service by giving notice to the other party in accordance with this paragraph.

16. **No Third Party Beneficiaries:** Neither this Agreement nor the provision of the Services is intended to confer any rights or benefit on any third party.

17. **Use of Mercer Reports and Recommendations:** The Client will not disclose any advice given to the Client or other material or work product supplied by Mercer under this Agreement to any third party without Mercer's prior consent, or use such material or work product other than as mutually contemplated when Mercer first was retained to provide such material or work product. The Client will reimburse Mercer in respect of any loss, damages, costs or expenses incurred by Mercer as a result of the Client's breach of this obligation. The Client agrees not to refer to Mercer or attribute any information to Mercer in the press, for advertising or promotional purposes, or for the purpose of informing or influencing any other party, including the investment community, without Mercer's prior written consent.

18. **Destruction of Paper Records:** The Client agrees that Mercer may destroy paper copies of any correspondence and documents, and retain only digital images thereof.

19. **Books and Records:** The Client is entitled to copies of reports prepared by Mercer for the Client under this Agreement, contracts between the Client and their carriers/administrators to the extent such contracts are in Mercer's possession and control, and written communications between Mercer and Client's insurance carriers to the extent such communications pertain to the Services.

20. **Scope of Service.** The parties do not intend Mercer to perform any fiduciary duty hereunder, or be a fiduciary with respect to any plan or other party for which it may provide service. Moreover, Mercer is not engaged in the practice of law, and the services provided hereunder are not intended as a substitute for legal advice. Accordingly, Mercer recommends that the Client secure the advice of competent legal counsel with respect to any legal matters related to this Terms & Conditions.

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21. **Entire Agreement:** This Agreement sets out the entire agreement between the parties relating to the subject-matter of this Agreement, and supersedes and replaces any existing agreement between the parties relating to such subject-matter. These Terms and Conditions shall not be amended except by a written document executed by each party. The failure by either party to insist upon strict performance of any of the provisions of this Agreement shall in no way constitute a waiver of its rights under this Agreement, at law or in equity, or a waiver of any other provisions or subsequent default by the other party in the performance of or compliance with any of the terms of this Agreement.

22. **Governing Law and Jurisdiction:** This Agreement will be governed by, and interpreted in accordance, with the law of New York, not including the conflicts of law provisions thereof, and will be subject to the exclusive jurisdiction of the courts of New York.

23. **Severability:** If any provision of this Agreement (or any portion thereof) is determined to be invalid or unenforceable the remaining provisions of this Agreement shall not be affected by such determination and shall be binding upon the parties and shall be enforceable as though said invalid or unenforceable provision (or portion thereof) were not contained in this Agreement.

Attachment # 11
Page 1 of 1

Retiree Health Care Premiums

Medicare Rates	CHP	United Healthcare
EE only	$273.70	$541.60
EE+1 Either Primary	$688.60	$858.80
EE+1 Both Primary	$547.40	$812.58
EE+Fam Either Primary	$958.20	$1,099.40
EE+Fam Both Primary	$958.20	$1,099.40

Attachment # 12
Page 1 of 1

Opt-Out Program Analysis

Cost Impact of Providing Opt-Out Incentive
2008

				Monthly	Annual
Opt-Out Current Number of Participants	Opt-Out Amount/ Month	Opt-Out Amount/ Year		Premium ER Cost if in CHP Family	Premium ER Cost if in CHP Family
131	**$300.00**	**$471,600.00**		**$1,016.94**	**$1,598,629.68**

Cost Savings in Monthly Premium Contributions=	**$716.94**
Cost Savings in Annual Premium Contributions=	**$1,127,029.68**

The above savings do not include additional claims experience savings of not having the individual/family covered under our plan.

STATUS OF GENERAL FUND SUBSIDIES TO SPECIAL REVENUE FUNDS

Board of County Commissioners
Workshop Item

Date of Meeting: March 11, 2008

Date Submitted: March 5, 2008

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator
Alan Rosenzweig, Assistant County Administrator
Scott Ross, Budget Manager

Subject: Current Status of General Revenue Subsidies to Special Revenue Funds and the Solid Waste Enterprise Fund

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Statement of Issue:
This item provides the current status of general revenue subsidies provided to certain special revenue funds (stormwater, transportation, and growth and environmental management) and the solid waste enterprise fund.

Background:
During the January 30, 2008 workshop on the prioritization of county services (Attachment #1), the Board instructed staff to review strategies for eliminating the general revenue subsidies to the stormwater transportation, and growth and environmental management (GEM) special revenue funds; and the solid waste enterprise fund. In addition, the Board directed staff to bring back information on creating a special district for the delivery of mosquito control services. The elimination of the subsidies is a response to the passage of the constitutional amendment providing property tax reform, and the corresponding anticipated $13 million reduction in revenues to the County.

Analysis:
In order to maintain the current level of program services in these funds, general revenue subsidies have been provided. These funds also collect dedicated revenues through non-ad valorem assessments (stormwater and solid waste), restricted gas taxes (transportation) and fees (GEM and solid waste) to fund the respective programs. Specific workshop items addressing each of these funds will be presented individually, but to understand the aggregate amount of general revenue transferred to these funds a summary table is shown below.

Estimated General Revenue Subsidy to Special Revenue Funds FY 2009 – FY 2011

Fund/GR Subsidy	2009	2010	2011
Mosquito Control	$893,295	$934,431	$978,743
Stormwater	3,668,413	3,847,507	3,896,278
Transportation	1,760,387	1,757,800	2,023,879
GEM	2,595,592	2,833,222	3,090,879
Solid Waste	1,968,692	1,930,050	1,199,054
Total	**$10,824,737**	**$11,303,010**	**$11,188,833**

Options:

1. Accept staff's summary report regarding the status of the general revenue subsidies to special revenue funds (stormwater, transportation, and growth and environmental management) and the solid waste enterprise fund.
2. Do not accept staff's summary report regarding the status of the general revenue subsidies to special revenue funds (stormwater, transportation, and growth and environmental management) and the solid waste enterprise fund.
3. Board Direction

Recommendation:

Option 1.

Attachments:

1. Prioritization of County Services Schedule

Attachment # 1
Page 1 of 1

1. Final County Services Prioritization Adopted at Workshop

Mandatory	Non-Mandatory	General Revenue	subtotal	% reduction	$ reduction	Category
Debt Service Payments		9,401,532				A
Required State Payments		6,850,454				A
Sheriff - Corrections		28,493,362	44,745,348			A
	Emergency Services	7,765,123				B
	Fire Services	5,030,447				B
	Health Care	2,195,489				B
Sheriff - Law Enforcement		32,174,371				B
Clerk of Court		1,847,365				B
	Human Services	1,124,090				B
Judiciary		650,757				B
Supervisor of Elections		3,853,209				B
Property Appraiser		4,684,337				B
	Incarceration Alternatives	1,794,143				B
Tax Collector		5,417,790				B
	Volunteer Services	219,009	66,756,130	8%	5,340,490	B
	Library	6,614,190				C
	Parks and Recreation	2,899,694				C
County Commission		1,350,816				C
County Administration		1,145,977				C
County Attorney		1,532,275				C
	Veteran Services	364,086				C
Growth Management		2,372,339				C
	Housing	559,594				C
	Economic Development	620,292				C
	Cultural Funding	710,850				C
	Cooperative Extension	502,986				C
	Animal Services	1,446,409				C
	Mosquito Control	697,007	20,816,515	19%	3,955,138	C
Solid Waste		527,165				D
Stormwater		3,577,910				D
Transportation		884,496				D
	Event Sponsorships	24,750	5,014,321	50%	2,507,161	D
Building Inspection		-				NA
	Tourism	-				NA
	Total	**137,332,314**	**137,332,314**		**11,802,789**	
	Support Services			**8.0%**	**944,223**	
	Total Reductions				**12,747,012**	

No Reductions A

Constrained Reductions B

Level of Service Reductions C

Significant Service Reductions D

MOSQUITO CONTROL

Board of County Commissioners
Workshop Item

Date of Meeting:	March 11, 2008
Date Submitted:	March 5, 2008
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Alan Rosenzweig, Assistant County Administrator AR Scott Ross, Budget Manager SR
Subject:	Consideration of Creating an Independent Special District to Provide Mosquito Control Services

Statement of Issue:
This item considers creating an Independent Special District to provide mosquito control services to Leon County.

Background:
During the January 30, 2008 workshop on the prioritization of county services, the Board directed staff to prepare an agenda item regarding the creation of an Independent Special District for Mosquito Control for a referendum to be considered during the November 2008 general election. If the special taxing district effort failed then mosquito control services could be eliminated.

Analysis:
By memorandum, the County Attorney's Office has provided the Board information on creating an independent special district to provide mosquito control services for Leon County (Attachment #1). The memorandum also presents information on creating a mosquito control municipal service taxing unit (MSTU0, and maintaining the program in its existing form. An important distinction between an independent special district and an MSTU is that a millage rate assessed by an independent district does not count against the statutory millage cap, as does a millage rate for an MSTU.

In FY 2008 the entire mosquito control program costs $925,052. This includes all program operating and indirect costs. The program received $873,467 in general revenue support, which accounts for 94% of funding. The remaining funding for the program includes a grant from the Department of Health, incidental hand fogging fees, and interest earnings. Table 1 provides a summary of the mosquito control operating programs and the associated costs.

Table 1

Mosquito Control Operating Programs and Associated Costs

Program	Cost
Hand-Fogging Program	$ 101,591
Fog Truck Program	266,386
Larviciding Program	285,695
Community Education	34,941
Sentinel Chicken program	20,667
Mosquitofish program	12,173
Waste Tire program	12,553
subtotal	$734,007
Allocated Costs	$191,045
Program Total	$925,052

To fund the mosquito control program through an independent special district, a millage rate of approximately .056 would be required to recoup the FY 2008 program costs of $925,025. If the Board chose to place creating an independent district on the November 4, 2008 general election, ballot language would have to be provided to the Supervisor of Elections by August 26, 2008. The final Board meeting before this deadline is July 22, 2008. This timeline allows the Board to defer action on whether to initiate a special district for mosquito control until the June 18-20 budget workshops when an entire discussion on budget expenditure reductions will occur.

Options

1. Accept staff's report on the creation of an independent special district for the mosquito control program and defer action on creating an independent special district until the June 18-20 budget workshops.
2. Do not accept staff's report on the creation of an independent special district for the mosquito control program.
3. Board Direction

Recommendation:

Board Direction

BOARD OF COUNTY COMMISSIONERS
INTER-OFFICE MEMORANDUM

To: Alan Rosenzweig, Assistant County Administrator

From: Patrick T. Kinni, Esq.
Sr. Assistant County Attorney

Date: February 14, 2008

Subject: Consideration of the establishment of MSTU or Special District for Mosquito Control

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This memorandum discusses the different manners by which mosquito control may be provided for in the County. The abatement and suppression of arthropods, whether disease-bearing or merely pestiferous, has been declared by the state legislature to be necessary for the comfort, health, and welfare of the citizens, and may be controlled or abated as provided in Chapter 388, Florida Statutes. Mosquito control districts may be created for the aforementioned purpose pursuant to the provisions of Chapters 125, 189, and 388, Florida Statutes, which delineate the authority and powers of local county government in this regard. Further, a mosquito control municipal service taxing or benefits unit may be created by the County in accordance with the provisions of Chapter 125, which likewise would provide for the control and abatement of arthropods. Lastly, mosquito control could be provided in the manner in which it is presently provided, i.e., by the Public Works Department of County Administration, yet funded independently through voter approval in accordance with Section 125.01(y), Florida Statutes.

Independent Special District
As stated above, Chapter 388 provides for the creation of mosquito control special districts. Specifically, Section 388.021(1), Florida Statutes, provides that "any city, town, or county, or any portion or portions thereof, whether such portion or portions include incorporated territory or portions of two or more counties in the state, may be created into a special taxing district for the control of arthropods under the provisions of this chapter." A special district created under Chapter 388, could be created and organized as follows:

The Board of County Commissioners may adopt an ordinance creating a charter for a mosquito control independent special district. Should the district include portions of or all of the City of Tallahassee, the City Commission would be required to approve such ordinance adopting the charter for the creation of said special district. An independent special district for mosquito control, which would have independent taxing authority, would be required to be placed on the ballot and adopted by the electorate at referendum. Thereafter, a District Board of Commissioners, consisting of three members would be elected at a general election on a non-partisan basis and would serve terms of four years each. The District Board of Commissioners would then have any and all powers to levy taxes, adopt budgets, and carry out those duties necessary to control and abate arthropods, and would be governed by Chapters 388 and 189, Florida Statutes.

Mosquito Control Municipal Service Taxing/Benefits Units
Section 125.01(q), provides for the establishment of "municipal service taxing or benefit units for any part or all of the unincorporated area of the county, within which" the provision of mosquito control

services could be provided. Said municipal service taxing unit could be created by ordinance approved by the Board of County Commissioners. Should the boundaries of the MSTU include all or part of the boundaries of the City of Tallahassee, the City would then be required to consent, by ordinance, to the creation and operation of the municipal service taxing unit. If ad valorem taxes are levied and used to provide mosquito control services within the MSTU rather than service fees or special assessments, "the milage levied on any parcel of property for municipal services by all municipal service taxing units in a municipality may not exceed ten (10) mills." See Section 125.01(q), Florida Statues (2006). Further, an MSTU funded by a separate ad valorem tax would cause the milage rate imposed in the MSTU to be used in computing the maximum milage rate allowed to be imposed by County. Thus, while the MSTU adopted milage rate may not exceed ten (10) mills when combined with all other municipal service taxing units in the district, its milage rate would be added to the milage rate imposed by the County for purposes of meeting the 2007 legislatively imposed cap on future property tax revenues. Thus, under the new property tax reform legislation the County's maximum milage rate would be required to be reduced by an amount equal to the milage rate imposed for a newly created municipal service taxing unit, absent an affirmative vote of the electors of the County.

Mosquito Control as Division of County
Mosquito control services are presently provided by the Mosquito Control Division of the Public Works Department of County Administration, and is funded out of general revenues. The Board also has the option of maintaining the current method by which mosquito control services are being provided and funded. However, Section 125.01(y) permits the Board of County Commissioners to place questions or propositions on the ballot at any primary election, general election or otherwise called special election. This provides the mechanism by which the electorate could vote at a referendum to provide for a higher milage rate to separately fund mosquito control. Therefore, mosquito control services could be provided in the same manner in which they are being provided today, yet the milage rate necessary to fund said provision of services could exceed the present milage rate cap, when approved by referendum.

	Independent Special District	**Municipal Service Taxing Unit**	**County Mosquito Control Division**
Creation:	By County Ordinance approving Charter, subject to consent of City Commission.	By County Ordinance, subject to consent of City Commission.	Leon County, Board of County Commissioners.
Governing Body:	Independently elected Commission.	Leon County, Board of County Commissioners.	Leon County, Board of County Commissioners.
Funding:	Milage rate approved by electors at referendum.	Service fees, special assessment or milage rate approved by electors at referendum.	General funds or milage rate approved by electors at referendum.

Should you have any further questions, please contact the County Attorney's Office.

PTK/cv

02-14-08 P03:06 IN

SOLID WASTE: NON-AD VALOREM

Board of County Commissioners
Workshop Item

Date of Meeting:	March 11, 2008
Date Submitted:	March 5, 2008
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Alan Rosenzweig, Assistant County Administrator AR Tony Park, P.E., Public Works Director TP
Subject:	Consideration of Eliminating the General Revenue Subsidy for Solid Waste Management

Statement of Issue:
This item considers eliminating the general revenue subsidy for solid waste management.

Background:
During the December 11, 2007 Board retreat, and the January 30, 2008 workshop on the prioritization of county services, the Board instructed staff to review strategies for eliminating the general revenue subsidy to the solid waste fund.

Analysis:
Enterprise Fund:
On January 15, 2007, the Board ratified the actions taken during the December 10, 2007 Board retreat. This ratification included approving modifications to the Leon County Guiding Principles. Guiding Principle #12, refers to the operation of enterprise funds and states that Leon County will "provide that fees charged in enterprise operations will be calculated at a level which will support all direct and indirect costs of the enterprises" (attachment #1). This principle is also stated in County Policy No. 92-5. By definition an enterprise fund generates sufficient revenue to fund all operating and capital cost through fees and/or special assessments.

The County's intention has been for solid waste services to operate as an enterprise fund which acts like a business by collecting enough revenue for service to fully fund the entire operation. The main revenue sources for solid waste are the tipping fees and the non-ad valorem waste disposal special assessment. However, the revenues generated through the non-ad valorem assessment and tipping fees are not enough to support the direct and indirect costs of the solid waste enterprise. Specifically, the non-ad valorem assessment is insufficient to cover the cost of disposal and the provision of the rural waste services as originally intended. In order to ensure no interruption of rural waste services for the citizens, the County has temporarily subsidized the operations with general revenue until the assessment could be increased. Currently, solid waste is receiving a $505,790 subsidy from general revenue in order to operate. Table #1 shows the past and future projections of general revenue subsidy to the Solid Waste fund. Table #1 illustrates that an increase in the non-ad valorem assessment is now appropriate and necessary in order to remain consistent with the Guiding Principles and Policy of Leon County.

Table #1: Estimated General Fund Subsidy to Solid Waste Management

FY09	FY10	FY11
$1,968,692	$1,930,050	$1,199,054

The subsidy reflects the cost to fund the rural waste service centers and a portion of the disposal costs for the unincorporated area.

Services Provided by Solid Waste:
Attachment #2 describes all the services currently provided by Solid Waste: residential waste collection (including the Rural Waste Service Center (RWSC)), waste disposal, recycling and education services, and household hazardous waste management.

As stated previously, the combination of fees and non-ad valorem waste disposal assessment fees is insufficient to cover all operating and capital costs associated with activities discussed in attachment #2. The Solid Waste Division has an overall projected FY09 deficit of $1,968,692; Attachment #3 provides a more detailed analysis. There are several factors that will compound this deficit in the future.

1. The non ad-valorem assessment of $40 per single family unit is insufficient to cover the cost of disposal. The average household produces 1.47 tons of waste. Current disposal cost is estimated to be $61 per household. Disposal cost is projected to continue to rise in the coming years.
2. The funding for the RWSC program is currently being subsidized with general revenue. Formerly funded by assessment revenues, the RWSCs must now be totally funded from another source. For the RWSC to be funded through the Solid Waste enterprise fund, alternative revenues need to be provided to eliminate the general revenue subsidy.

Options for Eliminating the General Fund Subsidy:
1. Universal Mandatory Collection:
Unincorporated residents of Leon County currently have the option of having curbside solid waste collection through a subscription service with WMI or they have the option of using one of the Rural Waste Service Centers. Under mandatory universal collection all of the unincorporated area would be required to have curbside collection. This approach has a number of advantages to the current system:

- There will be a decrease in illegal dumping. Public Works recorded over 133 complaints of illegal dumping activity on County right-of-way over the past 2 years. Growth Management recorded 73 complaints for 2006 for illegal dumping on private property (i.e. roads or adjacent to publicly owned right-of-way) which resulted in some form of code enforcement action.
- There will be a reduction in greenhouse gas emissions. WMI collection vehicles currently travel almost every road in the County and pass by numerous residents who drive separately to the RWSC.
- There will be a reduction in missed collection complaints.
- The overall cost of operating the Solid Waste Management system could be reduced through the closure of the RWSCs.
- The possibility of having WMI perform all of the billing functions, eliminating the need to collect the funds through the tax bill.

There are disadvantages to this approach as well:

- Current non-subscribers in the mandatory area would be required to pay for collection.
- Citizens may complain that the ability to choose a method for disposal has been taken away.

At this point in time, staff has not approached WMI regarding providing universal collection for the entire unincorporated area including having WMI perform the billing function. If the Board approves universal mandatory collection, staff recommends that the Board direct staff to negotiate with WMI a rate for providing universal collection in the entire unincorporated area, inclusive of billing. In addition, if the Board approves universal mandatory collection, staff recommends that the RWSCs be closed. Mandatory universal collection would allow for the closure of all five RWSC facilities.

2. Increase Non-ad Valorem Assessment

The total assessment for waste disposal and rural waste services should be $87. This rate would be in effect for the next three fiscal years. The rate would be evaluated for adjustment as part of the FY2012 budget cycle. This amount is an increase of $47 over the current $40 assessment. The $40 assessment has been in effect since 1995; with no change in the rate for 13 years. The assessment is comprised of two parts, $61 for the disposal fee and $26 for the rural waste service centers. The assessment is being calculated to contemplate future disposal fee increases and projected increased costs of operating the rural waste service centers. The calculation is based on the following:

Disposal Costs

- 1.47 tons average annual solid waste per household
- Average per ton tipping fee for next three years is $38.67 per ton

- As non-ad valorem assessments are collected on the tax bill, individuals can receive a 4% discount for payment in November, 3% in December, 2% in January and 1% in February; Florida Statutes dictates that the budget be developed on 95% of projected collections
- The Tax Collector charges 2% for collection of the assessment revenue
- Based on the above, the disposal component of the assessment should be $61; this would contemplate tipping fee increases for the next three years

Rural Waste Collection Center Costs

- The projected average cost to operate the RWSC is $880,600 per year over the next three years
- As noted above, the non-ad valorem assessment is collected on the tax bill and is subject to early payment; the Florida Statutes dictates the budget be developed on 95% of projected collections
- The Tax Collector charges 2% for collection of the assessment revenue
- Based on the above, the RWSC component of the assessment should be $26

The total non-ad valorem assessment will be $87. This contemplates "rate stabilization" for future increases in the tipping fee and the cost to operate the RWSCs.

Assessment Process:

There are two approaches the Board could take as it relates to the proposed increase. The first would allow for a public hearing prior to the June workshops and the second would have the public hearing following the workshops. Attachment #4 provides a more detailed review of the specific statutory issues prepared by the County Attorney.

Public Hearing Prior to the June 18-20, 2008 Workshops:

1. In accordance with Florida Statute, separate first class notification to property owners would be mailed 20 days prior to the required public hearing on June 10, 2008. Per Statute, the increase needs to be adopted by September 15, 2008.
2. On June 10, 2008 the Board would conduct a public hearing to consider the proposed increase.
3. The tentative budget would be prepared based on the rate approved at the public hearing.
4. Based on the outcome of the public hearing, the final assessment rate would appear on the TRIM notices mailed by the Property Appraiser in August.

Public Hearing Subsequent to the June 18-20, 2008 Workshops:

1. At the June 18 – 20 workshop, direct staff to proceed with preparing the tentative budget with an assessment rate determined at the workshop.

2. In accordance with Florida Statute, separate first class notification to property owners would be mailed 20 days prior to the required public hearing on September 3, 2008. Per Statute, the increase needs to be adopted by September 15, 2008. Due to the requirement of the first class notice, the assessment will not appear on the TRIM notice.
3. On September 3, 2008 the Board would conduct a public hearing to consider the proposed increase.

If the Board does not proceed with an increase, the current $40 assessment will appear on the TRIM notice mailed by the Property Appraiser in August.

Options:

1. Direct staff to:
   a. Schedule a public hearing for June 10, 2008 to consider increasing the Solid Waste Non-Ad Valorem Assessment from $40 to $87 thereby maintaining the current level of service while eliminating the general revenue subsidy.
   b. Direct staff to prepare and send the required fist class notices prior to the June 10, 2008 public hearing.
2. Direct staff to:
   a. Prepare materials for the Board to consider the rate increase as part of the June 18-20 Budget Workshops and if a rate increase is authorized at the workshops to proceed with a public hearing on September 3, 2008.
3. Direct staff to develop budget reductions to eliminate the general revenue subsidy to the Solid Waste Management fund with no increase in the assessment.
4. Direct staff to develop the FY09 Solid Waste Management budget through a combination of reductions and general revenue subsidy.
5. Direct staff to proceed with establishing Mandatory Universal Collection in the Unincorporated Area, begin negotiations with Waste Management Inc. to provide billing services and correspondingly close the Rural Waste Service Centers.
6. Board Direction.

Recommendation:

Board Direction

Attachments:

1. Leon County Guiding Principles
2. Services Provided by Solid Waste Management
3. Projected Year Ending Balances for the Solid Waste Management Fund
4. February 29, 2008 County Attorney Memorandum

Attachment # 1
Page 1 of 5

RESOLUTION NO. R08-01

WHEREAS, it is the mission of the Leon County Board of County Commissioners to preserve and enhance the outstanding quality of life in our community, and;

WHEREAS, Leon County strives to set the standard and best practice for other local governments in Florida and in the United States through strong and consistent fiscal policies and practices, and;

WHEREAS, Leon County has a long history of providing cost effective, superior services to our citizenry, and;

WHEREAS, Leon County has reduced or held constant the general property tax rates over each of the past 16 years, and;

WHEREAS, over the last two years the County millage rate has decreased by 16%, and;

WHEREAS, Leon County has controlled expenditures, maintaining the lowest budget per capita of any comparable county and currently has the 6th lowest budget per capita of all 67 counties, and;

WHEREAS, Leon County has been responsible in the building of reserves to healthy levels and has invested recurring revenues in infrastructure improvements, and;

WHEREAS, the Board of County Commissioners has been proactive in establishing policies such as Policy No. 93-44 "Fiscal Planning" and Policy No. 07-2 "Reserves" to provide guidance related to fiscal responsibility, and;

WHEREAS, Leon County maintains an investment quality credit rating of AA-, and;

WHEREAS, Leon County was the first county in the state to institute a hiring, capital projects and travel freeze in preparation for 2007 legislative property tax reforms, and;

WHEREAS, as pursuant to the 2007 legislation, Leon County was one of only 4 "non-fiscally constrained" counties to be placed in the least punitive 3% roll-back category (as opposed to the 5%, 7% or 9% categories) based on the County's conservative annual increases in budget per capita, and;

WHEREAS, due to roll-backs and capped future growth in property taxes imposed by the Legislature, combined with significant current and future challenges facing local government including those related to an aging population, a struggling housing market, rising health care costs, aging infrastructure, and a continued resistance to tax increases, there is a need to assess the long view and prepare for a more austere course for county government, and;

WHEREAS, as the level of government closest to the people, Leon County must make strategic decisions in order to be prepared and continue to deliver high quality services in the areas most critical to our citizenry, and;

WHEREAS, this will require a re-examination of core services, levels of services and a commitment to priority setting as Leon County continues to take a gradual business-like approach to determining the size of government its citizens can afford and the priority of the services we deliver to our citizens.

NOW, THEREFORE, BE IT RESOLVED by the Leon County Board of County Commissioners, Florida that the following guiding principles are adopted:

1. The Board of County Commissioners upholds the importance of the Leon County Home Rule Charter allowing citizen involvement and flexibility in shaping government to best meet the County's unique and changing needs.

2. The County budget will always be balanced, with available revenues equal to appropriations.

3. The County will strive to maintain the lowest dollars spent per County resident, as compared to like-size counties, while retaining the maximum level of service possible.

4. Through citizen input and Commission deliberation, core functions for County government will be identified and the dollars will be allocated accordingly during the budget process.

5. The County will continue to explore opportunities with its governmental counterparts for functional consolidation and/or shared efficiencies.

6. The County will continue to enhance our cooperation and coordination with our Universities and Community College to promote, strengthen, and sustain our community's intellectual capital.

7. The County Administrator will require Program Managers to conduct an annual review and scrutiny of their base budgets when preparing budgets for future years.

8. Consistent with best practices and the Florida Statutes, Leon County will retain an emergency reserve fund of not less than 5%, but not more than 10% of the general operating budget (Policy No. 07-2).

9. Consistent with best practices and the Florida Statutes, Leon County will retain an operating cash reserve fund of not less than 10% but not more than 20% of the general operating budget (Policy No. 07-2)

10. Cash reserves in excess of reserve policies will be utilized to support one time capital projects and/or other one-time expenditures to address unforeseen revenue shortfalls (Policy No. 07-2).

11. Leon County will continue to ensure the useable and safe life of existing infrastructure by providing funding for proper maintenance (Policy No. 93-44).

12. Provide that fees charged in enterprise operations will be calculated at a level which will support all direct and indirect costs of the enterprise (Policy No. 92-5).

13. Ensure that capital projects financed through the issuance of bonds will not be financed for a period that exceeds the useful life of the project or the life of the supporting revenue source (Policy No. 93-47), and support conduit financing to promote the economic health of the community.

14. Maintain accounting and reporting practices in conformance with the Uniform Accounting System of the State of Florida and Generally Accepted Accounting Principles (GAAP) (Policy No. 92-4).

15. Ensure that annual financial and compliance audit of the County's financial records is conducted by an independent firm of certified public accountants whose findings and opinions are published and available for public review (Policy No. 92-4).

16. Will optimize return on investments within the constraints of safety and liquidity through an adopted Investment Policy.

17. Shall establish formal policies and procedures to address amending the budget while allowing the organization to function and react to changing conditions (Policy No. 97-11).

18. The County shall provide a meaningful public input process during the annual budget review which shall, at a minimum, include at least one Board Workshop and two Public Hearings.

19. The County will fully research and employ technology to improve the personal and collective efficiency of county employees.

20. The County will continue to enhance our culture of performance, as we maintain a very low employee per 1,000 population and a "flat" organizational structure, and hold individual employees to high expectations and performance standards. Employees are entrusted with broad authority in their functional areas, expected to respond quickly to requests for service, explore and pursue alternatives to assist the citizenry, attempt to deliver more than what is expected, and are empowered to use professional discretion on the spot to resolve issues and reduce "bureaucracy". These employees are valued and compensation and benefits are commensurate with their responsibilities and competitive in the industry.

21. The County will continue to improve our efforts to promote employee innovation, through incentives, recognition and rewards for identifying and implementing program and process improvements that add value to services while producing cost savings.

22. The County will continue to leverage Leon County tax payer dollars to attract federal and state appropriations, reimbursements, and matching grants to realize revenue maximization for the purpose of funding priority projects and programs.

PASSED, AND DULY ADOPTED BY THE LEON COUNTY BOARD OF COUNTY COMMISSIONERS, FLORIDA THIS 15th DAY OF JANUARY, 2008.

LEON COUNTY, FLORIDA

BY: Jane G. Sauls
Jane G. Sauls, Chairman
Board of County Commissioners

ATTEST:
Bob Inzer, Clerk of the Court
BY: ______________________

Approved as to Form:
Leon County Attorney's Office

BY: ______________________
Herbert W.A. Thiele, Esq.
County Attorney

Board of County Commissioners
Leon County, Florida

Policy No. 92-5

Title:	Revenues
Date Adopted:	March 10, 1992
Effective Date:	March 10, 1992
Reference:	N/A
Policy Superseded:	N/A

It shall be the policy of the Board of County Commissioners of Leon County, Florida, that:

The County will establish revenue practices to:

1. Provide that the County seek out and maintain a diversified revenue system to protect it from fluctuations in any one revenue source.

2. Provide that fees charged in enterprise operations will be calculated at a level which will support all direct and indirect costs of the enterprise.

3. Ensure that the County does not accept any revenue source whose terms of acceptance or collection may negatively affect the County.

Services Provided by Solid Waste Management:

The Solid Waste Management provides the following services, guided by an integrated waste management plan:

1. Residential Waste Collection
   a. Exclusive franchised subscription service with Waste Management, Inc. for the residents of the unincorporated County for garbage, recycling, yard trash, and bulky waste
   b. Rural Waste Service Centers (RWSC) provide non-subscribers with drop offs for garbage, recycling, bulky waste, yard trash, tires, appliances, electronics, and household hazardous waste, including used oil. There are five centers.
2. Waste Disposal
   a. Waste that is collected curbside is delivered to either the Gum Road Transfer Station or the Apalachee Solid Waste Management Facility. A per ton fee is collected at both disposal locations. The fee is paid by a non-ad valorem assessment on all single family units within the unincorporated area.
   b. Waste brought to the RWSC is also delivered to either the transfer station or the Apalachee facility. The fees are paid through an interdepartmental transfer.
3. Gum Road Transfer Station
   All of the Class 1 waste generated within Leon County is delivered to the transfer station. The waste is inspected for prohibited materials and loaded on transfer trailers. The trailers are hauled to the Springhill Regional Landfill in Jackson County for disposal. The County operates the transfer station. Hauling and Disposal is provided by Waste Management, Inc. A per ton fee is charged to cover the cost of operations, hauling and disposal.
4. Apalachee Solid Waste Management Facility (SWMF)
   a. Class III waste such as furniture, carpet, packaging, construction and demolition debris, and asbestos is disposed in a Class III landfill.
   b. Special waste such as tires, appliances, and yard trash are processed and recycled.
   c. Environmental compliance to monitor and treat groundwater, collect and treat landfill gas, collect and treat landfill wastewater and closed landfill maintenance is required.
5. Recycling and Education Services
   a. Public education and outreach services focus on waste reduction, reuse, recycling and sustainable practices. The Primary effort is in the schools.
   b. Collection of recyclables from the Rural Waste Service Centers, County buildings, and schools in the unincorporated area is provided. Recyclables are delivered to a private vendor for processing and marketing. The County pays a fee to the vendor.
   c. Electronics recycling is provided at the Apalachee SWMF. Residents drop-off electronics for free. Government agencies and commercial

businesses are charged a per ton fee. Electronics are put on pallets and delivered to a private vendor for processing. The County pays the vendor a fee for this service.

d. Provides desk-side boxes, collection containers and collection associated with the county office paper recycling program. A fee is paid to private vendors for processing and recycling the paper.

6. Household Hazardous Waste Management
    a. Operates a collection center at the Apalachee SWMF.
    b. Conducts remote collection events.
    c. Bulks and packages HHW for delivery to a private vendor. The vendor is paid a fee for disposal.
    d. Oversees asbestos disposal.
    e. Operates a HHW Swap Shop.
    f. Provides disposal from small quantity generators at cost.
    g. Trains division staff on how to recognize and handle HHW.
    h. Contracts with City of Tallahassee to conduct tri-annual inspections of commercial hazardous waste generators.

Projected Year Ending Balance for Solid Waste Management

Current Assessment Compared to the Proposed Assessment

Projected Year Ending Balance - $40 Non-ad valorem Assessment						
		FY09		FY10		FY11
Projected Revenues		10,690,189		11,021,093		11,025,274
Capital Expenditures		1,895,775		1,975,005		1,025,180
Operating Expenditures		10,763,106		10,976,138		11,199,148
Total Expenditures		12,658,881		12,951,143		12,224,328
Revenues Less Expenditures	$	(1,968,692)	$	(1,930,050)	$	(1,199,054)
Beginning Cash		2,561,642		592,950		-1,337,100
Year Ending Balance (1)	$	592,950	$	(1,337,100)	$	(2,536,154)

Projected Year Ending Balance - Increase Non-ad valorem Assessment ($87)						
		FY09		FY10		FY11
Projected Revenues		12,341,199		12,705,123		12,742,985
Capital Expenditures		1,895,775		1,975,005		1,025,180
Operating Expenditures		10,763,106		10,976,138		11,199,148
Total Expenditures		12,658,881		12,951,143		12,224,328
Revenues Less Expenditures	$	(317,682)	$	(246,020)	$	518,657
Beginning Cash		2,561,642		2,243,960		1,997,940
Year Ending Balance (1)	$	2,243,960	$	1,997,940	$	2,516,597

Notes:

(1) According to Leon County Policy No. 07-2, unappropriated fund balance and emergency reserves shall be no less than 15% and no greater than 30%. If the Board were to adopt the proposed non-ad valorem assessment, the Solid Waste Management fund is projected to have total uncommitted reserves of 20%. This is consistent with County policy and will allow Solid Waste Management to have a cash balance at level sufficient to maintain adequate cash flow.

BOARD OF COUNTY COMMISSIONERS

INTER-OFFICE MEMORANDUM

TO: Alan Rosenzweig, Assistant County Administrator

FROM: Patrick T. Kinni, Esq.
Sr. Assistant County Attorney

DATE: February 29, 2008

SUBJECT: Budget Calendar Issues / Deadlines

As requested, this memorandum responds to your memorandum of February 20, 2008, and provides budget deadline information as well as addressing questions posed regarding the non-ad valorem process.

1. Local option fuel tax. To increase the "local option fuel tax" (one to five cents), the ordinance levying same must be adopted before July 1 to be effective January 1 of the following year. § 336.025(1)(b), Fla. Stat. (2007).

2. Special district referendum for mosquito control. There is no set date to get a ballot question to the Supervisor of Elections. However, because the Supervisor of Elections is required to print and publish the sample ballot, see Section 101.20(1), Florida Statutes, it is advisable (from past experience with the charter) to adopt an ordinance and provide same to the Supervisor of Elections not later than approximately 60 days prior to the general election. The general election for 2008 is scheduled to occur November 4.

3. Special assessment increase. Pursuant to Section 197.3632(4)(a), Florida Statutes, Leon County is required to adopt a non-ad valorem assessment roll at a public hearing between January 1 and September 15, if the assessment is levied for the first time, or increased beyond the maximum rate authorized by law, or if there is a change in the purpose of the assessment or in the use of the revenue generated by the assessment. At least 20 days prior to the public hearing on same, Leon County is required to notice the hearing by mail and by publication in the newspaper. § 197.3632(4)(b), Fla. Stat. (2007). However, "notice by mail shall not be required if notice by mail is otherwise required by general or special law governing a taxing authority and such notice is served at least 30 days prior to the authority's public hearing on adoption of a new or amended non-ad valorem assessment roll." Id.

Section 200.069, Florida Statutes, provides that the property appraiser shall "prepare and deliver by first-class mail to each taxpayer to be listed on the current year's assessment roll a notice of proposed property taxes." The notice of proposed taxes is also known as the TRIM ("TRuth In Millage") notice and is mailed in August. It is an informational notice, not a tax bill. Section 200.069(11)(a), Florida Statutes, provides that if requested by Leon County and agreed to by the property appraiser, the TRIM notice "*may* contain a notice of proposed or adopted non-ad valorem assessments." (Emphasis supplied.) If the TRIM notice does not contain the non-ad valorem assessment information, then Section 200.069(10) requires the inclusion of a paragraph at the bottom of the TRIM notice indicating that the "final tax bill may contain non-ad valorem assessments which may not be reflected on this notice." Therefore, from a plain reading of the statute, the TRIM notice may contain the proposed or adopted non-ad valorem assessment information, but it is not a requirement.

As stated previously, by September 15 of each year, the County is required to adopt the non-ad valorem assessment roll at a public hearing, and that notice of same is required by mail and publication. §§ 197.3632(4)(a) and (b), Fla. Stat. (2007). Section 197.3632(4)(c), Florida Statutes, states the following with regard to the public hearing.

> At the public hearing, the local governing board shall receive the written objections and shall hear testimony from all interested persons. The local governing board may adjourn the hearing from time to time. If the local governing board adopts the non-ad valorem assessment roll, it shall specify the unit of measurement for the assessment and the amount of the assessment. *Notwithstanding the notices provided for in paragraph (b), the local governing board may adjust the assessment or the application of the assessment to any affected property based on the benefit which the board will provide or has provided to the property with the revenue generated by the assessment.*

(Emphasis supplied.) Therefore, this indicates that the special assessment may be adjusted at the public hearing. By September 15, the Chairman (or designee) of the Board is required to certify the non-ad valorem assessment roll to the tax collector. § 197.3632(5), Fla. Stat. (2007).

Naturally, should you have any questions please contact our office at your earliest convenience.

PTK/cv

STORMWATER: NON-AD VALOREM

Board of County Commissioners
Workshop Item

Date of Meeting:	March 11, 2008
Date Submitted:	March 5, 2008
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Alan Rosenzweig, Assistant County Administrator AR Tony Park, P.E., Director of Public Works TP
Subject:	Consideration of Stormwater Non-Ad Valorem Assessment Rate Increase to Reduce the General Revenue Subsidy to the Stormwater Utility Fund

Statement of Issue:

This item considers eliminating or reducing the general revenue subsidy for the stormwater utility program by increasing the non ad valorem assessment rate for the stormwater utility fee, and reviews the process for notifying property owners of proposed rate increases.

Background:

At the December 11, 2007 Board retreat, and the January 30, 2008 workshop on the prioritization of county services, the Board instructed staff to review strategies for eliminating the general revenue subsidy to the stormwater utility fund.

The stormwater utility fee is a non-ad valorem special assessment billed on the annual tax bill for developed property in the unincorporated area. Residential properties are assessed based upon the number of residential structures per parcel. Non-residential properties (offices, stores, etc.) are assessed a multiplied rate, based on the impervious area on site including sidewalks and parking areas relative to the average 2,723 square feet per single family unit (SFU). The 2007/08 stormwater assessment is projected to generate $834,661.

The annual $20 per SFU was established by the Board in September 1991. The initial utility fee was also reserved for capital improvement projects and administrative expenses. Stormwater system operating and maintenance costs were added to allowed uses by the July 1995 ordinance revision. FY 2007/08 stormwater system management costs are budgeted at $6,055,516. Currently, the stormwater assessment fee covers 14 percent of the costs incurred for this program.

Analysis:

Stormwater fee increases have been considered in the past to fund capital projects, acquire floodplain and environmentally sensitive areas, and to enhance the operation and maintenance of the stormwater infrastructure. Past options included:

1. Establishing a basin-specific assessment to recover capital project costs;
2. Extending the County fee to residents within the city limits to offset the costs borne by the County program due to runoff leaving the incorporated area;
3. Establishing an MSTU for drainage purposes, expiring upon completion of capital program, and;
4. Reevaluating the single family unit (SFU) equivalent fee basis using updated parcel statistics and potentially establishing separate classes for fee multipliers.

Staff recommends using the non-ad valorem assessment to generate revenue for continuing operating expenses rather than capital project costs. Stormwater management expenses include operation and maintenance of stormwater facilities and conveyances, engineering support, surface water quality monitoring and evaluations, stormwater utility administration, and indirect costs. As reflected in Table 1, the three-year projected annual average expenditure through FY 2011 is $7,093,580.

A portion of these expenditures are offset by a transfer of funds from the gas tax fund to pay for the direct maintenance of stormwater infrastructure associated with county arterial roads. This transfer needs to continue in order to fund this portion of the stormwater program. The annual offset to stormwater management expenditures by the gas tax and interest earnings is calculated to average $1,509,071 through Fiscal Year 2011.

In order to eliminate the general revenue subsidy to this fund, the targeted annual expense for recovery from the non-ad valorem assessment would be on average $5,584,509 which translates to a non-ad valorem assessment of $119. This compares to the existing $20 per year annual fee (established in 1991) budgeted to generate $834,661. Leaving the fee at the current rate will require an average annual general revenue subsidy of $4.75 million.

Table 1 summarizes the projected program costs, offsetting resources and the calculation for the proposed non ad valorem assessment.

Table 1: Three Year Stormwater Expenditures and Non-Ad Valorem Assessment Calculation

Expenditures:	2009	2010	2011	Average '09 - 11
Mosquito Control Stormwater Maintenance	1,366,744	1,407,213	1,469,262	1,414,406
Operations Stormwater Maintenance	2,699,866	2,835,197	2,931,360	2,822,141
Risk Allocations	55,811	61,392	67,531	61,578
Indirect Costs	471,428	494,999	519,749	495,392
Tax Collector	43,172	63,560	93,060	66,597
Water Quality/TMDL	372,647	373,630	233,630	377,039
Stormwater Engineering	976,814	1,010,056	1,045,180	1,010,683
Reserves	124,550	128,278	132,192	128,340
Equipment	720,000	650,000	782,210	717,403
Total Expenditures	6,831,032	7,024,325	7,724,174	7,093,580
Offsets (other funding support)				
Gas Tax Support of Road Drainage	1,349,933	1,417,599	1,465,680	1,411,071
Interest Earnings (estimated)	98,000	98,000	98,000	98,000
Total Offsets	1,447,933	1,515,599	1,563,680	1,509,071
Total Expenditures Less Off-sets	5,383,099	5,508,726	5,861,703	5,584,509
# of Equivalent Single Family Residences*	45,416	46,778	48,182	46,792
Non Ad Valorem Assessment (Based on FY 09 – FY 11 Average Cost of expenditure off-sets)				**$ 119**

* # of equivalent single family residence increase is estimated at a 3% annual growth rate based on the past six years.

The 2007 certified assessment roll identified 45,416 SFU for the stormwater fee, which includes the multipliers for non-residential property. The multipliers apply to non-residential properties based on the total number of equivalent single family residential units an individual non-residential property occupies. Future annexation by the City of Tallahassee could limit growth of the fee base (developed parcels) in the unincorporated area. In order to support the entire cost of the program, the estimated annual assessment would need to be $119 per SFU.

Currently, the City of Tallahassee charges $87.24 per equivalent residential unit which will generate $14.7 million, and fully funds their stormwater program. Required fee increases through FY 2010 adjust the fee to $95.40 by FY 2010 and generate and estimated $16.3 million. After FY 2010, the rate increases annually by the consumer price index. If the consumer price index were 3%, then the FY 2011 rate would be $98.26.

To avoid raising the stormwater fee to the amount needed to fully fund the program for FY 2009, a stormwater fee increase could be implemented over a period of time. Subsidies from general revenue sources would continue over the next two years but at a reduced rate until 2011 when the program would be fully funded by the fee. Table 2 illustrates the decrease and final elimination of the subsidy by 2011.

Table 2: Three Year Phase in to Reach 100% Cost Recovery

Fiscal Year	Stormwater Fee	Fee Revenue	Cumulative Additional Revenue	General Revenue Subsidy	% Program Subsidy
2009	$53	$2,487,218	$1,652,557	$3,097,291	55%
2010	$87	$4,082,793	$3,248,132	$1,501,717	27%
2011	$119	$5,584,509	$3,749,848	$0	0%

* FY 08 anticipated assessment collections are anticipated at $834,661 based on a $20 special assessment fee.

Assessment Process
There are two approaches the Board could take as it relates to the proposed increase. The first would allow for a public hearing prior to the June workshops and the second would have the public hearing following the workshops. Attachment #1 provides a more detailed review of the specific statutory issues prepared by the County Attorney.

Public Hearing Prior to the June 18-20, 2008 Workshops:
1. In accordance with Florida Statute, separate first class notification to property owners would be mailed 20 days prior to the required public hearing on June 10, 2008. Per Statute, the increase needs to be adopted by September 15, 2008.
2. On June 10, 2008 the Board would conduct a public hearing to consider the proposed increase.
3. The tentative budget would be prepared based on the rate approved at the public hearing.
4. Based on the outcome of the public hearing, the final assessment rate would appear on the TRIM notices mailed by the Property Appraiser in August.

Public Hearing Subsequent to the June 18-20, 2008 Workshops:
1. At the June 18 – 20 workshop, direct staff to proceed with preparing the tentative budget with an assessment rate determined at the workshop.
2. In accordance with Florida Statute, separate first class notification to property owners would be mailed 20 days prior to the required public hearing on September 3, 2008. Per Statute, the increase needs to be adopted by September 15, 2008. Due to the requirement of the first class notice, the assessment will not appear on the TRIM notice.
3. On September 3, 2008 the Board would conduct a public hearing to consider the proposed increase.

If the Board does not proceed with an increase, the current $20 assessment will appear on the TRIM notice mailed by the Property Appraiser in August.

Options:

1. Direct staff to:
   a. Schedule a public hearing for June 10, 2008 to consider increasing the Stormwater Non-Ad Valorem Assessment from $20 to $53 (with a maximum rate $119 by 2011) thereby maintaining the current level of service while eliminating the general revenue subsidy in 2011.
   b. Direct staff to prepare and send the required fist class notices prior to the June 10, 2008 public hearing.
2. Direct staff to:
   a. Prepare materials for the Board to consider the rate increase as part of the June 18-20 Budget Workshops and if a rate increase is authorized at the workshops to proceed with a public hearing on September 3, 2008.
3. Direct staff to develop budget reductions to reduce the general revenue subsidy to the Stormwater Management fund with no increase in the assessment.
4. Board Direction.

Recommendation:

Option #4 Board Direction

Attachments

1. February 29, 2008 County Attorney Memorandum

BOARD OF COUNTY COMMISSIONERS

INTER-OFFICE MEMORANDUM

TO: Alan Rosenzweig, Assistant County Administrator

FROM: Patrick T. Kinni, Esq.
Sr. Assistant County Attorney

DATE: February 29, 2008

SUBJECT: Budget Calendar Issues / Deadlines

As requested, this memorandum responds to your memorandum of February 20, 2008, and provides budget deadline information as well as addressing questions posed regarding the non-ad valorem process.

1. Local option fuel tax. To increase the "local option fuel tax" (one to five cents), the ordinance levying same must be adopted before July 1 to be effective January 1 of the following year. § 336.025(1)(b), Fla. Stat. (2007).

2. Special district referendum for mosquito control. There is no set date to get a ballot question to the Supervisor of Elections. However, because the Supervisor of Elections is required to print and publish the sample ballot, see Section 101.20(1), Florida Statutes, it is advisable (from past experience with the charter) to adopt an ordinance and provide same to the Supervisor of Elections not later than approximately 60 days prior to the general election. The general election for 2008 is scheduled to occur November 4.

3. Special assessment increase. Pursuant to Section 197.3632(4)(a), Florida Statutes, Leon County is required to adopt a non-ad valorem assessment roll at a public hearing between January 1 and September 15, if the assessment is levied for the first time, or increased beyond the maximum rate authorized by law, or if there is a change in the purpose of the assessment or in the use of the revenue generated by the assessment. At least 20 days prior to the public hearing on same, Leon County is required to notice the hearing by mail and by publication in the newspaper. § 197.3632(4)(b), Fla. Stat. (2007). However, "notice by mail shall not be required if notice by mail is otherwise required by general or special law governing a taxing authority and such notice is served at least 30 days prior to the authority's public hearing on adoption of a new or amended non-ad valorem assessment roll." Id.

Section 200.069, Florida Statutes, provides that the property appraiser shall "prepare and deliver by first-class mail to each taxpayer to be listed on the current year's assessment roll a notice of proposed property taxes." The notice of proposed taxes is also known as the TRIM ("TRuth In Millage") notice and is mailed in August. It is an informational notice, not a tax bill. Section 200.069(11)(a), Florida Statutes, provides that if requested by Leon County and agreed to by the property appraiser, the TRIM notice "*may* contain a notice of proposed or adopted non-ad valorem assessments." (Emphasis supplied.) If the TRIM notice does not contain the non-ad valorem assessment information, then Section 200.069(10) requires the inclusion of a paragraph at the bottom of the TRIM notice indicating that the "final tax bill may contain non-ad valorem assessments which may not be reflected on this notice." Therefore, from a plain reading of the statute, the TRIM notice may contain the proposed or adopted non-ad valorem assessment information, but it is not a requirement.

As stated previously, by September 15 of each year, the County is required to adopt the non-ad valorem assessment roll at a public hearing, and that notice of same is required by mail and publication. §§ 197.3632(4)(a) and (b), Fla. Stat. (2007). Section 197.3632(4)(c), Florida Statutes, states the following with regard to the public hearing.

> At the public hearing, the local governing board shall receive the written objections and shall hear testimony from all interested persons. The local governing board may adjourn the hearing from time to time. If the local governing board adopts the non-ad valorem assessment roll, it shall specify the unit of measurement for the assessment and the amount of the assessment. *Notwithstanding the notices provided for in paragraph (b), the local governing board may adjust the assessment or the application of the assessment to any affected property based on the benefit which the board will provide or has provided to the property with the revenue generated by the assessment.*

(Emphasis supplied.) Therefore, this indicates that the special assessment may be adjusted at the public hearing. By September 15, the Chairman (or designee) of the Board is required to certify the non-ad valorem assessment roll to the tax collector. § 197.3632(5), Fla. Stat. (2007).

Naturally, should you have any questions please contact our office at your earliest convenience.

PTK/cv

TRANSPORTATION: 1-5 CENT GAS TAX

Board of County Commissioners
Workshop Item

Date of Meeting:	March 11, 2008
Date Submitted:	March 5, 2008
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator PA Alan Rosenzweig, Assistant County Administrator AR Tony Park, P.E., Director of Public Works TP
Subject:	Transportation Trust Fund Subsidy and Gas Taxes

Statement of Issue:
This item considers the status of the Transportation Trust Fund and the possibility of implementing an additional 1 to 5 cent fuel tax as authorized by Florida Statute.

Background:
At the December 11, 2007 Board retreat, and the January 30, 2008 workshop on the prioritization of county services, the Board instructed staff to review strategies for eliminating the general revenue subsidy to the Transportation Trust Fund.

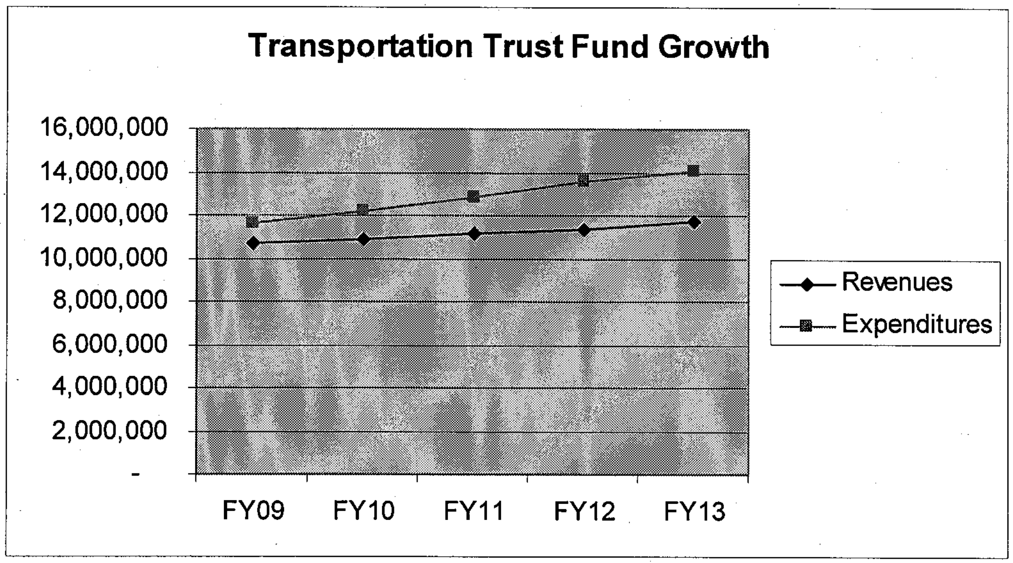
The Transportation Trust Fund is a special revenue fund established by Florida Statute 129.02. Major revenue sources for the Transportation Fund include proceeds from state and local gas taxes. The fund is used to account for revenues and expenditures restricted to the maintenance and construction of roads and bridges.

Analysis:
Without additional resources, the Transportation Trust Fund cannot sustain the current level of operating expenditures. Current revenue generated through state and local gas taxes does not cover the cost of the program without a subsidy from the general fund.

Until FY 2004, the Transportation Trust Fund was self-supporting with the revenues generated from State and local gas taxes; however, beginning in FY2005 the fund received $154,000 in general revenue support, which increased to $1,875,000 in FY2007. For FY2008, the Board was able to reduce the subsidy to the fund by $977,045 largely due to the elimination of the Tharpe Street capital project. This project cancellation allowed transportation fund dollars, previously used to support the arterial road and intersection improvement capital projects, to fund operating expenditures, thereby reducing the general revenue subsidy.

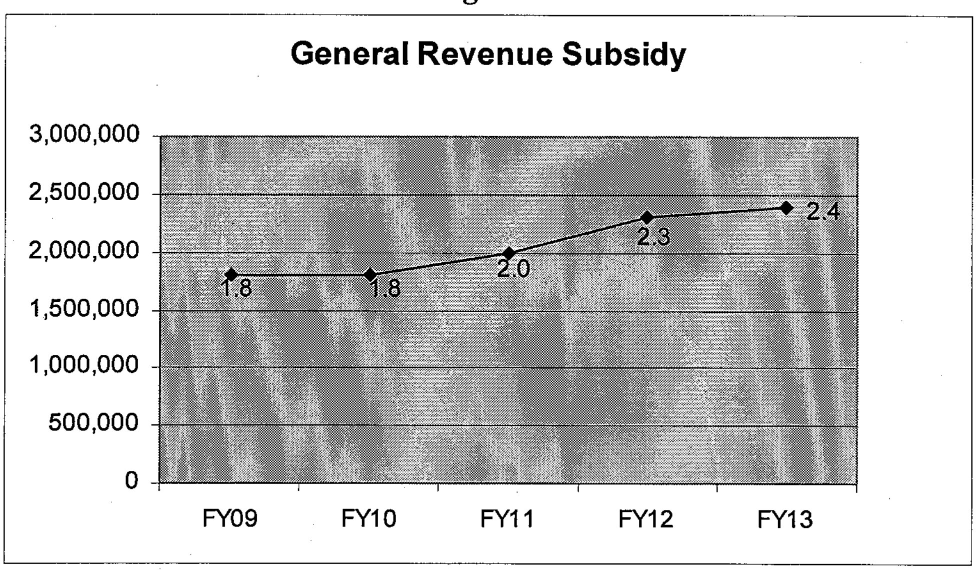
Even with the realignment of capital expenses in FY 2008, as reflected in Figure 1, revenues will not keep pace with expenditures projected from FY 2009 – FY 2013. The trend analysis shows gas tax revenues growing on annum by 2%, and expenditures increasing on average by 4.9%. This disparity in growth rates is largely due to the gas taxes being based on consumption (volume) instead of cost; while, expenditure increases are directly associated with the increased costs of various road maintenance supplies, and gasoline and diesel fuels.

Figure 1



Without program changes, as reflected in **Figure 2**, it is projected that over the next 5 years, the general revenue subsidy will increase from the current $897,955 to $2.4 million by 2013.

Figure 2



Transportation Trust Fund Authorized Gas Taxes

Currently, the fund is supported by four of the five authorized state and local gas taxes. **Table 1** provides a summary of these taxes and Attachment #1 presents additional detail regarding the statutory authority for each tax.

Table 1

Authorized Gas Taxes	Levy Rate	Authorization	FY08 Budget *
Constitutional Fuel Tax	2 Cents	State Imposed	$2.8 million*
County Fuel Tax	1 Cents	State Imposed	$1.2 million*
1st Local Option Fuel Tax	6 Cents	Locally imposed. Shared with the City through interlocal ending 8/31/2015.	$3.6 million*
Ninth Cent Fuel Tax	1 Cents	Locally imposed. 100% to the County.	$1.4 million*
2nd Local Option Fuel Tax	Up to 5 Cents	Currently not imposed. Generates approximately $1.1 million per penny. Shared with the City through interlocal agreement.	1 Cents: $1.1 million 2 Cents: $2.2 million 3 Cents: $3.3 million 4 Cents: $4.4 million 5 Cents: $5.5 million

Florida Statute 336.025 allows county governments to impose up to 12 cents in local option fuel taxes, of which 7 cents are levied in Leon County through the 9th cent and the 1st local option fuel tax (1-6 cent). Leon County keeps 100 percent of the 9th cent, but shares the 6 cents with the City of Tallahassee at a 53.33% (City): 46.67% (County) ratio.

1 to 5 Cent Local Option Fuel Tax

One prospective means of strengthening the revenue stream for the fund would be to implement the 2nd local option tax, commonly referred to as the 1 to 5 cent fuel tax. All county governments are authorized to levy this tax. It must be levied by an ordinance adopted by a majority plus one vote of the BCC, or voter approval in a county-wide referendum. Like the 1 to 6 cent tax, the 1-5 cent tax also must be shared with the City of Tallahassee through an inter-local agreement. If an agreement cannot be reached, the state divides the tax through a statutory distribution formula. All tax impositions or tax rate changes must be levied before July 1st to be effective January 1st of the following year.

Projections indicate that the 1 to 5 cent local option fuel tax would generate approximately $1.1 per levied cent. If an interlocal agreement was made between the City and County, with an equal distribution on the maximum levy, the estimated net revenue for both entities would be approximately $2.75 million per year. The additional revenue would offset the $2.4 million deficit projected by FY2014 and eliminate the general revenue subsidy.

If the Board chose to adopt the tax at the 1 or 2 cent rate, as proposed at the January 30, 2008 Board workshop, the estimated net collections for the fund would be $550,000 million or $1.1 million, respectively. This would result in the County and the City receiving $550,000 or $1.1 million during the first year the tax is levied, and not eliminate the need to subsidize the fund or reduce expenditures.

For the Board to implement the tax effective for the FY 2009 budget, the County would need to enter an inter-local agreement with the city, and adopt an ordinance by July 1, 2008. This would require holding a public hearing by June 10, 2008. If the Board chooses to place the 1 to 5 Cent Local Option Fuel Tax as a referendum on the November general election ballot, notification and ballot language would need to be provided to the Supervisor of Elections by close of business on August 26, 2007. If approved by voters, the tax would not become effective until January 1, 2010.

Fund Balance

At the beginning of FY2008, the Transportation Trust Fund had an uncommitted Fund Balance of $5.8 million. The parameters of the County's reserve policy require that a minimum of 15% to a maximum of 30% remain available in the fund balance for cash flow and emergency purposes. This translates to maintaining a range of $1.9 to $3.9 million in fund balance, leaving a range of $1.9 - $3.9 million in uncommitted reserves. The County reserve policy does not generally allow the utilization of fund balance for recurring expenditures; however, if the gas tax were phased over a period of years, these funds could be utilized to equalize the fund as revenues increased.

Capital Transportation Projects

During the January 30 Workshop, the Board directed staff to provide information pertaining to the cost and funding of priority road construction projects. Attachment # 2 shows seven projects with a combined estimated cost of $333,200,000. No funding is provided in the current five-year capital improvement program for these projects.

Options:

1. Direct staff to proceed to develop budget reductions to eliminate the general revenue subsidy to the Transportation Trust Fund.
2. Authorize staff to negotiate an interlocal agreement with the City of Tallahassee for the implementation of the 1 to 5 Cent Local Option Fuel Tax.
3. Based on the negotiations with the city, authorize staff to schedule the required public hearing to be consider an ordinance to implement the 1 to 5 Cent Local Option Fuel Tax.
4. Based on negotiations with the City of Tallahassee, authorize staff to provide notification to the Supervisor of Elections to place the 1 to 5 Cent Local Option Fuel tax to referendum for November, 2008.
5. Do not authorize staff to schedule a public hearing to consider an ordinance to implement the 1 to 5 Cent Local Option Fuel Tax nor to provide notification to the Supervisor of Elections of the Board's approval to place the 1 to 5 Local Option Cent Fuel tax to referendum for November, 2008.
6. Board Direction.

Recommendation:

Board Direction.

Attachments
#1 Transportation Fund Fuel Taxes
#2 Leon County Priority Roadway Projects

Transportation Trust Fund Fuel Taxes	Interlocal Agreement Effective Date	Agreement Sunset Date
***Ninth Cent Fuel Tax** - A tax of 1 cent on every net gallon of motor and diesel fuel sold within a county. It is automatically imposed upon diesel fuel in every county due to a State policy of statewide equalization of diesel fuel tax rates. The tax on motor fuel may be authorized by an ordinance adopted by an extraordinary vote of the governing body or voter approval in a countywide referendum. Generally, the proceeds may be used to fund transportation expenditures.	N/A – County implemented and does not require an interlocal agreement. Imposed based upon F.S. 336.021	N/A
***Local Option Fuel Taxes - First Option:** Tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold within a county. This tax is imposed on diesel fuel in each county at the maximum rate of 6 cents per gallon due to a State policy of statewide equalization of diesel fuel tax rates. The tax may be authorized by ordinance adopted by a majority vote of the governing body or voter approval in a countywide referendum. Tax is distributed by local agreement between a county and local municipalities. Generally, the proceeds may be used to fund transportation expenditures. **Second Option:** An additional tax of 1 to 5 cents on every net gallon of motor fuel sold within a county. Diesel fuel is not subject to this tax. The tax may be authorized by ordinance adopted by a majority vote of the governing body or voter approval in a countywide referendum. Generally, the proceeds may be used to fund transportation expenditures.	**Option 1:** Effective 9/1/1987 **Option 2:** N/A – This option has not been levied. F.S. 336.025 allows for the imposition of the First and Section options.	**Option 1:** Expires 8/31/2015 **Option 2:** N/A – This option has not been levied
Constitutional Fuel Tax – (80%20% Surplus Fuel Tax) - Pursuant to the State Constitution, an excise or license tax of 2 cents per gallon on motor fuel. Any remaining surplus that is not used toward debt service is to be utilized for acquiring, constructing, and maintaining roads.	N/A – Imposed by F.S. 206.41(1)(a), based upon the State Constitution Art. XII, section 9(c). It is administered by the State Board of Admin.	N/A
County Fuel Tax (Gas Pour Over Trust) – An additional tax of 1 cents per net gallon of motor fuel. Proceeds to be utilized for the acquisition of rights-of-way; the construction, reconstruction, operation, maintenance, and repair of transportation facilities, roads, bridges, bicycle paths, and pedestrian pathways.	N/A – Imposed by F.S. 206.41(1)(b) and administered by the Department of Revenue	N/A

*The Legislature has authorized the statewide equalization of local option tax rates on diesel fuel by requiring that the full 6 cents of the full 6 cents of the 1 to 6 cents fuel tax as well as the 1 cent Ninth-Cent Fuel Tax be levied on diesel fuel in every county even though the county government may not have imposed either tax on motor fuel or may not be levying the tax on motor fuel at the maximum rate. *Source: 2007 Local Government Financial Information Handbook, page 199.*

Leon County Priority Roadway Projects

Project Name	From	To	Description/Type	Cost in 2008
Bannerman Road	Meridian Road	Thomasville Road	Widen to 4 Lanes	$160,600,000
Fred George Road	Mission Road	Old Fred George Road	Add Median	$1,700,000
Magnolia Drive	Jim Lee Road	Lafayette Street	Widen to 4 Lanes	$26,100,000
Orchard Pond Road	Old Bainbridge Road	Meridian Road	Low Impact Pave and Realign	$15,000,000
Roberts Road	Roberts Road	Pimlico Drive	Roadway Realignment	$2,000,000
Tharpe Street	Capital Circle NW	Ocala Road	Widen to 4 Lanes	$52,800,000
Tram Road	South Monroe Street	Capital Circle SE	Widen to 4 Lanes	$75,000,000
Total				**$333,200,000**

GROWTH & ENVIRONMENTAL MGMT. FEES

Board of County Commissioners
Workshop Item

Date of Workshop: March 11, 2008

Date Submitted: March 5, 2008

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator PA
Vincent S. Long, Deputy County Administrator
Alan Rosenzweig, Assistant County Administrator
David McDevitt, Director, Growth and Environmental Management DM

Subject: Alternatives for Reducing the General Revenue Subsidies and Addressing Anticipated Revenue Shortfalls to the Department of Growth and Environmental Management

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Statement of Issue:
This item provides the Board with alternatives and strategies for reducing the general revenue tax subsidy to the Department of Growth and Environmental Management (DGEM) to address the anticipated reduction in the County's general revenue tax receipts based on the recent passage of Amendment 1 to the Florida Constitution.

Background:
The DGEM consists of four (4) divisions responsible for implementing twenty (20) programs. The Department's Building Review and Inspection Division, as well as a proportionate share of staff in the Department's Support Services Division (permit intake, fiscal, reception, licensing, etc.) are funded by building permit application fees. The Department's Development Services and Environmental Compliance Divisions, along with the remaining staff in the Support Services Division, are funded through a 50/50 split of application fees and general revenue. This funding split was adopted by the Board based on a 2005 Service Cost Evaluation Study conducted by Maximus, Inc.

The recommendation for the funding split approach was based generally on two factors: the County had historically (since 1991) utilized general revenue funds to subsidize the Department; and, Maximus concluded from their service cost evaluation study that approximately half of the workload undertaken by staff is not directly associated with identified or established fee-generating activities. This workload includes such activities as providing on-demand (walk-ins and via telephone) customer service unrelated to a specific permit or application; undertaking at the Board's direction special studies and research related to environmental protection and growth management; drafting growth management-related regulations, ordinances, plans, policies and procedures; providing staff support to various Board-appointed committees and focus groups; and other Board assignments associated with environmental protection and growth management. Maximus also noted, in their 2005 study, several services being provided by the Department where fees should be charged. These fees and other potential new fees will be noted and discussed below.

During the Board's Annual Retreat on December 10, 2007, and at the follow-up Workshop on Prioritization of County Services on January 30, 2008, staff was directed to develop strategies for reducing the general revenue subsidy to the Department. This direction to staff follows the recent adoption by the Board of substantial Land Development Code amendments and approval of procedural revisions that were recommended by the Board-appointed Blue Ribbon Citizen's Focus Group to expedite and streamline the County's development review and permitting processes. Additionally, to facilitate the streamlining process and based on the recommendation of the Focus Group, the Board approved two additional professional level positions. Presently, these positions are vacant based on the hiring freeze implemented by County Administration to address the uncertainty associated with the potential impact of Amendment 1.

Analysis:

The Department's divisions (420 – Environmental Compliance, 422 – Development Services, and 423 – Support Services accounts) that are subsidized by general revenue funds pursuant to the 50/50 split (general revenue/fees) had a combined approved budget for FY07/08 of $4,702,970. Therefore, 50% of the approved budget, or $2,372,339, is currently being transferred from the County's general revenue and utilized to subsidize the Department's operation.

Fee Revenues and Budget Status:

The current real estate and construction related market in the County is in transition. Over the past several months, the Department has experienced a slow down and subsequent reduction in proposed residential projects, and it is anticipated that associated building permitting levels will also reflect this down turn in the near future. Non-residential development proposals have slowed down as well, but not presently to the level of residential development. It is anticipated that with the continuation of prime interest rate reductions by the Federal Government, that the non-residential market may be able to remain steady or at least not experience the type of declines seen in the residential market. It is anticipated that this section of the real estate and construction industry can carry the market long enough to provide for the recovery of the residential component.

FY07 fee revenues collected by DGEM totaled $2.1 million, down slightly from FY06 total fee revenues of $2.44 million. To date, FY08 revenues are approximately 50% below the same period for FY07 and 44% below FY06. Based on fee collections during the past five (5) months, the Department is estimating to be approximately $1 million short of its FY08 revenue projection. In addition, DGEM is estimating to spend approximately 85% of their FY08 budget. It is important to note that DGEM currently has a $2,345,591 fund balance that is available to provide stability for at least three to four years. The intent of this reserve is to provide a bridge to a more stable and predictable real estate, development, and construction market. By decreasing expenditures, DGEM is projecting to utilize approximately $490,178 of fund balance this fiscal year to offset the projected revenue shortfall. Table #1 illustrates DGEM's FY08 revenues, expenditures, and necessary fund balance for the remainder of the fiscal year.

Table #1: DGEM Budget Projections

FY08 Revenue Projection	FY08 General Revenue Subsidy	FY08 Expenditure Projection	FY08 Fund Balance Utilization
$1,305,330	$2,372,339	$4,167,847	$490,178

Given past trends, staff does not anticipate the downturn in permitting to last three to four years and would expect permitting levels to return to more normal within the next one to two years. With the recent efforts to implement streamlined permitting, staff does not advise reducing staff levels that would negatively impact expedited development review and permitting, but rather continue to utilize fund balance until more typical permitting levels return.

Reducing the General Fund Subsidy to DGEM:

At their January 30, 2008 workshop, the Board voted to support a 19% service level reduction for the Department. This is equal to approximately a $460,000 reduction in the Department's annual general revenue subsidy. Several strategies are available to the Board to provide for a reduction in the Department's general revenue subsidy consistent with their January 30, 2008 direction, while continuing to implement the development review and permitting streamlining provisions that were recently adopted by the Board. The following discussion outlines four alternatives for the Board to consider in order to reduce or eliminate the general fund subsidy to the DGEM. Due to this year's downturn in permitting revenue, all options include utilizing the fund balance to assist in the reduction of the general revenue subsidy. Fee increases discussed below are not based on projected revenues for the current fiscal year, but on historical revenue growth. Fee increases to offset operating expenditures based on the FY08 projected revenue would be unrealistic to impose on permitting clients.

It is important to note that while DGEM is utilizing fund balance to cover short term revenue deficiencies, the following actions will be implemented:

- Maintain the hiring freeze until permitting levels return
- Continue to minimize operating expenditures
- Evaluate whether positions that are vacated need to be placed in the hiring freeze category or whether the position is critical for expedited permitting.

As stated previously, it is anticipated that permitting levels will return to more normal levels within the next one to two years. If the economic downturn continues beyond this timeframe additional measures will need to be taken to match service levels with the Department's budget. In the interim, DGEM will take the aforementioned actions while utilizing the fund balance.

Alternative #1 – Implement New Fees and Increase Existing Fees to Reduce General Revenue Subsidies and Offset Service Level Reduction:

The County's current fee schedule for the Department (not including Building Review and Inspection fees), which was adopted by the Board based on the findings and recommendations of the 2005 Maximus Service Cost Evaluation Study, is provided as Attachment #1. This proposed alternative would include the adoption of a series of new development review and permitting fees for activities and services that are currently being undertaken by the Department with no cost to the customer. Attachment #2 is a list of the proposed new fees along with proposed fee amounts, and the estimated amount of new revenues that would be realized. The new fees noted in Attachment #2 are a combination of fees noted in the 2005 Maximus study, review of other local government growth management fees, and staff experience. The $57,106 estimated to be generated on an annual basis by the proposed new fees would require additional fees to offset the Board's proposed $460,000 reduction in general revenue subsidies. The additional $401,828 could be achieved by implementing a 20% across the board fee increase in conjunction with implementation of the proposed new fees noted in Attachment #2. Attachment #3 notes the existing county fees and the revised fees based on a 20% increase.

Alternative #2 – Increase Existing Fees to Reduce General Revenue Subsidies and Offset Service Level Reduction:
A primary tenant of the Board's expedited process is adequate staffing, which was also recommended by the Board-appointed Blue Ribbon Citizen's Focus Group. Therefore, in order to maintain current staffing levels in the Department and to ensure full implementation of the streamlined review process, the proposed $460,000 reduction in general revenue subsidies could be offset by increasing fees by 23%. It is estimated that an across the board fee increase (except building permitting fees) of 23% would result in a required general revenue subsidy reduction of approximately $460,000. Attachment #4 notes the County's current fee schedule, the revised fees under a 23% increase, and the estimated increase in revenues (approximately $460,000) that would result from this proposed option.

Alternative #3 – Increase Fees to Eliminate All General Revenue Subsidies:
In order to eliminate the current 50% general revenue subsidy for the Department's split funded divisions, the Board would generally need to increase the fees noted in Attachment #1, 100% across every fee, service and application noted. Attachment #5 notes the revised fees and provides an estimate of the total amount of funds that would be generated based on the 100% fee increase alternative. Apart from the impact to the customers associated with doubling the current development review and permitting fees, the implementation of this alternative would provide the Board with additional general revenue funds to be allocated to fund other services. It should be noted that this alternative shifts the full costs of funding the Department's non-fee related activities to those in the development review and permitting process. However, it should also be noted that all activities undertaken by the Department are either directly or indirectly related to environmental protection or growth management.

Alternative #4 – Eliminate Three Vacant Positions, Implement New Fees and Increase Existing Fees to Reduce General Revenue Subsidies and Offset Service Level Reduction:
This proposed option expands Alternative #3 above to incorporate the elimination of three vacant (and currently frozen) positions in the Department. The positions include a Permit Intake Technician and two Administrative Associate V positions. The elimination of these three positions would result in a cost savings of $123,176. This cost reduction, when combined with the estimated new fees noted in Attachment #2, would result in a reduction in the overall percentage increase in the existing fee schedule to offset the proposed $460,000 reduction in general revenue subsidies. As noted in Attachment #6, it is estimated that this alternative would require a 14% increase in the current fee schedule ($281,280) in addition to the implementation of the proposed new fees ($57,106), and elimination of three vacant positions ($123,176).

Alternative #5 – Do not Raise Fees, Reduce the General Revenue Subsidy by 19%, and Reduce Staffing Levels Accordingly

As discussed in Alternative #4 above, the elimination of the three vacant positions would save $123,176. During the FY 2007 budget cycle, the Board added four positions to expedite the permitting process. These positions were created under the assumption that fees would support the cost of the additional staffing. If the local building economy were to continue beyond the short term future, the Board may want to consider eliminating positions associated with the expedited permitting process to compensate for continued revenue shortfalls.

Review of City of Tallahassee Growth Management Department's Fees:

Additionally, at their Workshop on Prioritization of County Services on January 30, 2008, the Board directed staff to review the City of Tallahassee Growth Management Department's fee schedule and compare it with the County's current fee structure. Attachment #7 provides a comparison of the two fee schedules, Leon County and the City of Tallahassee. An analysis of the fee schedules indicates a lack of correlation in most fee areas. This lack of correlation is based primarily on the different approaches to the development review and permitting process as reflected in the implementation standards and guidelines that are codified in the jurisdiction's applicable land development regulations. Due to the fact that the City of Tallahassee budgets their Growth Management Department in the general fund, it is difficult to determine how much of the department is subsidized by general revenue

Conclusion:

A brief summary of the five options to eliminate or reduce the general fund subsidy is outlined in Table #2.

Table #2: Five Alternatives to Eliminate the General Fund Subsidy to DGEM*

Option #	Decrease General Subsidy	Increase Fees %	Proposed New Fee Revenue	Reduction in FTEs
Alternative #1: Maintaining Current Staff Levels and Services	19%	20%	Yes	No
Alternative #2: Maintaining Current Staff Levels and Services	19%	23%	No	No
Alternative #3: Maintaining Current Staff Levels and Services	100%	100%	No	No
Alternative #4: Reduce Current Staff Levels and Services	19%	14%	Yes	3
Alternative #5: Reduce Current Staff Levels and Services	19%	0%	No	7

*Note: All alternatives include the utilization of fund balance to assist in the reduction of the general revenue subsidy.

Regardless of the strategy that is selected to effectuate reductions in the County's general revenue subsidies for the operation of the DGEM, staff notes two (2) additional items that should be considered by the Board prior to making the decision. First, the Comprehensive Plan includes numerous provisions that indicate that growth in our community should pay for itself. Therefore, any reduction in the general revenue subsidy by increasing fees for activities and services provided by the Department would be fully supported and consistent with the County's adopted Comprehensive Plan. Secondly, staff recommends that the Board strongly consider the incorporation of a yearly fee schedule adjustment based on the Consumer Price Index (CPI) as a component of any revised fee schedule proposed for adoption. This concept (yearly CPI fee schedule adjustment provision) was recommended by the Board-appointed Blue Ribbon Citizen's Focus Group.

To reiterate: It is important to note that while DGEM is utilizing fund balance the following actions will be implemented:

- Maintain the hiring freeze until permitting levels return
- Continue to minimize operating expenditures
- Evaluate whether positions that are vacated need to be placed in the hiring freeze category or whether the position is critical for expedited permitting.

As stated previously, it is anticipated that permitting levels will return to more normal levels within the next one to two years. If the funding levels do not return to historical levels, then other reductions may become necessary. In the interim, DGEM will take the aforementioned actions while utilizing the fund balance.

Options:

(Please refer to Table #2 page 5 for specific components of each option.)

1. Direct staff to develop a FY09 proposed budget that incorporates implementation of new fees and a 20% increase to existing fees. (Refer to Alternative #1)
2. Direct staff to develop a FY09 proposed budget that incorporates a 23% increase to existing fees. (Refer to Alternative #2)
3. Direct staff to develop a FY09 proposed budget that incorporates a 100% increase to development review and permitting fees. (Refer to Alternative #3)
4. Direct staff to develop a FY09 proposed budget that eliminates three vacant administrative positions, implements new fees and 14% increase to existing fees. (Refer to Alternative #4).
5. Direct staff to develop a FY09 proposed budget that eliminates enough positions to reduce the general revenue subsidy by 19%. (Refer to Alternative #5)
6. Direct staff to incorporate a yearly fee schedule adjustment based on the Consumer Price Index (CPI) as recommended by the Board-appointed Blue Ribbon Citizen's Focus Group.
7. Board direction.

Recommendation:

Board Direction

Attachments:

1. DGEM Fee Schedule (Effective October 1, 2006)
2. Proposed New Fee Categories and Revenue
3. Chart Reflecting Current Fees and Proposed 20% Fee Increase Amounts
4. Chart Reflecting Current Fees and Proposed 23% Fee Increase Amounts
5. Chart Reflecting Current Fees and Proposed 100% Fee Increase Amounts
6. Chart Reflecting Current Fees and Proposed 14% Fee Increase Amounts
7. County DGEM and City Growth Management Department Fee Schedule Comparison

Development Services and Environmental Compliance
Current Fee Schedule

Fee Category	Current County Fees
Development Services Fees	
Special Note: Application re-submittals fee is 15% of App Fee	
Administration	
A. Copy of Chapter 10, Code of Laws	$50.00
B. Copy of Land Development Regulations Policies and Procedures	$10.00
Legal Notice Fee	$550.00
Zoning	
A. Letter of Zoning Certification	$75.00
B. Permitted Use Verification	$202.00
C. Project Status Determination Single Family/Manufactured Housing/Other Development Orders	$100.00
D. Board of Adjustment and Appeals Variance Request	$250.00
(Plus Direct Notice and Legal Advertisement Fee)	$550.00
E. Planned Unit Development	
1. Residential or Non-residential Concept Plan (Plus $2.00 Per Dwelling Unit or $10.00 Per Acre)	2500 (Maximum - $5,000)
2. Density or Concept Revisions to PUD Concept Plan	$4,000.00
3. Other Minor PUD Revisions	$1,250.00
4. Each Concept Plan and Density or Concept Revision	$625.00
(Plus Direct Notice and Legal Advertising Fees)	$550.00
Concurrency	
A. Residential	$130 first dwelling unit, plus $20 each additional dwelling unit
B. Non-residential	$190 first 1,000 square feet, plus $40 each additional 1,000 square feet
Subdivisions, Site and Development Plans	
A. Sketch Plan (required for pre-application)	Type A, Limited Partition and all others $500
B. Subdivision Exemptions	
1. Boundary Settlement	$630.00
2. Conveyance to Government and Franchise	$450.00
3. Creation of Equal or Larger Parcels	$630.00
4. Corrective Instruments	$450.00
5. Additional Dwelling Unit without Subdivision (per unit)	$190.00
6. Prior Improperly Subdivided Lots (Letter of Exception)	$190.00
7. Unity of Title	$130.00
8. Judicial Exception	$250.00
C. Policy 2.1.9 Subdivision	$750.00
D. Limited Partition Subdivision	$3,190.00

Development Services and Environmental Compliance
Current Fee Schedule

Fee Category	Current County Fees
E. Type "A" Site and Development Plan	
1. Non-Residential (Plus Direct Notice Fee of $550)	$2030 plus $0.71 per square foot of building area with a maximum of $5,000, plus $550 direct notice fee
2. Residential (Plus Direct Notice Fee of $550)	$3730 plus $80 per dwelling unit with a maximum of $5,000, plus $550 direct notice fee
F. Type "B" Site and Development Plan	
1. Non-Residential (Plus Direct Notice Fee of $550)	$3190 plus $0.47 per square foot of building with a maximum of $10,000, plus $550 direct notice fee
2. Residential (Plus Direct Notice Fee of $550)	$5020 plus $65 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee
G. Type "C" Site and Development Plan	
1. Non-Residential (Plus Direct Notice Fee of $550)	$3130 plus $0.46 per square foot of building with a maximum of $10,000, plus $550 direct notice fee
2. Residential (Plus Direct Notice Fee $550)	$3750 plus $40 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee
H. Exceptions to Site and Development Plans	$500.00
I. Minor Modification to Approved Site and Development Plan	$630.00
J. Major Modification to Approved Site and Development Plan	$1,250.00
K. Substantial Change to Approved Site and Development Plan	See Review Fees
L. Request for Deviation from Development Standards	$500.00
Plats	
A. Residential (Public Works)	$300, plus $5 per dwelling unit
B. Non-residential Plat (Public Works)	$300, plus $50 per acre in excess of 1.0 acres
C. Vacate and Abandonment of Recorded Plats	
Roads, Plats, or Utility/Drainage Easements	$500.00
Direct Notice and Legal Advertisement Fee per Request	$300.00
Other	
A. Request for Parking Standards Committee Review	$500.00
B. Street Name Change Application	$200.00
(Plus Direct Notice and Legal Advertising Fees)	$550.00

Development Services and Environmental Compliance
Current Fee Schedule

Fee Category	**Current County Fees**
C. Street Name Sign Fee (Public Works)	$237.00
D. Notice of Claim of Vested Rights	$300.00
E. New Address Assignment	$130.00
Environmental Compliance Fees	
Fee Category	
Special Note: Application re-submittals fee is 15% of App Fee	
A. Short Form A (Residential & Non-residential	$310.00
B. Stormwater Short Form B – Low Intensity	Base fee of $600 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.
C. Stormwater Short Form B – High Intensity	Base fee of $1120 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.
D. Stormwater Standard Form	
Residential Subdivisions (One dwelling unit per lot) Max $75,000	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft.
Stormwater Standard Form Other	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft., but less than 100,000 sq. ft., plus a fee of $0.20/sq. ft. 100,000 sq. ft. and above.
E. Tree Removal Permit	Base fee of $95 for first 100 trees plus $1.64 per tree in excess of 100 trees
F. Landscape	Base fee of $650 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above
G. Environmental Analysis	

Development Services and Environmental Compliance
Current Fee Schedule

Fee Category	Current County Fees
Part 1, Natural Features Inventory	$1320 base fee, plus $23 per acre over 5 acres
Part 1, with Flood Plain, Natural Features Inventory	$1720 base fee, plus $24 per acre over 5 acres
Part 2, Environmental Impact Analysis	$1130 base fee, plus $20 per acre over 5 acres
Part 2, with Flood Plain, Environmental Impact Analysis	$1575 base fee, plus $25 per acre over 5 acres
Part 2, with Flood Plain, Environmental Impact Analysis & Stormwater Discharge	$1575 base fee, plus $30 per acre over 5 acres
Natural Features Inventory w/Policy 2.1.9/L.P.	$940.00
Natural Features Inventory – No Impact	$150.00
H. Amendments/Re-submittal/Extensions	50% of initial fee up to maximum of $1,000
I. Board of County Commissioners' Variance Request	$1,200.00
J. General Utility Permit	$11,825.00
K. Operating Permit	$523.00
L. Operating Permit Renewal	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $250
M. Discovery – After the Fact Permits	$100 - $1,000
N. Repeat Final Inspection	$240.00
O. Follow-up Inspection	$200.00
P. Communication Tower Bond	$852.00
Q. Communication Tower Bond Renewal	$450.00
R. Communication Tower Bond Cancellation	$300.00
S. Vegetative Management Plan	$100.00

Proposed New Fee Categories
and Projected New Revenue

			Estimated Number of Applications	New or Proposed Fee	Estimated New Revenue for FY 09
New Approved Fees					
	Development Services				
	Subdivision, Site and Development Plans				
	One into Two Subdivisions		5	$1,600.00	$8,000.00
	Exception (this is a rename of an existing fee) ASAP			$500.00	
New Fee Recommendations:					
	Development Services				
1	Revision to PUV		30	$50.00	$1,500.00
2	Development Agreement		1	$8,500.00	$8,500.00
3	Revision to Development Agreement		0	$3,000.00	$0.00
4	Regional Activity Center Designation		0	$8,500.00	$0.00
5	DRI ADA		0	$15,000.00	$0.00
6	DRI Substantial Deviation		0	$8,000.00	$0.00
7	DRI NOPC (no Substantial Deviation)		1	$5,000.00	$5,000.00
8	Extension of Concurrency Certificate (2 Years)	20% of original fee (~$52)	18	$52.00	$936.00
9	Release of Unity of Title	Same as Unity of Title Fee	2	$110.00	$220.00
10	Revision of Approved Concrrency Certificate	50% of original certificate fee, not to exceed $500	0		
11	Off-site Sign (Billboard) "Site Plan" Review		0	$500.00	$0.00
12	Modification to Approved Off-site Sign Approval		1	$400.00	$400.00
13	Temporay Sign Application / Review		15	$50.00	$750.00
14	Other Sign Permit Compliance Review		12	$200.00	$2,400.00
15	Temporary Use "Site Plan" Review		4	$175.00	$700.00
16	Alcoholic Beverage License Review		30	$250.00	$7,500.00
17	Additional (continued DRC Meeting)		3	$250.00	$750.00
18	Site snd Development Plan Approval Extension (3 Years)		3	$1,000.00	$3,000.00
19	Annexation / De-annexation Review		2	$500.00	$1,000.00
20	Address / City of Tallahassee (for utility setup)		120	$130.00	$15,600.00
21	Other Jurisdiction Comp Plan Amendment Review (per amendment)		1	$100.00	$100.00
22	Other Jurisdiction Concurrency Application Review	$75 / application or 10% of application fee; whichever is greater	2	$75.00	$150.00
23	Research Fee $75/hr		8	$75.00	$600.00
			Projected Additional Revenue		**$57,106.00**

Attachment # 3
Page 1 of 4

Development Services and Environmental Compliance
20% Fee Increase with New Fees

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	20% Fee Increase	Revenue for 20% Fee Increase
					20%
COPIES LARGE	36		$782.00		$938.00
COPIES SMALL	28		$1,107.55		$1,329.00
COPY OF CHAPTER 10 CODE	5	$50.00	$250.00	$60.00	$300.00
FEE DIR NOTICE LEGAL ADV	48	$550.00	$23,650.00	$660.00	$28,380.00
L-ADD DWELLINGS W/O SUBD	11	$190.00	$2,090.00	$228.00	$2,508.00
L-ADDRESSING ASSIGNMENT	573	$130.00	$70,920.00	$156.00	$85,104.00
L-BOAA VARIANCE REQUEST	5	$250.00	$1,250.00	$300.00	$1,500.00
L-BOUNDRY SETTLEMENT	30	$630.00	$17,640.00	$756.00	$21,168.00
L-CODE ENFORCE BD FINES	23		$17,356.90		$20,828.00
L-COMM TOWER BOND RENEWA	1	$450.00	$450.00	$540.00	$540.00
L-CONCURR NON RES FEE	1	$190 first 1,000 square feet, plus $40 each additional 1,000 square feet	$430.00	$228 first 1,000 square feet, plus $48 each additional 1,000 square feet	$516.00
L-CONCURR RES FEE	114	$130 first dwelling unit, plus $20 each additional dwelling unit	$64,341.80	$156 first dwelling unit, plus $29 each additional dwelling unit	$77,210.00
L-CREATION OF EQUAL OR L	4	$630.00	$2,520.00	$756.00	$3,024.00
L-EIA W/FLOOD PLAIN	14	$1575 base fee, plus $25 per acre over 5 acres	$25,965.50	$1890 base fee, plus $30 per acre over 5 acres	$31,159.00
L-ENV DISC AFTER THE FAC	11	$100 - $1,000	$17,246.94	$120 - $1,200	$20,696.00
L-ENV IMPACT ANALYSIS EI	26	$1130 base fee, plus $20 per acre over 5 acres	$34,283.00	$1356 base fee, plus $24 per acre over 5 acres	$41,140.00
L-ENVIRON ENFORCE FEE	3	$100 - $1,000	$300.00	$120 - $1,200	$360.00
LETTER OF ZONING CERTIF	11	$75.00	$675.00	$90.00	$810.00
L-EXPT TO SITE AND DEV P	22	$500.00	$9,630.00	$600.00	$11,556.00
L-GENERAL UTILITY PERMIT	5	$11,825.00	$48,300.00	$14,190.00	$57,960.00
L-JUDICIAL EXCEPTION	1	$250.00	$250.00	$300.00	$300.00

Total Revenue FY 07
$2,009,146.75

Total Additional Revenue
$401,828.45

Total New Fees
$57,106.00

Total New Revenue
$458,934.45

Development Services and Environmental Compliance
20% Fee Increase with New Fees

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	20% Fee Increase	Revenue for 20% Fee Increase
					20%
L-LANDSCAPE PERMIT FEES	40	Base fee of $650 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	$64,160.86	Base fee of $780 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	$76,993.00
L-LETTER OF EXCEPTION	21	$190.00	$3,950.00	$228.00	$4,740.00
L-MAJ MOD TO APV DEV PLN	3	$1,250.00	$3,750.00	$1,500.00	$4,500.00
L-MINOR MOD TO APV DEV P	18	$630.00	$7,930.00	$756.00	$9,516.00
L-NFI	57	$1320 base fee, plus $23 per acre over 5 acres	$51,249.36	$1584 base fee, plus $28 per acre over 5 acres	$61,499.00
L-NFI NO IMPACT	32	$150.00	$3,000.00	$180.00	$3,600.00
L-NFI W/FLOOD PLAIN	38	$1720 base fee, plus $24 per acre over 5 acres	$54,007.96	$2064 base fee, plus $29 per acre over 5 acres	$64,810.00
L-NOTICE OF INTENT	2		$150.00		$180.00
L-PARKING STANDARDS FEES	4	$500.00	$2,000.00	$600.00	$2,400.00
L-POLICY 219 SUBDIVISIO	18	$750.00	$12,000.00	$900.00	$14,400.00
L-PROJECT STATUS DET	343	$100.00	$28,405.00	$120.00	$34,086.00
L-PSD OTHER DEV ORDERS	823	$100.00	$67,295.00	$120.00	$80,754.00
L-PUV REVIEW	133	$202.00	$24,444.00	$242.40	$29,333.00
L-REQ DEVIANTION DEV STD	15	$500.00	$7,630.00	$600.00	$9,156.00
L-SKETCH PLAN TYPE A, LP	34	$500.00	$16,000.00	$600.00	$19,200.00
L-STORMWATER STANDARD	52	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft.	$689,043.82	Base fee of $2388 1st 5,000 sq. ft. of impervious area plus $0.13/sq. ft. in excess of 5,000 sq. ft.	$826,853.00

Development Services and Environmental Compliance
20% Fee Increase with New Fees

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	20% Fee Increase	Revenue for 20% Fee Increase
					20%
L-STORMWATER-SF B LOW	74	Base fee of $600 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$84,577.11	Base fee of $720 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$101,493.00
L-STREET NAME CHG APP	2	$200.00	$400.00	$240.00	$480.00
L-STRMWTR SF A NRES	14	$310.00	$3,140.00	$372.00	$3,768.00
L-STRMWTR SF A RES	949	$310.00	$155,187.00	$372.00	$186,224.00
L-STRMWTR SF B HIGH	17	Base fee of $1120 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$20,091.55	Base fee of $1344 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$24,110.00
L-STRMWTR SF B LOW AMEND	3	50% to $1,000	$322.88	50% to $1,200	$387.00
L-STRMWTR STANDARD AMEND	18	50% to $1,000	$13,384.47	50% to $1,200	$16,061.00
L-SW OPER PERMIT RENEWAL	107	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $250	$31,250.00	$120 less than 5000 sq. ft. impervious and no structures or filters, all others $300	$37,500.00
L-SW OPERATING PERMIT	128	$523.00	$38,332.00	$627.60	$45,998.00
L-TREE PERMIT	75	Base fee of $95 for first 100 trees plus $1.64 per tree in excess of 100 trees	$10,841.79	Base fee of $114 for first 100 trees plus $1.97 per tree in excess of 100 trees	$13,010.00
L-UNITY OF TITLE	13	$130.00	$1,660.00	$156.00	$1,992.00
L-VEG MGT PLAN	7	$100.00	$700.00	$120.00	$840.00
TYPE A NON RES DEV PLN	16	$2030 plus $0.71 per square foot of building area with a maximum of $5,000, plus $550 direct notice fee	$64,383.20	$2436 plus $0.85 per square foot of building area with a maximum of $6,000, plus $660 direct notice fee	$77,260.00

Development Services and Environmental Compliance
20% Fee Increase with New Fees

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	20% Fee Increase	Revenue for 20% Fee Increase
					20%
TYPE A RES DEV PLN	3	$3730 plus $80 per dwelling unit with a maximum of $5,000, plus $550 direct notice fee	$4,460.00	$4476 plus $96 per dwelling unit with a maximum of $6,000, plus $660 direct notice fee	$5,352.00
TYPE B NON RES DEV PLN	8	$3190 plus $0.47 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$60,000.00	$3828 plus $0.56 per square foot of building with a maximum of $12,000, plus $660 direct notice fee	$72,000.00
TYPE B RES DEV PLN	17	$5020 plus $65 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$93,460.00	$6024 plus $78 per dwelling unit with a maximum of $12,000, plus $660 direct notice fee	$112,152.00
TYPE C NON RES DEV PLN	1	$3130 plus $0.46 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$6,792.06	$3756 plus $0.55 per square foot of building with a maximum of $12,000, plus $660 direct notice fee	$8,150.00
TYPE C RES DEV PLN	1	$3750 plus $40 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$7,430.00	$4500 plus $48 per dwelling unit with a maximum of $12,000, plus $660 direct notice fee	$8,916.00
TYPE LP	15	$3,190.00	$38,280.00	$3,828.00	$45,936.00
		Total Revenue FY 07	$2,009,146.75		$2,410,975.20
				Total Additional Revenue	$401,828.45

Attachment # 4
Page 1 of 4

Development Services and Environmental Compliance
23% Increase to Offset Budget Reduction

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	23% Fee Increase	Revenue for 23% Fee Increase
					23%
COPIES LARGE	36		$782.00		$962.00
COPIES SMALL	28		$1,107.55		$1,362.00
COPY OF CHAPTER 10 CODE	5	$50.00	$250.00	$61.50	$308.00
FEE DIR NOTICE LEGAL ADV	48	$550.00	$23,650.00	$676.50	$29,090.00
L-ADD DWELLINGS W/O SUBD	11	$190.00	$2,090.00	$233.70	$2,571.00
L-ADDRESSING ASSIGNMENT	573	$130.00	$70,920.00	$159.90	$87,232.00
L-BOAA VARIANCE REQUEST	5	$250.00	$1,250.00	$307.50	$1,538.00
L-BOUNDRY SETTLEMENT	30	$630.00	$17,640.00	$774.90	$21,697.00
L-CODE ENFORCE BD FINES	23		$17,356.90		$21,349.00
L-COMM TOWER BOND RENEWA	1	$450.00	$450.00	$553.50	$554.00
L-CONCURR NON RES FEE	1	$190 first 1,000 square feet, plus $40 each additional 1,000 square feet	$430.00	$234 first 1,000 square feet, plus $49 each additional 1,000 square feet	$529.00
L-CONCURR RES FEE	114	$130 first dwelling unit, plus $20 each additional dwelling unit	$64,341.80	$160 first dwelling unit, plus $24 each additional dwelling unit	$79,140.00
L-CREATION OF EQUAL OR L	4	$630.00	$2,520.00	$774.90	$3,100.00
L-EIA W/FLOOD PLAIN	14	$1575 base fee, plus $25 per acre over 5 acres	$25,965.50	$1937 base fee, plus $31 per acre over 5 acres	$31,938.00
L-ENV DISC AFTER THE FAC	11	$100 - $1,000	$17,246.94	$123 - $1,230	$21,214.00
L-ENV IMPACT ANALYSIS EI	26	$1130 base fee, plus $20 per acre over 5 acres	$34,283.00	$1390 base fee, plus $25 per acre over 5 acres	$42,168.00
L-ENVIRON ENFORCE FEE	3	$100 - $1,000	$300.00	$123 - $1,230	$369.00
LETTER OF ZONING CERTIF	11	$75.00	$675.00	$92.25	$830.00
L-EXPT TO SITE AND DEV P	22	$500.00	$9,630.00	$615.00	$11,845.00
L-GENERAL UTILITY PERMIT	5	$11,825.00	$48,300.00	$14,544.75	$59,409.00
L-JUDICIAL EXCEPTION	1	$250.00	$250.00	$307.50	$308.00

Total Revenue FY 07

$2,009,146.75

Total Additional Revenue

$462,109.48

Attachment # 4
Page 2 of 4

Development Services and Environmental Compliance
23% Increase to Offset Budget Reduction

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	23% Fee Increase	Revenue for 23% Fee Increase
					23%
L-LANDSCAPE PERMIT FEES	40	Base fee of $650 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	$64,160.86	Base fee of $800 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.03/sq. ft.50,000 sq. ft. and above	$78,918.00
L-LETTER OF EXCEPTION	21	$190.00	$3,950.00	$233.70	$4,859.00
L-MAJ MOD TO APV DEV PLN	3	$1,250.00	$3,750.00	$1,537.50	$4,613.00
L-MINOR MOD TO APV DEV P	18	$630.00	$7,930.00	$774.90	$9,754.00
L-NFI	57	$1320 base fee, plus $23 per acre over 5 acres	$51,249.36	$1624 base fee, plus $28 per acre over 5 acres	$63,037.00
L-NFI NO IMPACT	32	$150.00	$3,000.00	$184.50	$3,690.00
L-NFI W/FLOOD PLAIN	38	$1720 base fee, plus $24 per acre over 5 acres	$54,007.96	$2116 base fee, plus $30 per acre over 5 acres	$66,430.00
L-NOTICE OF INTENT	2		$150.00		$185.00
L-PARKING STANDARDS FEES	4	$500.00	$2,000.00	$615.00	$2,460.00
L-POLICY 219 SUBDIVISIO	18	$750.00	$12,000.00	$922.50	$14,760.00
L-PROJECT STATUS DET	343	$100.00	$28,405.00	$123.00	$34,938.00
L-PSD OTHER DEV ORDERS	823	$100.00	$67,295.00	$123.00	$82,773.00
L-PUV REVIEW	133	$202.00	$24,444.00	$248.46	$30,066.00
L-REQ DEVIANTION DEV STD	15	$500.00	$7,630.00	$615.00	$9,385.00
L-SKETCH PLAN TYPE A, LP	34	$500.00	$16,000.00	$615.00	$19,680.00
L-STORMWATER STANDARD	52	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft.	$689,043.82	Base fee of $2448 1st 5,000 sq. ft. of impervious area plus $0.14/sq. ft. in excess of 5,000 sq. ft.	$847,524.00

Attachment # 4
Page 3 of 4

Development Services and Environmental Compliance
23% Increase to Offset Budget Reduction

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	23% Fee Increase	Revenue for 23% Fee Increase
					23%
L-STORMWATER-SF B LOW	74	Base fee of $600 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$84,577.11	Base fee of $738 1st 5,000 sq. ft. of disturbed area, plus $0.03/sq. ft. in excess of 5,000 sq. ft.	$104,030.00
L-STREET NAME CHG APP	2	$200.00	$400.00	$246.00	$492.00
L-STRMWTR SF A NRES	14	$310.00	$3,140.00	$381.30	$3,862.00
L-STRMWTR SF A RES	949	$310.00	$155,187.00	$381.30	$190,880.00
L-STRMWTR SF B HIGH	17	Base fee of $1120 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$20,091.55	Base fee of $1378 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$24,713.00
L-STRMWTR SF B LOW AMEND	3	50% to $1,000	$322.88	50% to $1,230	$397.00
L-STRMWTR STANDARD AMEND	18	50% to $1,000	$13,384.47	50% to $1,230	$16,463.00
L-SW OPER PERMIT RENEWAL	107	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $250	$31,250.00	$123 less than 5000 sq. ft. impervious and no structures or filters, all others $308	$38,438.00
L-SW OPERATING PERMIT	128	$523.00	$38,332.00	$643.29	$47,148.00
L-TREE PERMIT	75	Base fee of $95 for first 100 trees plus $1.64 per tree in excess of 100 trees	$10,841.79	Base fee of $117 for first 100 trees plus $2.02 per tree in excess of 100 trees	$13,335.00
L-UNITY OF TITLE	13	$130.00	$1,660.00	$159.90	$2,042.00
L-VEG MGT PLAN	7	$100.00	$700.00	$123.00	$861.00
TYPE A NON RES DEV PLN	16	$2030 plus $0.71 per square foot of building area with a maximum of $5,000, plus $550 direct notice fee	$64,383.20	$2497 plus $0.87 per square foot of building area with a maximum of $6,150, plus $676.50 direct notice fee	$79,191.00

Development Services and Environmental Compliance
23% Increase to Offset Budget Reduction

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	23% Fee Increase	Revenue for 23% Fee Increase
					23%
TYPE A RES DEV PLN	3	$3730 plus $80 per dwelling unit with a maximum of $5,000, plus $550 direct notice fee	$4,460.00	$4588 plus $98 per dwelling unit with a maximum of $6150, plus $676.50 direct notice fee	$5,486.00
TYPE B NON RES DEV PLN	8	$3190 plus $0.47 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$60,000.00	$3924 plus $0.58 per square foot of building with a maximum of $12,300, plus $676.50 direct notice fee	$73,800.00
TYPE B RES DEV PLN	17	$5020 plus $65 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$93,460.00	$6175 plus $80 per dwelling unit with a maximum of $12,300, plus $676.50 direct notice fee	$114,956.00
TYPE C NON RES DEV PLN	1	$3130 plus $0.46 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$6,792.06	$3875 plus $0.57 per square foot of building with a maximum of $12,300, plus $676.50 direct notice fee	$8,354.00
TYPE C RES DEV PLN	1	$3750 plus $40 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$7,430.00	$4613 plus $50 per dwelling unit with a maximum of $12,300, plus $676.50 direct notice fee	$9,139.00
TYPE LP	15	$3,190.00	$38,280.00	$3,923.70	$47,084.00
		Total Revenue FY 07	$2,009,146.75		$2,471,256.23
				Total Additional Revenue	$462,109.48

Attachment # 4
Page 4 of 4

Attachment # 5
Page 1 of 4

Development Services and Environmental Compliance Fees
Current vs 100% Increase

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	100% Fee Increase	Revenue for 100% Fee Increase
					100.00%
COPIES LARGE	36		$782.00		$1,564.00
COPIES SMALL	28		$1,107.55		$2,215.00
COPY OF CHAPTER 10 CODE	5	$50.00	$250.00	$100.00	$500.00
FEE DIR NOTICE LEGAL ADV	48	$550.00	$23,650.00	$1,100.00	$47,300.00
L-ADD DWELLINGS W/O SUBD	11	$190.00	$2,090.00	$380.00	$4,180.00
L-ADDRESSING ASSIGNMENT	573	$130.00	$70,920.00	$260.00	$141,840.00
L-BOAA VARIANCE REQUEST	5	$250.00	$1,250.00	$500.00	$2,500.00
L-BOUNDRY SETTLEMENT	30	$630.00	$17,640.00	$1,260.00	$35,280.00
L-CODE ENFORCE BD FINES	23		$17,356.90		$34,714.00
L-COMM TOWER BOND RENEWA	1	$450.00	$450.00	$900.00	$900.00
L-CONCURR NON RES FEE	1	$190 first 1,000 square feet, plus $40 each additional 1,000 square feet	$430.00	$380 first 1,000 square feet, plus $80 each additional 1,000 square feet	$860.00
L-CONCURR RES FEE	114	$130 first dwelling unit, plus $20 each additional dwelling unit	$64,341.80	$260 first dwelling unit, plus $40 each additional dwelling unit	$128,684.00
L-CREATION OF EQUAL OR L	4	$630.00	$2,520.00	$1,260.00	$5,040.00
L-EIA W/FLOOD PLAIN	14	$1575 base fee, plus $25 per acre over 5 acres	$25,965.50	$3150 base fee, plus $50 per acre over 5 acres	$51,931.00
L-ENV DISC AFTER THE FAC	11	$100 - $1,000	$17,246.94	$200 - $2,000	$34,494.00
L-ENV IMPACT ANALYSIS EI	26	$1130 base fee, plus $20 per acre over 5 acres	$34,283.00	$2260 base fee, plus $40 per acre over 5 acres	$68,566.00
L-ENVIRON ENFORCE FEE	3	$100 - $1,000	$300.00	$200 - $2,000	$600.00
LETTER OF ZONING CERTIF	11	$75.00	$675.00	$150.00	$1,350.00
L-EXPT TO SITE AND DEV P	22	$500.00	$9,630.00	$1,000.00	$19,260.00
L-GENERAL UTILITY PERMIT	5	$11,825.00	$48,300.00	$23,650.00	$96,600.00

Total Revenue FY 07

$2,009,146.75

Total 100 % Fee Increase

$4,018,296.00

Development Services and Environmental Compliance Fees
Current vs 100% Increase

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	100% Fee Increase	Revenue for 100% Fee Increase
					100.00%
L-JUDICIAL EXCEPTION	1	$250.00	$250.00	$500.00	$500.00
L-LANDSCAPE PERMIT FEES	40	Base fee of $650 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	$64,160.86	Base fee of $1300 1st 5,000 sq. ft of impervious area plus $0.02/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.04/sq. ft.50,000 sq. ft. and above	$128,322.00
L-LETTER OF EXCEPTION	21	$190.00	$3,950.00	$380.00	$7,900.00
L-MAJ MOD TO APV DEV PLN	3	$1,250.00	$3,750.00	$2,500.00	$7,500.00
L-MINOR MOD TO APV DEV P	18	$630.00	$7,930.00	$1,260.00	$15,860.00
L-NFI	57	$1320 base fee, plus $23 per acre over 5 acres	$51,249.36	$2640 base fee, plus $46 per acre over 5 acres	$102,499.00
L-NFI NO IMPACT	32	$150.00	$3,000.00	$300.00	$6,000.00
L-NFI W/FLOOD PLAIN	38	$1720 base fee, plus $24 per acre over 5 acres	$54,007.96	$3440 base fee, plus $48 per acre over 5 acres	$108,016.00
L-NOTICE OF INTENT	2		$150.00		$300.00
L-PARKING STANDARDS FEES	4	$500.00	$2,000.00	$1,000.00	$4,000.00
L-POLICY 219 SUBDIVISIO	18	$750.00	$12,000.00	$1,500.00	$24,000.00
L-PROJECT STATUS DET	343	$100.00	$28,405.00	$200.00	$56,810.00
L-PSD OTHER DEV ORDERS	823	$100.00	$67,295.00	$200.00	$134,590.00
L-PUV REVIEW	133	$202.00	$24,444.00	$404.00	$48,888.00
L-REQ DEVIANTION DEV STD	15	$500.00	$7,630.00	$1,000.00	$15,260.00
L-SKETCH PLAN TYPE A, LP	34	$500.00	$16,000.00	$1,000.00	$32,000.00
L-STORMWATER STANDARD	52	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft.	$689,043.82	Base fee of $3980 1st 5,000 sq. ft. of impervious area plus $0.22/sq. ft. in excess of 5,000 sq. ft.	$1,378,088.00

Development Services and Environmental Compliance Fees
Current vs 100% Increase

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	100% Fee Increase	Revenue for 100% Fee Increase
					100.00%
L-STORMWATER-SF B LOW	74	Base fee of $600 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$84,577.11	Base fee of $1200 1st 5,000 sq. ft. of disturbed area, plus $0.04/sq. ft. in excess of 5,000 sq. ft.	$169,154.00
L-STREET NAME CHG APP	2	$200.00	$400.00	$400.00	$800.00
L-STRMWTR SF A NRES	14	$310.00	$3,140.00	$620.00	$6,280.00
L-STRMWTR SF A RES	949	$310.00	$155,187.00	$620.00	$310,374.00
L-STRMWTR SF B HIGH	17	Base fee of $1120 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$20,091.55	Base fee of $2240 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$40,183.00
L-STRMWTR SF B LOW AMEND	3	50% to $1,000	$322.88	50% to $2,000	$646.00
L-STRMWTR STANDARD AMEND	18	50% to $1,000	$13,384.47	50% to $2,000	$26,769.00
L-SW OPER PERMIT RENEWAL	107	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $250	$31,250.00	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $500	$62,500.00
L-SW OPERATING PERMIT	128	$523.00	$38,332.00	$1,046.00	$76,664.00
L-TREE PERMIT	75	Base fee of $95 for first 100 trees plus $1.64 per tree in excess of 100 trees	$10,841.79	Base fee of $190 for first 100 trees plus $3.28 per tree in excess of 100 trees	$21,684.00
L-UNITY OF TITLE	13	$130.00	$1,660.00	$260.00	$3,320.00
L-VEG MGT PLAN	7	$100.00	$700.00	$2.00	$1,400.00
TYPE A NON RES DEV PLN	16	$2030 plus $0.71 per square foot of building area with a maximum of $5,000, plus $550 direct notice fee	$64,383.20	$4060 plus $1.42 per square foot of building area with a maximum of $10,000, plus $1100 direct notice fee	$128,766.00

Development Services and Environmental Compliance Fees
Current vs 100% Increase

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	100% Fee Increase	Revenue for 100% Fee Increase
					100.00%
TYPE A RES DEV PLN	3	$3730 plus $80 per dwelling unit with a maximum of $5,000, plus $550 direct notice fee	$4,460.00	$7460 plus $160 per dwelling unit with a maximum of $10,000, plus $1100 direct notice fee	$8,920.00
TYPE B NON RES DEV PLN	8	$3190 plus $0.47 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$60,000.00	$6380 plus $0.94 per square foot of building with a maximum of $20,000, plus $1110 direct notice fee	$120,000.00
TYPE B RES DEV PLN	17	$5020 plus $65 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$93,460.00	$10,040 plus $130 per dwelling unit with a maximum of $20,000, plus $1100 direct notice fee	$186,920.00
TYPE C NON RES DEV PLN	1	$3130 plus $0.46 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$6,792.06	$6260 plus $0.92 per square foot of building with a maximum of $20,000, plus $1100 direct notice fee	$13,584.00
TYPE C RES DEV PLN	1	$3750 plus $40 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$7,430.00	$7500 plus $40 per dwelling unit with a maximum of $20,000, plus $1100 direct notice fee	$14,860.00
TYPE LP	15	$3,190.00	$38,280.00	$6,380.00	$76,560.00
		Total Revenue FY 07	**$2,009,146.75**	**Total 100 % Fee Increase**	**$4,018,296.00**

Attachment # 6
Page 1 of 4

Development Services and Environmental Compliance
14% Fee Increase with New Fees and Eliminating 3 Positions

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	14% Fee Increase	Revenue for 14% Fee Increase
					14%
COPIES LARGE	36		$782.00		$891.00
COPIES SMALL	28		$1,107.55		$1,263.00
COPY OF CHAPTER 10 CODE	5	$50.00	$250.00	$57.00	$285.00
FEE DIR NOTICE LEGAL ADV	48	$550.00	$23,650.00	$627.00	$26,961.00
L-ADD DWELLINGS W/O SUBD	11	$190.00	$2,090.00	$216.60	$2,383.00
L-ADDRESSING ASSIGNMENT	573	$130.00	$70,920.00	$148.20	$80,849.00
L-BOAA VARIANCE REQUEST	5	$250.00	$1,250.00	$285.00	$1,425.00
L-BOUNDRY SETTLEMENT	30	$630.00	$17,640.00	$718.20	$20,110.00
L-CODE ENFORCE BD FINES	23		$17,356.90		$19,787.00
L-COMM TOWER BOND RENEWA	1	$450.00	$450.00	$513.00	$513.00
L-CONCURR NON RES FEE	1	$190 first 1,000 square feet, plus $40 each additional 1,000 square feet	$430.00	$217 first 1,000 square feet, plus $46 each additional 1,000 square feet	$490.00
L-CONCURR RES FEE	114	$130 first dwelling unit, plus $20 each additional dwelling unit	$64,341.80	$148 first dwelling unit, plus $23 each additional dwelling unit	$73,350.00
L-CREATION OF EQUAL OR L	4	$630.00	$2,520.00	$718.20	$2,873.00
L-EIA W/FLOOD PLAIN	14	$1575 base fee, plus $25 per acre over 5 acres	$25,965.50	$1796 base fee, plus $29 per acre over 5 acres	$29,601.00
L-ENV DISC AFTER THE FAC	11	$100 - $1,000	$17,246.94	$114 - $1,140	$19,662.00
L-ENV IMPACT ANALYSIS EI	26	$1130 base fee, plus $20 per acre over 5 acres	$34,283.00	$1288 base fee, plus $23 per acre over 5 acres	$39,083.00
L-ENVIRON ENFORCE FEE	3	$100 - $1,000	$300.00	$114 - $1,140	$342.00
LETTER OF ZONING CERTIF	11	$75.00	$675.00	$85.50	$770.00
L-EXPT TO SITE AND DEV P	22	$500.00	$9,630.00	$570.00	$10,978.00
L-GENERAL UTILITY PERMIT	5	$11,825.00	$48,300.00	$13,480.50	$55,062.00
L-JUDICIAL EXCEPTION	1	$250.00	$250.00	$285.00	$285.00

Total Revenue FY 07
$2,009,146.75

Total Additional Revenue
$281,280.39

Total New Fees
$57,106.00

Total Position Reduction
$123,176.00

Total New Revenue
$461,562.39

Attachment # 6
Page 2 of 4

Development Services and Environmental Compliance
14% Fee Increase with New Fees and Eliminating 3 Positions

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	14% Fee Increase	Revenue for 14% Fee Increase
					14%
L-LANDSCAPE PERMIT FEES	40	Base fee of $650 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	$64,160.86	Base fee of $741 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	$73,143.00
L-LETTER OF EXCEPTION	21	$190.00	$3,950.00	$216.60	$4,503.00
L-MAJ MOD TO APV DEV PLN	3	$1,250.00	$3,750.00	$1,425.00	$4,275.00
L-MINOR MOD TO APV DEV P	18	$630.00	$7,930.00	$718.20	$9,040.00
L-NFI	57	$1320 base fee, plus $23 per acre over 5 acres	$51,249.36	$1505 base fee, plus $26 per acre over 5 acres	$58,424.00
L-NFI NO IMPACT	32	$150.00	$3,000.00	$171.00	$3,420.00
L-NFI W/FLOOD PLAIN	38	$1720 base fee, plus $24 per acre over 5 acres	$54,007.96	$1961 base fee, plus $27 per acre over 5 acres	$61,569.00
L-NOTICE OF INTENT	2		$150.00		$171.00
L-PARKING STANDARDS FEES	4	$500.00	$2,000.00	$570.00	$2,280.00
L-POLICY 219 SUBDIVISIO	18	$750.00	$12,000.00	$855.00	$13,680.00
L-PROJECT STATUS DET	343	$100.00	$28,405.00	$114.00	$32,382.00
L-PSD OTHER DEV ORDERS	823	$100.00	$67,295.00	$114.00	$76,716.00
L-PUV REVIEW	133	$202.00	$24,444.00	$230.28	$27,866.00
L-REQ DEVIANTION DEV STD	15	$500.00	$7,630.00	$570.00	$8,698.00
L-SKETCH PLAN TYPE A, LP	34	$500.00	$16,000.00	$570.00	$18,240.00
L-STORMWATER STANDARD	52	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft.	$689,043.82	Base fee of $2269 1st 5,000 sq. ft. of impervious area plus $0.13/sq. ft. in excess of 5,000 sq. ft.	$785,510.00

Development Services and Environmental Compliance
14% Fee Increase with New Fees and Eliminating 3 Positions

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	14% Fee Increase	Revenue for 14% Fee Increase
					14%
L-STORMWATER-SF B LOW	74	Base fee of $600 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$84,577.11	Base fee of $684 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	$96,418.00
L-STREET NAME CHG APP	2	$200.00	$400.00	$228.00	$456.00
L-STRMWTR SF A NRES	14	$310.00	$3,140.00	$353.00	$3,580.00
L-STRMWTR SF A RES	949	$310.00	$155,187.00	$353.00	$176,913.00
L-STRMWTR SF B HIGH	17	Base fee of $1120 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$20,091.55	Base fee of $1277 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	$22,904.00
L-STRMWTR SF B LOW AMEND	3	50% to $1,000	$322.88	50% to $1,140	$368.00
L-STRMWTR STANDARD AMEND	18	50% to $1,000	$13,384.47	50% to $1,140	$15,258.00
L-SW OPER PERMIT RENEWAL	107	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $250	$31,250.00	$114 less than 5000 sq. ft. impervious and no structures or filters, all others $285	$35,625.00
L-SW OPERATING PERMIT	128	$523.00	$38,332.00	$596.22	$43,698.00
L-TREE PERMIT	75	Base fee of $95 for first 100 trees plus $1.64 per tree in excess of 100 trees	$10,841.79	Base fee of $108 for first 100 trees plus $1.87 per tree in excess of 100 trees	$12,360.00
L-UNITY OF TITLE	13	$130.00	$1,660.00	$148.20	$1,892.00
L-VEG MGT PLAN	7	$100.00	$700.00	$114.00	$798.00
TYPE A NON RES DEV PLN	16	$2030 plus $0.71 per square foot of building area with a maximum of $5,000, plus $550 direct notice fee	$64,383.20	$2314 plus $0.81 per square foot of building area with a maximum of $5,700, plus $627 direct notice fee	$73,397.00

Development Services and Environmental Compliance
14% Fee Increase with New Fees and Eliminating 3 Positions

Fund 121 Fee Categories	# of Activities	Current Fees Charged	FY 07 Revenue	14% Fee Increase	Revenue for 14% Fee Increase
					14%
TYPE A RES DEV PLN	3	$3730 plus $80 per dwelling unit with a maximum of $5,000, plus $550 direct notice fee	$4,460.00	$4252 plus $91 per dwelling unit with a maximum of $5,700, plus $627 direct notice fee	$5,084.00
TYPE B NON RES DEV PLN	8	$3190 plus $0.47 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$60,000.00	$3637 plus $0.54 per square foot of building with a maximum of $11,400, plus $627 direct notice fee	$68,400.00
TYPE B RES DEV PLN	17	$5020 plus $65 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$93,460.00	$5723 plus $74 per dwelling unit with a max627660 direct notice fee	$106,544.00
TYPE C NON RES DEV PLN	1	$3130 plus $0.46 per square foot of building with a maximum of $10,000, plus $550 direct notice fee	$6,792.06	$3568 plus $0.52 per square foot of building with a maximum of $11,400, plus $627 direct notice fee	$7,743.00
TYPE C RES DEV PLN	1	$3750 plus $40 per dwelling unit with a maximum of $10,000, plus $550 direct notice fee	$7,430.00	$4275 plus $46 per dwelling unit with a maximum of $11,400, plus $627 direct notice fee	$8,470.00
TYPE LP	15	$3,190.00	$38,280.00	$3,636.60	$43,639.00
		Total Revenue FY 07	$2,009,146.75		$2,290,427.14
				Total Additional Revenue	$281,280.39

Development Services and Environmental Compliance Current Fees
Compared To
City of Tallahassee Fees

Fee Category	County Fees	City of Tallahassee Fees
<u>Development Services Fees</u>		
Special Note: Application re-submittals fee is 15% of App Fee		
Administration		
A. Copy of Chapter 10, Code of Laws	$50.00	
B. Copy of Land Development Regulations Policies and Procedures	$10.00	
Legal Notice Fee	$550.00	$475.00
Zoning		
A. Letter of Zoning Certification	$75.00	$72.00
City Letter of Release		$621.00
B. Permitted Use Verification	$202.00	
C. Project Status Determination Single Family/Manufactured Housing/Other Development Orders	$100.00	
D. Board of Adjustment and Appeals Variance Request	$250.00	$358.00
(Plus Direct Notice and Legal Advertisement Fee)	$550.00	$475.00
E. Planned Unit Development		
1. Residential or Non-residential Concept Plan (Plus $2.00 Per Dwelling Unit or $10.00 Per Acre)	2500 (Maximum - $5,000)	
2. Density or Concept Revisions to PUD Concept Plan	$4,000.00	
3. Other Minor PUD Revisions	$1,250.00	
4. Each Concept Plan and Density or Concept Revision	$625.00	
(Plus Direct Notice and Legal Advertising Fees)	$550.00	
City Land Use Compliance Certificate Change of Use or New Development		$122.00
Concurrency		
A. Residential	$130 first dwelling unit, plus $20 each additional dwelling unit	
B. Non-residential	$190 first 1,000 square feet, plus $40 each additional 1,000 square feet	
City Commercial without Stormwater		$178 1st 1,000 Sq. Ft. + $37/Add 1,000 Sq. Ft.

Special Note: The City fees that clearly corresponds to County fees will be listed on the same line. Where there is not a clear correlation between County and City fee categories, a separate line denoting **"City"** is added for that City fee category and fee amount.

Attachment # 7
Page 1 of 7

Development Services and Environmental Compliance Current Fees Compared To City of Tallahassee Fees

Fee Category	County Fees	City of Tallahassee Fees
City Commercial with Stormwater		$178 1st 1,000 Sq. Ft. + $37/Add 1,000 Sq. Ft. + $770 for Stormwater Review
City Residential without Stormwater		$232 1st DU + $21/Add DU
City Residential with Stormwater		$232 1st DU + $21/Add DU + $770 for Stormwater Review
Subdivisions, Site and Development Plans		
A. Sketch Plan (required for pre-application)	Type A, Limited Partition and all others $500	
B. Subdivision Exemptions		
1. Boundary Settlement	$630.00	
2. Conveyance to Government and Franchise	$450.00	
3. Creation of Equal or Larger Parcels	$630.00	
4. Corrective Instruments	$450.00	
5. Additional Dwelling Unit without Subdivision (per unit)	$190.00	
6. Prior Improperly Subdivided Lots (Letter of Exception)	$190.00	
7. Unity of Title	$130.00	
8. Judicial Exception	$250.00	
C. Policy 2.1.9 Subdivision	$750.00	
D. Limited Partition Subdivision	$3,190.00	
City Limited Partition		$1,236 + $475 Legal Notice Fee
E. Type “A” Site and Development Plan		
1. Non-Residential (Plus Direct Notice Fee of $550)	$2030 plus $0.71 per square foot of building area with a maximum of $5,000, plus $550 direct notice fee	$1,082 + $0.07/Sq.Ft. Bldg max $5,150
2. Residential (Plus Direct Notice Fee of $550)	$3730 plus $80 per dwelling unit with a maximum of $5,000, plus $550 direct notice fee	$1,082 + $28/Dwelling Unit max. $5,150
City Type A Site Plan - (for proposed conversions of existing structures with no expansions)		$1,416.00
F. Type “B” Site and Development Plan		

Development Services and Environmental Compliance Current Fees
Compared To
City of Tallahassee Fees

Fee Category	County Fees	City of Tallahassee Fees
Roads, Plats, or Utility/Drainage Easements.	$500.00	$160.00
Direct Notice and Legal Advertisement Fee per Request	$300.00	
City Technical Amendment		$470.00
Other		
A. Request for Parking Standards Committee Review	$500.00	$345.00
B. Street Name Change Application	$200.00	
(Plus Direct Notice and Legal Advertising Fees)	$550.00	
C. Street Name Sign Fee (Public Works)	$237.00	
D. Notice of Claim of Vested Rights	$300.00	$655.00
E. New Address Assignment	$130.00	
City Tempory Use		$43.00
City Flood Zone Determination		$26.00
City Government Right-of-Way Exemptions		$1,265.00
City Planning Commission Appeals		$1,895.00
Environmental Compliance Fees		
Fee Category		
Special Note: Application re-submittals fee is 15% of App Fee		
A. Short Form A (Residential & Non-residential	$310.00	$88.00
City Short Form A Extension App Fee		$29.00
B. Stormwater Short Form B – Low Intensity	Base fee of $600 1st 5,000 sq. ft. of disturbed area, plus $0.02/sq. ft. in excess of 5,000 sq. ft.	Base fee of $557 1st 5,000 sq. ft. of disturbed area + $0.021/sq. ft. > 5,000 sq. ft.
City Short Form B Low Extension App Fee		$110.00
City Short Form B High Extension App Fee		$155.00
City Short Form B (all) Continuation App Fee		$155.00
City Miror Short Form B Low (6 months) Extension Fee (each increment)		$41.00
City Miror Short Form B High (6 months) Extension Fee (each increment)		$237.00

Development Services and Environmental Compliance Current Fees Compared To City of Tallahassee Fees

Fee Category	County Fees	City of Tallahassee Fees
C. Stormwater Short Form B – High Intensity	Base fee of $1120 1st 5,000 sq. ft. of disturbed area, plus $0.01/sq. ft. in excess of 5,000 sq. ft.	Base fee of $977 1st 5,000 sq. ft. of impervious area + $0.027/sq. ft. > 5,000 sq. ft.
City Minor Amendments to Short Form B – Low/Short Form B – High/Standard Form/Standard Form – Road Permits		$500.00
D. Stormwater Standard Form		
Residential Subdivisions (One dwelling unit per lot) Max $75,000	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft.	
Stormwater Standard Form Other	Base fee of $1990 1st 5,000 sq. ft. of impervious area plus $0.11/sq. ft. in excess of 5,000 sq. ft., but less than 100,000 sq. ft., plus a fee of $0.20/sq. ft. 100,000 sq. ft. and above.	
City Standard Form		Base fee of $1,277 1st 5,000 sq. ft. of impervious area + $0.041/sq. ft. > 5,000 sq. ft., but < 50,000 sq. ft. + a fee of $0.052/sq. ft. 50,000 sq. ft. & above
City Standard Form Extension App Fee		$309.00
City Major Standard Form Continuation App Fee		$309.00
City Standard Form w/ Post Devel. Imperv. Extension Fee (3 months) (each increment)		$103 base fee/ 1st 5,000 Sq. Ft + $0.011 Sq. Ft. > 5,000 Sq. Ft.

Development Services and Environmental Compliance Current Fees Compared To City of Tallahassee Fees

Fee Category	County Fees	City of Tallahassee Fees
City Standard Form - Road Permit		Base fee of $3,620 1st 5,000 sq. ft. of impervious area + $0.13/sq. ft. > 5,000 sq. ft., but < 50,000 sq. ft. + a fee of $0.15/sq. ft. 50,000 sq. ft. & above
E. Tree Removal Permit **City** Tree Removal - Stand alone permit up to 10 trees	Base fee of $95 for first 100 trees plus $1.64 per tree in excess of 100 trees	$273.00 (not to exceed 10 trees)
City Tree Removal as part of the Environmental Permitting Process		Base fee of $386 for 1st 100 trees + $6.44 per tree > 100
F. Landscape	Base fee of $650 1st 5,000 sq. ft of impervious area plus $0.01/sq. ft. in excess of 5,000 sq. ft., but less than 50,000 sq. ft., plus a fee of $0.02/sq. ft.50,000 sq. ft. and above	Base fee of $299 1st 5,000 sq. ft. of impervious area + $0.01/sq. ft. > 5,000 sq. ft., but < 50,000 sq. ft., + a fee of $0.021/per sq. ft. 50,000 sq. ft. & above
City Environmental Permit Wavier		$164.00
City General Permit for Government & Utilities		$9,670.00
City Re-inspection		$258.00
G. Environmental Analysis		
Part 1, Natural Features Inventory	$1320 base fee, plus $23 per acre over 5 acres	$670 Application fee + $15.45/acre over 5 acres
Part 1, with Flood Plain, Natural Features Inventory	$1720 base fee, plus $24 per acre over 5 acres	$999 Application fee + $18.54/acre over 5 acres
Part 2, Environmental Impact Analysis	$1130 base fee, plus $20 per acre over 5 acres	$556.00
Part 2, with Flood Plain, Environmental Impact Analysis	$1575 base fee, plus $25 per acre over 5 acres	$885.00

Development Services and Environmental Compliance Current Fees Compared To City of Tallahassee Fees

Fee Category	County Fees	City of Tallahassee Fees
Part 2, with Flood Plain, Environmental Impact Analysis & Stormwater Discharge	$1575 base fee, plus $30 per acre over 5 acres	
Natural Features Inventory w/Policy 2.1.9/L.P.	$940.00	
Natural Features Inventory – No Impact	$150.00	$155.00
H. Amendments/Re-submittal/Extensions	50% of initial fee up to maximum of $1000	
I. Board of County Commissioners' Variance Request	$1,200.00	$1,695.00
J. General Utility Permit	$11,825.00	
K. Operating Permit	$523.00	
City Stormwater Operating Renewal - Surface Facilities		$459.00
City Stormwater Operating Renewal - Confined Space		$1,680.00
L. Operating Permit Renewal	$100 less than 5000 sq. ft. impervious and no structures or filters, all others $250	
M. Discovery – After the Fact Permits	$100 - $1,000	
N. Repeat Final Inspection	$240.00	
O. Follow-up Inspection	$200.00	
P. Communication Tower Bond	$852.00	
Q. Communication Tower Bond Renewal	$450.00	
R. Communication Tower Bond Cancellation	$300.00	
S. Vegetative Management Plan	$100.00	

BOARD OF COUNTYCOMMISSIONERS
MEMORANDUM

DATE: March 10, 2008

TO: The Honorable Chairman and Members of the Board

THRU: Parwez Alam, County Administrator

FROM: Lillian Bennett, Director Human Resources
Alan Rosenzweig, Assistant County Administrator

SUBJECT: Additional Information for March 11, 2008 Workshop

Item #2: Voluntary Separation Program

The following is an update to Table #1, page 4 of the Voluntary Separation item. The last column "Recurring Savings of Salaries and Benefits" is additional information. As reflected in the table, if all eligible employees participated in the program, the annualized savings would be $9,154,621.

Revised
Table #1
Estimated Cost Impact of VSIP (Board Only)

Employees Offered VSIP FRS Service	Number of Employees	Cost of Financial Incentive	County 50% Cost of COBRA Medical Insurance	Total Cost of VSIP	Recurring Savings of Salaries & Benefits
DROP end date in 2011-2013	16	$491,390	$110,290	$601,680	$1,288,258
DROP end date in 2009-2010	6	$151,475	$40,550	$192,025	$368,799
Re-employed Retirees	8	$190,522	$40,550	$231,072	$359,375
30+ years of service	13	$443,086	$102,512	$545,598	$1,087,393
25-29 years of service	28	$811,176	$220,667	$1,031,843	$2,029,167
20-24 years of service	50	$1,408,734	$326,715	$1,735,449	$3,389,417
19 years of service	10	$277,992	$70,830	$348,822	$632,212
Total	131	$3,774,375	$912,114	$4,686,489[1]	$9,154,621

[1] Total VSIP cost has been adjusted. Should be $4.7 million instead of $4.9 million.

Items #6 & #7:

For items #6 & #7, staff provided information relating to the conducting of public hearings for the implementation of increases to the solid waste and/or stormwater fee. The options presented allowed for a public hearing on either June 10 or September 3. In addition, the Board could consider conducting this hearing on July 22, 2008. This would allow for the Board to provide the direction at the June 18-20 workshop and still meet the 20 day lead time for the first class notices to be mailed.