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**MACo Board of Directors (MACo)
MACo Workers Compensation Trust Trustees (WCT)
MACo Property & Casualty Trust Trustees (PCT)
MACo Health Care Trust Trustees (HCT)**

Joint Budget Adoption Meeting

Wednesday, June 21, 2017

1:00 P.M.

Helena, MT

MINUTES

- 1. Call to Order:** President Devlin, HCT Chair McGinley, PCT Chair Dunbar, and WCT Chair Devlin called the joint meeting to order. Roll call was taken.
- 2. Supplemental Budget Request Items:**

a. 2017 Compensation Survey: Jim Kerins from CMS presented the Executive Summary to the Board. Mr. Kerins reviewed CMS's background and the survey participants, which consisted of 43 organizations and wage information for approximately 1600 employees nationwide.

The survey results showed that overall MACo wages are approximately 92.6% of the market, with six positions paying between 74% and 85% of market; nine positions paying between 85% and 96% of the market and nine positions paying between 96% and 112% of the market.

Mr. Kerins reviewed local and national labor market trends, compensation trends, and employer benefits. CMS recommended that MACo adopt a compensation philosophy to ensure internal pay equity, equal pay for equivalent service, external competitiveness and fiscal responsibility with its compensation plan. CMS also recommended that MACo implement a compensation plan including a wage matrix with grades and pay ranges along with a job ranking system that assigns positions to grades on the matrix. They additionally recommended that MACo evaluate both job content and the market when assigning MACo positions to grades.

Executive Director Blattie and Assistant Director Bryson reported that they had established a wage matrix with grades and pay ranges and assigned all MACo positions to grades on the matrix. Director Blattie noted that all increases were capped at 10%, except for three positions that were internally reclassified. Director's Blattie and Bryson recommended the Board adopt the recommendations. President Devlin added that the Executive Committee had reviewed the proposals and supported them.

Following discussions regarding implementation, the phase-in timeframe which is yet to be determined, and the costs of replacing employees, the following actions were taken:

MACO

MACo: Commissioner Mosness moved and Commissioner Rice seconded to accept the CMS recommendations and approve the implementation of the salary matrix with the 10% cap, except for the three reclassified positions. Motion carried unanimously.

HCT: Trustee Krausz moved and Trustee Collins seconded to accept the CMS recommendations and approve the implementation of the salary matrix with the 10% cap, except for the three reclassified positions. Motion carried unanimously.

PCT: Trustee Barron moved and Trustee Strouf seconded to accept the CMS recommendations and approve the implementation of the salary matrix with the 10% cap, except for the three reclassified positions. Motion carried unanimously.

WCT: Trustee Barron moved and Trustee Hart seconded to accept the CMS recommendations and approve the implementation of the salary matrix with the 10% cap, except for the three reclassified positions. Motion carried unanimously.

b. Space Feasibility Study: Executive Director Blattie reported that MACo's staffing levels have exceeded the building's capacities. One employee is working part-time in a conference room and part-time from home. There are considerations from the WCT and PCT for additional staff, and the member growth in the HCT may mean they will need additional staff also.

Executive Director Blattie and Assistant Director Bryson presented a list of 7 potential options, and noted these are not all-inclusive to other ideas. Director Bryson has met with an architecture firm, and they have agreed to perform a space feasibility study at a cost of \$11,760.

President Devlin noted that MACo has grown from 10 employees in 2005 to 40+ today, with growth being attributed to the Trust's bringing services in-house.

MACo/HCT/PCT/WCT Joint Motion: Commissioner Seilstad moved and Commissioner White seconded to approve funding for the feasibility study and have them look at options #2,4,5,6 and any other viable options. Commissioner MacDonald spoke against option #6 (purchase an existing building off campus and remodel to suit needs), as it could be more expensive to remodel than build new.

Commissioner Barron suggested a friendly amendment to include adding a third floor to either or both existing buildings and/or tying the buildings together. Commissioners Seilstad and White accepted the friendly amendment. Motion carried unanimously.

c. Skybridge: Executive Director Blattie presented the proposal of \$97,526.00 from the contractor to remove the back decks and steps from both buildings and install a steel skybridge structure. Commissioners White and Barron spoke in favor, noting the decks/stairs needed to meet building codes and it is a safety issue that needs to be corrected.

MACo: Commissioner Hendrickson moved and Commissioner Davey seconded to approve payment for the construction of the skybridge and to pay the costs from building reserves. Motion carried unanimously.

PCT: Trustee Strouf moved and Trustee Devlin seconded to approve payment for the construction of the skybridge and to pay the costs from building reserves. Motion carried unanimously.

WCT: Trustee Hart moved and Trustee Barron seconded to approve payment for the construction of the skybridge and to pay the costs from building reserves. Motion carried unanimously.

d. Security System: Associate Director Wood presented the proposal for a security system for both buildings, which would include changing locks to a card swipe system and installing security cameras at all entrances. The total cost of the proposal is \$30,033.00. Commissioner White noted there were no costs included for the card printer or the cards and asked that be followed up on.

MACo: Commissioner Barron moved and Commissioner White seconded to approve including the cost of the security system in the FY 2018 budget. Motion carried unanimously.

WCT: Trustee Hart moved and Trustee Barron seconded to approve including the cost of the security system in the FY 2018 budget. Motion carried unanimously.

PCT: Trustee Seilstad moved and Trustee Barron seconded to approve including the cost of the security system in the FY 2018 budget contingent upon the HCT paying \$7,500 towards the cost. Motion carried unanimously.

HCT: Trustee Seilstad moved and Trustee Collins seconded to approve paying \$7,500 towards the cost of the security system. Motion carried unanimously.

3. FY 2018 Lease Agreements for HCT:

a. Building I

MACo: Commissioner Hunthausen moved and Commissioner Barron seconded to approve the FY 2018 Building I Lease Agreement for the HCT space at the rate of \$21 per square foot, which is no change from FY 2017. Motion carried unanimously.

HCT: Trustee Collins moved and Trustee Krausz seconded to approve the FY 2018 Building 1 Lease agreement with MACo, the PCT, and the WCT at the rate of \$21 per square foot, which is no change from FY 2017. Motion carried unanimously.

PCT: Trustee Seilstad moved and Trustee Strouf seconded to approve the FY 2018 Building I Lease Agreement for the HCT space at the rate of \$21 per square foot, which is no change from FY 2017. Motion carried unanimously.

WCT: Trustee Barron moved and Trustee McGinley seconded to approve the FY 2018 Building I Lease Agreement for the HCT space at the rate of \$21 per square foot, which is no change from FY 2017. Motion carried unanimously.

b. Building II

MACo: Commissioner Ostberg moved and Commissioner Seilstad seconded to approve the FY 2018 Building II Lease agreement with the PCT and the WCT at the rate of \$21 per square foot, which is no change from FY 2017. Motion carried unanimously.

PCT: Trustee Seilstad moved and Trustee Barron seconded to approve the FY 2018 Building II Lease agreement with MACo for the HCT space. Motion carried unanimously.

WCT: Trustee Davey moved and Trustee Barron seconded to approve the FY 2018 Building II Lease agreement with MACo for the HCT space. Motion carried unanimously.

4. **Pooled Investment Fees:** Executive Director Blattie reported that due to the Trusts changing to investing 25% of their portfolio in stocks, the pooled investment fees to MACo have decreased resulting in MACo overestimating anticipated revenues. Director Blattie had Finance Director Johnson prepare a proposal of the Trusts paying MACo a percentage of the cash and investments as of December 31 of the prior year. By adopting a policy of a percentage of cash and investments each year, the amount would be predictable and would lessen the work of trying to estimate the next year's revenues. The MACo Service Agreements would also be amended to include this change.

PCT: Trustee Devlin moved and Trustee Strouf seconded to set the Pooled Investment Fee rate paid to MACo at .10% of the cash and investments ending balance on the prior December 31 and to amend the Service Agreement to reflect the change in the policy.

Commissioners Seilstad and Barron spoke in opposition of the motion and requested that the amount be .15% of cash and investments as the dollar amount was closer to what was currently being budgeted and paid. Trustees Devlin and Strouf withdrew the motion.

PCT: Trustee Devlin moved and Trustee Barron seconded to amend the FY 2017 Service Agreement to reflect the payment of .10% of cash and investments as of December 31, 2016 be paid to MACo for cash and investment management fees; and to amend the FY 2018 Service Agreement to reflect the payment of .15% of cash and investments as of December 31, 2017 to be paid to MACo for cash and investment management fees. Motion carried unanimously.

WCT: Trustee Barron moved and Trustee seconded to amend the FY 2017 Service Agreement to reflect the payment of .10% of cash and investments as of December 31, 2016 be paid to MACo for cash and investment management fees; and to amend the FY 2018 Service Agreement to reflect the payment of .15% of cash and investments as of December 31, 2017 to be paid to MACo for cash and investment management fees. Motion carried unanimously.

HCT: Trustee Seilstad moved and Trustee Krausz seconded to amend the FY 2017 Service Agreement to reflect the payment of .10% of cash and investments as of December 31, 2016 be paid to MACo for cash and investment management fees; and to amend the FY 2018 Service Agreement to reflect the payment of .15% of cash and investments as of December 31, 2017 to be paid to MACo for cash and investment management fees. Motion carried unanimously.

MACo: Commissioner Hunthausen moved and Commissioner Barron seconded to agree to amend the FY 2017 Service Agreements to reflect the payment of .10% of cash and investments as of December 31, 2016 be paid to MACo for cash and investment management fees; and to amend the FY 2018 Service Agreements to reflect the payment of .15% of cash and investments as of December 31, 2017 to be paid to MACo for cash and investment management fees. Motion carried unanimously.

5. **Jail Peer Review Program Funding:** Commissioner Barron reported that the Coordinating Council has significant concerns regarding the sustainability of the jail peer review program without additional funding. He requested that MACo, the PCT and WCT contribute \$15,000 each, \$45,000 total, towards the program. Details will need to be worked out on how the funding will be spent. The Coordinating Council will report to the Board and Trustees on the funding and how it is to be used. It is hopeful this will be a stop-gap to keep the program in place until a long-term funding source can be found.

Trust Operations Director Spears noted that the duty of coordinating the reviews could possibly be incorporated into the work of the newly created Law Enforcement Loss Control Specialist. Discussion was held regarding the timeframe to create, advertise and fill the position, which could be up to six months.

MACo: Commissioner Barron moved and Commissioner Hunthausen seconded to approve adding \$15,000 to the FY 2018 budget for the Jail Peer Review Program. Motion carried unanimously.

WCT: Trustee Hart moved and Trustee Barron seconded to approve adding \$15,000 to the FY 2018 budget for the Jail Peer Review Program. Motion carried unanimously.

PCT: Trustee Strouf moved and Trustee Seilstad seconded to use \$15,000 of vacancy savings for the Law Enforcement Loss Control Specialist for the Jail Peer Review Program. Motion carried unanimously.

6. FY 2018 Final Budget Adoption and MACo Service Agreement Renewals:

MACo: Commissioner Hunthausen moved and Commissioner Macdonald seconded to adopt the FY 2018 budget in the amount of \$749,870.00 Motion carried unanimously.

HCT: Trustee Collins moved and Trustee Krausz seconded to approve the FY 2018 budget and MACo Service Agreement as amended in the amount of \$1,153,240.00. Motion carried unanimously.

PCT: Trustee Devlin moved and Trustee Strouf seconded to approve the FY 2018 budget and MACo Service Agreement as amended in the amount of \$2,726,146.00. Motion carried unanimously.

WCT: Trustee Barron moved and Trustee Davey seconded to approve the FY 2018 budget and MACo Service Agreement as amended in the amount of \$1,340,677.00. Motion carried unanimously.

7. FY 2018 HCT/PCT/WCT Service Agreement Renewals:

Commissioner Macdonald moved and Commissioner Mosness seconded to accept the FY 2018 Service Agreements as amended with the HCT, PCT and WCT. Motion carried unanimously.

There being no further business, the meeting adjourned at 4:00 p.m.

Approved this 17th day of September 2017.

Todd Devlin, MACo President

L. Harold Blattie, MACo Executive Director

Executive Committee

- Todd Devlin, President
- Bill Barron, 1st Vice President
- Jim Hart, 2nd Vice President
- Maureen Davey, Immed. Past President
- Mike McGinley, Fiscal Officer
- Andy Hunthausen, Urban Representative

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- Greg Chilcott
- John Ostlund
- Carl Seilstad
- Carol Brooker
- Bob Mullen

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- Shane Gorder, District #2
- Doug Martens, District #3
- Larry Hendrickson, District #4
- Ron Ostberg, District #5
- Richard Moe, District #6
- Susie Mosness, District #7
- Susan Good Geise, District #8
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- Tony Cox, District #10
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- Regina Plettenberg, Clerk & Recorders
- Elizabeth Ball, Clerks of Court
- Valerie Hornsveld, Clerks of Court
- Vacant, Coroners
- Linda Cantin, Magistrates
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- Jamie Bailey, Treasurers
- Susan Beley, School Superintendents

WCT

- Todd Devlin, Chair
- Bill Barron
- Jim Hart
- Maureen Davey
- Mike McGinley
- Greg Chilcott*
- Harold Blattie

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- Richard Dunbar, Chair
- Greg Chilcott, Vice Chair*
- Carl Seilstad
- Jason Strouf
- Todd Devlin
- Bill Barron
- Harold Blattie

HCT

- Mike McGinley, Chair
- Joe Briggs, Vice Chair
- Kevin Krausz
- Jerry Collins
- Carl Seilstad
- Ron Ostberg
- Harold Blattie

*By proxy: WCT to Bill Barron, PCT to Carl Seilstad

Others present: Harold Blattie, MACo Executive Director; Sheryl Wood, MACo Associate Director; Eric Bryson, MACo Assistant Director; Kathy Johnson, MACo Finance Director; Sara McGowan, MACo Accounting Technician; Brian Hopkins, MACo General Counsel; Jerry Spears, MACo Trust Operations Director; Alyce Bailey, MACo HCT Trust Administrator; Jim Kerins, CMS Consulting.