

**WORKSHOP OF THE BOARD OF COUNTY COMMISSIONERS
HELD ON SEPTEMBER 24, 2013 AT 9:00 AM
IN THE COUNTY COMMISSIONERS' MEETING ROOM
ROOM 103, ADMINISTRATION BUILDING
ARCADIA, FLORIDA**

The Board of County Commissioners held a Workshop on September 24, 2013 with the following persons present:

Commissioner, Buddy Mansfield, Dist#1
Chairman, Jim Selph, Dist#2
Commissioner, Gabriel Quave, Dist#3
Commissioner, Elton Langford, Dist#4
Commissioner Bob Miller, Dist#5
County Administrator, Guy Maxcy
County Attorney, Don Conn
Transcribing Secretary, Jill Thompson
Turner Center Director, Jody Sullivan
HR Director, Don Kesterson
Planning Manager, Tom Cookingham

Office Manager, Lauri Jones
Utilities Director, Eddie Miller
Deputy Fire Chief, Larry Taylor
Facilities Director, Richard Metzger
Purchasing Director, Cindy Talamantez
Admin. Services Director, Linda Nipper
County Coordinator, Mandy Hines
EM Director, Doug Christ
Purchasing, Jacque Daniels
County Engineer, Mike Giardullo
Environmental Svcs. Dir., Henry Grimes

ELECTED OFFICIALS:

Property Appraiser, Newt Keen
Tax Collector, Kathy Hill
Sheriff Will Wise
Supervisor of Elections, Mark Negley

CALL TO ORDER

Cindy Talamantez introduced Nate Omodt, President of Florida Surety Association and stated that he will discuss the limits and requirements of bonding.

Mr. Omodt discussed Bid Bonds, Performance Bonds and Payment Bonds. The Bid Bond provides financial assurance that the bid has been submitted in good faith and that the contractor intends to enter in to the contract at the price bid and provide the required performance and payment bonds. The Performance Bond protects the owner from financial loss should the contractor fail to perform the contract in accordance with its terms and conditions. The Payment Bond assures that the contractor will pay certain subcontractors, laborers, materials suppliers associated with the project. Per Statute (The Little Miller Act), Florida requires that prime contractors on state construction projects post bonds guarantying the performance of their contractual duties and/or the payment of their subcontractors and material suppliers.

Benefits to the County of requiring a Bond:

- Taxpayer protection
- When a government entity awards a construction project to the lowest bidder, it knows a surety company stands behind the contractor's promise to complete the job according to the owner's specifications and terms of the contract.
- Subcontractors and suppliers are also protected. Since mechanic's liens cannot be placed against public property, the payment bond assures they will be paid for the goods and services they provide.

Benefits of Surety Bonds:

- Provide capable and qualified contractors.
- Assure project completion.
- Offer financial security
- Technical, managerial or financial assistance.
- Protection to subcontractor, laborers and suppliers.
- Protect taxpayer dollars.
- Cost is marginal for protection provided to the public.

Availability of Surety Bonds:

- All sizes of contractors.
- Some sureties specialize in small contractors.
- Not every contractor has the credit history, financial capacity or experience to qualify.
- Several programs designed for small contractors.
- SBA Surety Bond Guarantee Program

Surety companies have criteria they will look at to determine if the contractor is qualified. A bond will not be issued until the surety is satisfied of the contractor's good character, experience matching requirements of contract, financial strength, excellent credit history, established banking relationship & line of credit if applicable and the contractor has ownership of, or the ability to obtain, the necessary equipment to carry out the contract. The cost of a bond depends on the project amount, size, type and contractor's bonding capacity. Surety involvement saves projects. Responding to claims is the fulfillment of the surety's promise made in its bond. For more information about contract surety bonds, visit the Surety Information Office on the Web at www.sio.org.

Commissioner Langford questioned the liability of the County. Mr. Omodt stated that is of a legal question. Mr. Maxcy requested direction from the Board. Commissioner Langford stated that he would like more time to think on the matter and make a decision at a later date. It was consensus of the Board to do so.

Employee and Retiree Insurance Benefits

Chairman Selph passed the gavel to the Vice Chairman Langford

Commissioner Quave requested a brief history on the matter. Don Kesterson stated that he only had access to information dated back to 1986. Different actions occurred throughout the years. Mr. Kesterson stated that on March 26, 2001 the Board passed an insurance upgrade of Life and AD&D from \$5,000 to 1x the annual salary for each Board employee, not to include elected officials. During the October 23, 2001 BOCC Meeting, the Board approved the County's

assumption of the increase in insurance cost for 8 retired employees. The County Attorney at that time stated that according to Florida Statute, benefits offered to regular employees must be offered to retired employees. The Board felt it was mute to discuss the matter further as it appeared that this was something they were required to do. The motion and second were withdrawn. Mr. Kesterson stated that the number of retired employees has grown over time and is now at 18. On August 21, 2006 the Board passed a policy with the County and employees each paying 50% for dependant coverage. In 2009, the current policy came into effect.

Commissioner Miller stated that some employees have more life insurance coverage than others. Mr. Kesterson stated that in 2001 the policy was changed from \$5,000 to 1x the annual salary. Commissioner Miller stated that 2001 was a very lucrative time and the County was in a position to do more. He then reviewed paragraph 3 of the Florida Statute relative to the matter that states, benefits offered to regular employees must be offered to retired employees but it is up to the governing body to determine the amount that will best serve the public interest. Commissioner Miller also stated that things have changed since 2001; we need to look at where we are and why it has changed. If we continue this large gratuity, the amount may reach \$700,000. He feels the County has to prepare for future mandates and look at all opportunities to avoid placing more burdens on the people of DeSoto County. Further discussion was had regarding changes that have occurred.

Commissioner Langford stated that he does not qualify under the 2008 rule. He feels this need to be looked at carefully and everything has increased in cost. He is opposed to taking away the post-employment benefits from retirees.

Commissioner Miller stated that the post employment benefits were not a condition of employment and it was a gratuity granted later.

Commissioner Langford stated that it was part of the package for some employees.

Further discussion was had.

Don Conn stated that the attorney's letter did not give a definitive yes or no and urged caution in dealing with this issue. He also stated that in 2005 and 2009, the Board represented that these were lifetime benefits. Mr. Conn stated there are two basis for lawsuits; contractual obligation and detrimental reliance. He suggested that the Board take a closer look at the matter before a decision is made to alter the benefits.

Commissioner Miller stated that he read the letter and understands the caution.

Commissioner Mansfield believes that people were promised something and the Board needs to do what is best for the County.

Commissioner Quave stated that he is bothered greatly that the current retirees are going through weeks of wondering where the money will come from to cover this benefit, if taken away. He estimated the cost to the County at approximately \$10,000,000 before it is all over with. It has the potential of bringing the County to its knees financially. He agrees that the Board should proceed with caution on the matter. Commissioner Quave is not in favor of removing the benefit at this point.

Mr. Maxcy requested direction from the Board as to the equity of bringing everyone even regarding life insurance. A change to bring all employees even would result in an additional \$12,000 annual premium.

Commissioner Quave feels it is everyone's own responsibility to provide their own life insurance and is not in favor of the County providing the benefit.

Commissioner Mansfield stated that the employees pay for anything above or beyond what the County offers.

Further discussion was had regarding retirees responsibility for their own life insurance premiums.

Commissioner Langford is opposed to the County paying for employee life insurance.

ADJOURNMENT

There being no further business, Chairman Selph adjourned the workshop at 10:10 AM.

ATTEST:

**BOARD OF COUNTY COMMISSION
DESOTO COUNTY, FLORIDA**



C. GUY MAXCY
COUNTY ADMINISTRATOR



JAMES F. SELPH
CHAIRMAN