

## **Minutes of the County Commissioners of Worcester County, Maryland**

March 19, 2019

Diana Purnell, President  
Joseph M. Mitrecic, Vice President  
Anthony W. Bertino, Jr.  
Madison J. Bunting, Jr.  
James C. Church  
Theodore J. Elder  
Joshua N. Nordstrom

Following a motion by Commissioner Mitrecic, seconded by Commissioner Bertino, the Commissioners unanimously voted to meet in closed session at 9:00 a.m. in the Commissioners' Conference Room to discuss legal and personnel matters permitted under the provisions of Section 3-305(b)(1), (7), and (14) of the General Provisions (GP) Article of the Annotated Code of Maryland and to perform administrative functions, permitted under the provisions of Section GP 3-104. Also present at the closed session were Chief Administrative Officer Harold L. Higgins, Assistant Chief Administrative Officer Kelly Shannahan, County Attorney Maureen Howarth, Public Information Officer Kim Moses, Human Resources Director Stacey Norton; and Commercial Real Estate Agent John McClellan. Topics discussed and actions taken included: hiring Brittany Brooks and Alicia Muir as Communications Clerk Trainees and Danielle Miller as a Communications Clerk I for Emergency Services, and promoting Anthony Ruggiero from Roads Worker II to Vehicle & Equipment Mechanic II for the Roads Division of Public Works; posting to fill vacancies for a Maintenance Worker II and a Plant Operator III for the Water and Wastewater Division, and a Mosquito Control Foreman Trainee for Public Works; acknowledging the transfer of Kyle Abel from Mosquito Control Foreman Trainee within the Mosquito Control Division of Public Works to Animal Control Officer within the Sheriff's Office; considering hiring a Commercial Real Estate Agent and discussing a Negotiating Strategy for Sale of the former Liquor Control Warehouse in Snow Hill; receiving legal advice from counsel; and performing administrative functions, including: employee medical leave update; FY19 monthly financial update; discussing potential board appointments; and FY20 benefits recommendations and rates.

Following a motion by Commissioner Bertino, seconded by Commissioner Nordstrom, the Commissioners unanimously voted to adjourn their closed session at 10:02 a.m.

After the closed session, the Commissioners reconvened in open session. Commissioner Purnell called the meeting to order, and following a morning prayer by Arlene Page and pledge of allegiance, announced the topics discussed during the morning closed session.

The Commissioners reviewed and approved the open and closed session minutes of their March 5, 2019 meeting as presented.

The Commissioners presented a proclamation to Health Officer Becky Jones and several

members of her staff recognizing the week of April 1-7, 2019 as Public Health Week in Worcester County. Ms. Jones encouraged the Commissioners and members of the public to participate in the Public Health Week Conference, Creating the Healthiest Community, in Ocean City on April 3 and the 22<sup>nd</sup> annual Tortoise and Hare Dare 5k walk/run in Pocomoke on April 6.

Pursuant to the request of Ms. Jones and upon a motion by Commissioner Mitrecic, the Commissioners unanimously agreed to waive the standard bid requirement and authorized Commission President Purnell to sign a year round Lease Agreement for an apartment at 12 43<sup>rd</sup> Street, Unit No. 5 in Ocean City to be utilized primarily by the Health Department seasonal sanitarians, as well as visiting physicians in the off-season, from June 1, 2019 through May 31, 2020 at a cost of \$15,420, with funds available within the Health Department budget for this expense. The Commissioners further authorized this request to be approved administratively in the future, as long as the contract does not change substantially.

Pursuant to the request of Ms. Jones and upon a motion by Commissioner Mitrecic, the Commissioners unanimously agreed to continue the contract with OC Solutions, LLC of Ocean City for cleaning services for the condominium at 12 43<sup>rd</sup> Street, Unit No. 5 in Ocean City utilized by Health Department Environmental Health Specialists and seasonal Sanitarians for the sum of \$61.20 per cleaning. Ms. Jones explained that the Health Department has been pleased with OC Solutions, which has been providing cleaning services for the County since 2009. The Commissioners further authorized this request to be approved administratively in the future, as long as the contract does not change substantially.

The Commissioners met with John McCleelan, Senior Advisor with SVN Miller Commercial Real Estate. Following his presentation and upon a motion by Commissioner Bertino, the Commissioners unanimously agreed to list the Department of Liquor Control (DLC) warehouse in Snow Hill for six months with Mr. McClellan, with a commission of 6% for SVN's services to be paid if the property is sold. On February 19, 2019, the Commissioners had rejected all bids to purchase this property, as each came in below the \$990,000 asking price and failed to even cover the remaining \$440,000 mortgage, and agreed to list the property for sale with a commercial real estate agent. At Mr. McClellan's recommendation, the Commissioners agreed to list the property at an asking price of \$749,000.

Sarah Rayne of the Coastal Association of Realtors presented the Commissioners with a PowerPoint outlining the Coastal Realtors' annual report on Worcester County's Real Estate Market, which outlines the state of the real estate market in the tri-county area of Somerset, Wicomico, and Worcester Counties, with a focus on Worcester County, each municipality, and Ocean Pines. She noted that the volumes sold and average sale prices have seen steady increases in Berlin, Ocean City and throughout Worcester County. Ms. Rayne stated that they expect to see continued growth, advised that the current 30-year mortgage rate is 4.31% as of March 14, 2019, and Freddie Mac, which predicts a 30-year mortgage rate of 4.6% in 2019, increasing to a rate of 4.9% in 2020; unemployment is expected to continue decreasing; and there is a cautious optimism in Maryland based on higher prices, higher mortgage rates, and scant inventory, though economic uncertainty remains based on a combination of strong economic growth, expanding human capital shortfalls, and ongoing trade disputes. In response to a question by Commissioner

Mitreic, Ms. Rayne stated that Maryland requires home sprinklers and energy management system requirements, so homes in Delaware are sometimes more attractive to buyers. Following some discussion, the Commissioners thanked Ms. Rayne for her presentation.

The Commissioners met with Ocean City Mayor Rick Meehan and Ocean City Fire Chief Chris Larmore to discuss Ocean City's FY20 grant requests from the County. Mayor Meehan thanked the Commissioners for the 2.5% increase in Undesignated Grants to Ocean City last year, which is used to offset the cost of services that Ocean City provides in lieu of the County providing these services. He requested this grant be increased again by 2.5% in FY20, and he also requested grants for Recreation, the Convention Bureau and the Park and Ride continue to be funded at FY19 levels; and a \$200,000 increase in the Tourism grant for destination marketing, as the number of hotel rooms in West Ocean City (WOC) has increased dramatically to nearly 700 rooms, and the onus for advertising the resort destination and the 21842 zip code area falls largely on the Advertising Budget of Ocean City. With regard to the \$232,339 administrative fees the town pays Worcester County to collect the room tax and the food tax, Mayor Meehan requested that the County authorize the town to collect the room tax and food tax in Ocean City and be responsible for all collections, including past due accounts to alleviate the responsibility and expense on the County side, which would provide Ocean City with the means to administer its second biggest revenue source. He also requested that the Commissioners adopt the funding recommendations made at the annual meeting of the Commissioners and the Fire Chiefs on February 5, 2019, which would increase the grant funding to Ocean City by \$370,000 and allow the town to hire additional personnel. He also requested \$80,000 to purchase 100 pagers for 28 career personnel and 52 volunteer personnel for the Ocean City Fire Company.

Chief Larmore stated that there is a real need for increased emergency medical services (EMS) funding, noting that growth in the WOC area has resulted in an increase of one-third in emergency responses to that area, which has left the Town of Ocean City without resources at times. Therefore, he urged the Commissioners to modify the EMS funding formula, which would allow the town to hire more personnel to meet the needs of both Ocean City and WOC.

The Commissioners met with Mayor Meehan to discuss a request from the Town of Ocean City to begin the process to increase the room tax rate from 4.5% to 5%, effective Jan. 1, 2020, to cover additional costs to the town due to special events. Mayor Meehan stated that, even by raising the room tax to 5%, it would still be far less than room taxes charged by similar resort areas, and this expense would be passed on to consumers and generate additional needed revenue to cover the increase in special events costs. Mayor Meehan agreed to provide the Commissioners with the room tax rates in other nearby resort areas.

Commissioner Mitrecic supported the measure, noting that the increased room tax would not affect County residents. In response to a question by Commissioner Nordstrom, Chief Administrative Officer Harold Higgins agreed to provide information to the Commissioners with regard to the projected revenues the proposed room tax increase would generate for the County and other towns. In response to a question by Commissioner Bertino, Mr. Higgins stated that no other municipalities have contacted him with regard to the proposed increase, but that they would have the opportunity to weigh in on the matter if the Commissioners are inclined to approve the request and schedule a public hearing to receive public comment. Following some discussion and upon a motion by Commissioner Mitrecic, the Commissioners unanimously

agreed to move forward with steps required to increase the room tax rate in Worcester County from 4.5% to 5.0%, beginning with legislation to be introduced at their next legislative session on April 16, 2019.

In a related matter, Mayor Meehan stated that the town would also like to partner with the County to develop an indoor and outdoor sports complex and would welcome such a discussion in the future.

Pursuant to the recommendation of Finance Officer Phil Thompson and upon a motion by Commissioner Mitrecic, the Commissioners unanimously authorized Commission President Purnell to sign a bond counsel engagement letter between the County Commissioners and Miles and Stockbridge, P.C. to provide legal services as Bond Counsel to the County for the County's Consolidated Public Improvement Bonds, 2019 Series.

The Commissioners met with Mr. Thompson to review a proposed bond resolution. Upon a motion by Commissioner Mitrecic, the Commissioners unanimously adopted Resolution No. 19-7, approving the County Commissioners of Worcester County, Maryland Consolidated Public Improvement Bonds, 2019 Series, which provide \$45.9 million to finance all or a portion of the costs of construction and equipping of a new Showell Elementary School (SES), installation of a new turf athletic field and track at Stephen Decatur High School (SDHS), completion of construction of Cell No. 5 at the Central Landfill, and water and wastewater improvements in the Ocean Pines Sanitary Service Area (SSA) and the Riddle Farm SSA. Mr. Thompson advised that the bond sale will occur on Tuesday, April 2, 2019.

Pursuant to the request of Housing Program Administrator Jo Ellen Bynum and upon a motion by Commissioner Elder, the Commissioners unanimously agreed to schedule a public hearing on April 16, 2019 to provide a progress report on the County's current Community Development Block Grant (CDBG) Housing Rehabilitation grant and to receive comments on a new proposed grant of \$300,000 from the CDBG program to rehabilitate 18 owner-occupied homes over the next two years. Ms Bynum advised that these funds will cover construction, relocation, lead testing, and clearance costs associated with the continuation of the Worcester County Housing Rehabilitation Program, with funds to benefit low to moderate income households, and with County in-kind funding of \$75,000 to be met through her administration of the program.

Pursuant to the request of Tourism Director Lisa Challenger and upon a motion by Commissioner Nordstrom, the Commissioners unanimously authorized Commission President Purnell to sign the FY19 County Tourism Cooperative Marketing Grant Agreement between the Maryland Department of Commerce, acting through the Maryland Tourism Development Board (MTDB) and the County Commissioners of Worcester County, Maryland for a grant of \$140,607, which represents an increase of \$37,676 over the previous year. Ms. Challenger stated that these funds will be used to fund print, online, television, and cable advertisements both in and out of the target market.

Pursuant to the request of Ms. Challenger and upon a motion by Commissioner Mitrecic, the Commissioners unanimously agreed to enter into a 12-month professional services contract

with Unscene Productions of Ocean City, Maryland to provide social media services for 20 hours per week at \$18.31 an hour, for a total annual cost of \$19,042.40. Ms. Challenger stated that Mark Huey, the former part-time Social Media Coordinator, resigned in March 2018 to accept a full-time position elsewhere, and the subsequent Social Media Coordinators have all left the County upon securing full-time employment. She stated that the Social Media Coordinator position provided an annual salary of \$19,042.40, and outsourcing this work will provide consistency, while saving the County \$3,238.45 in costs associated with Maryland State Retirement, FICA, Social Security, Worker's Compensation, and Unemployment Insurance. Commissioner Elder applauded Ms. Challenger for taking this step to outsource social media postings and reduce County operating costs.

Pursuant to the request of Senior Budget Accountant Kim Reynolds and upon a motion by Commissioner Mitrecic, the Commissioners unanimously authorized Commission President Purnell to sign the Governor's Office of Crime Control and Prevention FY20 Grant Application for funds of \$50,615 for the grant-funded position of Heroin Coordinator within the Sheriff's Office to allow the Criminal Enforcement Team to maintain the coordination of entering all necessary data for drug investigations, drug seizures, drug arrests, heroin and opioid overdoses, and other drug-related investigation activities.

Pursuant to the request of Library Director Jennifer Ranck and upon a motion by Commissioner Bertino, the Commissioners unanimously approved a budget reallocation from Accounts 6100.090 and 6130.030 to purchase new audio visual shelving for the Ocean City Branch Library from Douron at a cost of \$19,247.32. Ms. Ranck advised that the current pullout shelving system is failing.

The Commissioners reviewed and discussed various board appointments.

Upon a nomination by Commissioner Bertino, the Commissioners unanimously agreed to appoint State's Attorney Kris Heiser to serve as the Worcester County representative to the Local Government Justice Reinvestment Commission.

Upon nominations by Commissioner Mitrecic, the Commissioners unanimously agreed to appoint Darlene Bowen and Gwendolyn Lehman to the Commission for Women for three-year terms each expiring December 31, 2021, to fill the vacancies created by the resignations of Teola Brittingham and Lauren Mathias Williams; and to appoint Kelly Riwniak to replace Jeannine Jerscheid as the Public Safety representative on the Commission for Women for the remainder of a three-year term expiring December 31, 2020, as nominated by Sheriff Matt Crisafulli.

Upon nominations by Commissioner Nordstrom, the Commissioners unanimously agreed to appoint Laura Morrison to the Commission for Women for the remainder of a three-year term expiring December 31, 2020, to replace Alice Jean Ennis who resigned; and to appoint Patricia Tomasovic to the Library Board of Trustees, as nominated by the Library Board, for the remainder of a five-year term expiring December 31, 2019, to replace Vivian Nicholson Pruitt who resigned.

Pursuant to the recommendation of Public Works Director John Tustin and upon a motion by Commissioner Church, the Commissioners unanimously authorized Commission President Purnell to sign the Release, Termination, and Extinguishment agreement between the

County Commissioners, as the governing body of the Mystic Harbour Sanitary Service Area (SSA) and K. Timothy and Catherine J. VanVonno, releasing the existing County easement across the Central Island in the Mystic Harbour injection well field. Mr. Tustin stated that the injection wells are no longer in use and have been replaced with new injection wells on the treatment plant property that were installed at the expense of the property owner. He advised that the County will continue to use the ingress/egress easement on the property to reach other wells beyond the VanVonno's property.

Assistant Chief Administrative Officer Kelly Shannahan presented the Commissioners with the draft Worcester County Strategic Planning Work Session - Project Report from Catherine Tuck-Parrish of The Novak Consulting Group from the Commissioners' work session on January 29-30, 2019 at the Berlin Branch of the Worcester County Library. Following some discussion, the Commissioners agreed to table further discussion at this time and work with Mr. Shannahan individually with regard to proposed draft modifications and to adopt the revised report at a future meeting. Commissioner Bunting abstained since he did not attend the Strategic Planning Work Session.

The Commissioners met with Human Resources Director Stacey Norton to review the medical and prescription plan design recommendations for FY20 from the Health Benefits Review Committee in conjunction with PSA Financials, the County's benefits consultant. Other members of the committee in attendance at the meeting included Benefits Manager Hope Carmean, Finance Officer Phil Thompson, Budget Officer Kathy Whited, Teachers Union representative Gary McCabe, and Assistant Chief Administrative Officer Kelly Shannahan. Ms. Norton stated that the County, through PSA Financials, solicited Requests for Proposals (RFPs) for the dental and pharmacy benefit manager (PBM) for FY 20, which resulted in a cost savings to the County for FY20. She stated that PSA negotiated a 4.7% reduction in the dental program administrative rate for a total annual savings of \$55,672 and negotiated a flat renewal, which resulted in additional savings of \$12,927; therefore, there will be no increase for FY20. Last year's increase was 5.0%. She noted that the dental benefit is paid 100% by the employees enrolled in this program. Ms. Norton advised that there are no changes to the vision plan, which is in the final year of a four-year rate guarantee, and no changes to Life Insurance and Long Term Disability, which are in the final year of a three-year rate guarantee. Ms. Norton further advised that PSA negotiated a 7.7% reduction in CareFirst administration fees for an annual savings of \$129,696 for an overall decrease of 0.1% in medical/prescription costs for FY20 for an overall savings of \$37,043 compared to FY19. Ms. Norton stated that the Health Benefits Committee recommends staying with CareFirst for medical, dental, and the pharmacy benefits manager, which have no changes in the premium rates for FY20. She concluded that the only change recommended is to notify CareFirst to charge only one emergency room copay per three days and waive the emergency room copay altogether if an employee is admitted to the hospital within three days. Ms. Norton explained that the County must notify CareFirst by April 1, 2019 of plans to renew for FY20.

In response to a question by Commissioner Bertino, Ms. Norton stated that Carefirst is not able to amend the emergency room copay to a lower rate for County employees who visit the emergency room after urgent care centers are closed, as they base charges on the date of service and are unable to base the services on the time of day.

Commissioner Nordstrom commended staff for these negotiated savings, but he suggested the County negotiate a pharmacy contract that allows County employees to purchase medications in bulk from local pharmacies. In response, Mr. Shannahan stated that utilizing CVS for bulk pharmaceutical purchases and other recent changes to the pharmacy benefits have resulted in savings to the County of more than \$1 million.

Following some discussion and upon a motion by Commissioner Mitrecic, the Commissioners unanimously approved the FY20 proposed benefit recommendations as presented.

The Commissioners met with Ms. Whited to review a letter from Superintendent of Schools Lou Taylor advising that the requested FY20 Board of Education (BOE) Operating Budget does not include any nonrecurring expenses. Upon a motion by Commissioner Bertino, the Commissioners accepted the letter regarding nonrecurring costs.

The Commissioners met with Ms. Whited to review a letter from Mr. Taylor advising that the BOE Maintenance of Effort (MOE) calculation reflects an increase of \$1,843,129 from FY19 to FY20 funding. The Commissioners are required to fund the MOE budget, unless they apply for and are granted a waiver from the Maryland State Department of Education (MSDE). Commissioner Bertino stated that the County should work with the Eastern Shore Delegation to revisit the MOE formula, which is unfair to Worcester County, which has the highest per-pupil funding rate in the State and must continue to increase that amount each year due to the MOE formula. After some discussion and upon a motion by Commissioner Bertino, the Commissioners unanimously approved the MOE increase as required.

The Commissioners met with Mr. Higgins and Ms. Whited to review the Worcester County Departmental Operating Budget Requests for FY20. Mr. Higgins provided a summary of the requested operating budget, and stressed that this is only the requested budget. He stated that the estimated general fund revenues based on current tax rates are estimated to be \$195,891,813, which is an increase of \$5,861,094 or 3% more than the current year. He stated that the requested general fund operating expenditures total \$202,683,755, which leaves a shortfall of \$6,791,942 that must be reconciled by either reductions in expenditures, additional revenues or a combination of the two. Mr. Higgins advised that, based on the current property tax rate of \$0.835 per \$100 of the real property assessment, Net Property Taxes are projected to increase by \$3,996,795, primarily as a result of increased assessments and Homeowner Tax Credits. Income Tax revenues are estimated to remain unchanged at \$23 million, based on the tax rate of 1.75%, which became effective January 1, 2016. Other Local Taxes increased by \$253,000, and Interest on Investments increased by \$425,000 due to increased rates of return. State Grants increased by \$1,289,218, including additional funds of \$461,749 for Program Open Space (POS) for parks, \$180,716 in Waterway Improvement Funds for boat landings; \$824,881 in State aid for bridges, \$239,000 for a State Land and Water grant for parks, and a decrease of \$559,563 for the Transportation Grant derived from Highway User Revenues (HUR), which is not reported under fees.

Mr. Higgins advised that major requested expenditure variances from FY19 to FY20 include the following: County Administration increased by \$289,409, to include \$225,998 in salaries due to an employee retirement, transfer and one new position, and \$52,000 for two

trucks for two positions; Elections Office increased by \$219,444, to include \$59,445 for salaries and benefits based on State Elections requested salary upgrades, \$143,245 to add an additional early voting polling place, including the cost of an Election Administrative Assistant, \$26,536 to cover additional election expenses for a Presidential Primary, and \$15,336 for temporary clerical staff to assist with elections; Emergency Services increased by \$1,085,573, including \$159,643 in salaries for one new full-time and three part-time positions, \$686,146 for one-time expenses, including \$591,000 for P-25 radio equipment for the Board of Education, public safety, and County departments, \$173,344 for the radio maintenance and software contracts, \$40,109 for vehicle equipment and consulting for an updated mitigation plan, \$46,675 to cover training and education for dispatchers and staff, and \$153,000 for one-time expenses for a new vehicle, P-25 asset software, and a radio alignment device; Public Works increased by \$2,068,557, including \$2,143,658 for the general fund expense of \$1,106,613 for the Homeowner Convenience Centers and \$1,137,045 for the Recycling Center operations moved from Solid Waste Enterprise Fund, as well as decreases of \$62,418 in the Interfund allocation with the transfer of a position to County Administration and a decrease of \$16,500 for capital equipment; Boat Landings increased by \$227,516, including \$176,416 for State POS funds for a dredging grant project, and \$60,100 for consulting for engineering services for bulkhead at West Ocean City inlet and to replace electricity panels for the commercial harbor; Other Social Services increased by \$206,892; and Salary, Insurance & Benefits increased by \$2,567,155, which includes an increase of \$1,233,604 for salaries for County employees and personnel requests, which includes a 2.5% step and longevity for those eligible and a 2.0% cost of living adjustment (COLA), along with a decrease of \$250,000 based on the estimated renewal rates for health benefits without an increase allocated to each plan type, an increase of \$929,000 for Other Post Employment Benefits (OPEB) for a total of \$6 million; and BOE increases of \$2,728,986 to provide a payroll increase of \$2,353,403, which includes a step, longevity step for those eligible, and salary scale adjustments as negotiated, with a 2% COLA for teachers, support staff, and bus contractors, and a 2% starting teacher pay increase from \$44,700 to \$45,594. Mr. Higgins advised that the BOE operating budget request is \$90,190,761, plus school construction debt of \$12,130,181 paid by the County on behalf of the BOE, which totals \$102,320,942 or 52.2% of the County's total estimated revenue.

Mr. Higgins informed the audience that the public hearing on the requested budget is scheduled for Tuesday, May 7, 2019, at 7:00 p.m. in the Stephen Decatur High School Auditorium, and the upcoming budget work sessions have been scheduled for April 2 and 9, as well as May 14, 21, and 28 if needed. He advised that these work sessions are open to the public.

The Commissioners reviewed and concurred with the proposed budget adoption schedule for the FY20 Enterprise Fund Operating Budgets, which includes reviewing the Liquor Control, Solid Waste and Water, and Wastewater Operating Budgets during their work session on April 9, 2019, and conducting public hearings on these budgets on June 4, with adoption of the budgets to take place on June 18, 2019.

The Commissioners answered questions from the press, after which they adjourned for lunch.

The Commissioners conducted a work session at 1:30 p.m. to discuss the proposed long-

term strategy for addressing the \$350 million in County and BOE liability for Other Post-Employment Benefits (OPEB). County staff in attendance included Mr. Higgins, Mr. Shannahan, County Attorney Maureen Howarth, Budget Officer Kathy Whited, Public Information Officer Kim Moses, Human Resources Director Stacey Norton, Finance Officer Phil Thompson, and Assistant Finance Officer Jennifer Swanton. Ms. Norton, Mr. Thompson, and Ms. Swanton reviewed a PowerPoint, which included the following: an overview of OPEB; covered medical and prescription benefits; benefit adjustments from a 90/10 County and employee cost share to 80/20 cost share and the correlating impacts; OPEB funding that began in FY07; both the County General Government and BOE OPEB Histories; Regional Government Comparison, which places Worcester County General Government at 60.9% funded, making it the fourth highest funded county on the Eastern Shore; Regional BOE Comparisons, which place the Worcester County BOE at 5.7% funded, making it the third highest funded BOE on the Eastern Shore; Future Funding Proposal; FY19-26 General Government OPEB Projection, with Pay-Go added to the General Fund budget, for a 68% funded liability of \$80.9 million in FY19, and to increase to a 97% funded liability of \$99.6 million by FY26; and FY19-26 BOE OPEB Projection, with Pay-Go added to the BOE budget for a 6% funded liability of \$337 million in FY19 to an 18% funded liability of \$282.7 million by FY26; Long-term Projections, with a 100% funded County liability of \$119.8 million and a 92% funded BOE liability of \$316.2 million in FY38.

Mr. Thompson outlined the Future Funding Proposal, which includes a current, multi-year funding plan of \$6 million, with Pay-Go funding of \$3.5 million for total estimated funding of \$9.5 million needed for FY20. That funding plan includes multi-year funding increases of \$500,000 annually, plus additional Pay-Go funding of between \$7 million to \$8.1 million annually, bringing the total estimated annual funding needed to \$17.1 million by FY26. Mr. Thompson concluded that OPEB is not going away, and a proactive stance with regard to the funding and management of these benefits is critical to their future. Therefore, pay-go needs to be included in the operating budget of the General Government and BOE, and an ongoing funding commitment that provides for annual increases in the OPEB contributions needs to be maintained moving forward. Mr. Thompson stated that funding Pay-Go is critical to successfully addressing the County and BOE OPEB liabilities. In response to a question by Commissioner Bunting, Ms. Swanton stated that the proposed plan includes phasing the OPEB liability into the BOE Maintenance of Effort (MOE).

Commissioner Bertino pointed out that OPEB contributions decreased significantly during the recession, and expressed concern that the County would not be able to do so again in the event of future recessions if funding for the OPEB liability is tied into the MOE calculation. Mr. Thompson confirmed that there are risks associated with doing so, but that the benefits appear to outweigh those risks, noting that the goal is to develop dedicated funding that gets the County to 100% funding of the OPEB liability to ensure liquidity to pay the needed benefits promised to retirees of the County and the BOE in perpetuity.

Following some discussion, the Commissioners thanked staff for developing and presenting them with a thorough and aggressive OPEB funding proposal. Commissioner Mitrecic stated that this was exactly what he was looking for, and he hoped the County could find a source of revenues to provide funding for the proposal.

The Commissioners answered questions from the press, after which they adjourned to meet again on April 2, 2019.