

**County Board of Equalization Meeting**  
June 16, 2008- 4:00 p.m.

**All Employee Meetings**  
June 17<sup>th</sup>- 8:00 a.m. Public Works Headquarters  
June 17<sup>th</sup>- 10:00 a.m. County Board Room  
June 18<sup>th</sup>- 3:00 p.m. Sheriff EOC Room

**Carver County Board of Commissioners**  
**June 17, 2008**  
**County Board Room**  
**Carver County Government Center**  
**Human Services Building**  
**Chaska, Minnesota**

**County Board Work Session Agenda**

<b>Time</b>	<b>Topic</b>	<b>Page</b>
4:00 p.m.	<b>1. ADMINISTRATIVE SERVICES</b>	
	1.1 Update on fiber optic plan.....	1
4:40 p.m.	<b>2. FINANCIAL SERVICES</b>	
	2.1 Financial issues.....	2-4
5:20 p.m.	<b>3. LAND AND WATER SERVICES</b>	
	3.1 Review of major comp plan issues in preparation for sending out for adjacent community review.....	5
6:00 p.m.	Board and Administrator Reports	

David Hemze  
County Administrator



# REQUEST FOR BOARD ACTION

**AGENDA ITEM:** Update on fiber optic plan

Originating Division: Administrative Services

Meeting Date: June 17, 2008

Amount of Time Requested: 40 minutes

Attachments for packet:  Yes  No

Item Type:  Consent  Regular Session  Closed Session  Work Session  Ditch/Rail Authority

**BACKGROUND/EXPLANATION OF AGENDA ITEM:** Over the last several months County staff has been meeting with various cities, school districts, the CDA and township staff in compiling needs and information on broadband technology opportunities for Carver County.

Staff would like to present information and recommendations to the County Board on progress to date and for general direction based on the material presented.

**ACTION REQUESTED:** General guidance is requested.

**FUNDING**

County Dollars = \$

Other Sources & Amounts =

= \$

**TOTAL** = \$

*Related Financial Comments:*

**FISCAL IMPACT**

None

Included in current budget

Budget amendment requested

Other:

Reviewed by Division Director

Date: June 11, 2008



# REQUEST FOR BOARD ACTION

## AGENDA ITEM : Financial Issues

Originating Division: Financial Services

Meeting Date: June 17<sup>th</sup>, 2008

Amount of Time Requested: 60 minutes

Attachments for packet:  Yes  No

Item Type:  Consent  Regular Session  Closed Session  Work Session  Ditch/Rail Authority

**BACKGROUND/EXPLANATION OF AGENDA ITEM:** Three separate but related financial issues will be presented at the workshop:

1. 2007 Year End Savings Account: The 2007 numbers have been audited and the Year End Savings account increased by approximately \$2.3M as of 12/31/07. This increase was primarily a result of \$1M more than expected from inmate revenue and a \$1.3M mark to market adjustment for the County's investments at year-end. The unexpected large mark to market adjustment resulted from sharply decreasing interest rates in 2007 which drove up the on-paper market value of the County's investments at year end. Offsetting this 2007 increase will be 2008 investment income that will be significantly under budget as a result of the lower than expected interest rates during 2008.

As you may recall, the 2008 Budget used all of the \$8.6 million in the Year End Savings Account as of 12/31/06, so the 12/31/07 YES account balance is the 2.3 million from 2007 activity.

2. 1Q Budget to Actual Review: No significant budget to actual variations have been noted during the first three months of 2008. The one note of financial concern is that the county's vacant positions have been steadily decreasing. This is a financial concern as a portion of the General Fund Budget has historically been balanced by counting on salary savings from vacant positions.
3. Other Post Employment Benefits: See Attachment.

**ACTION REQUESTED:** High level overview of these three financial issues.

### FUNDING

County Dollars = \$

Other Sources & Amounts =

= \$

**TOTAL** = \$

*Related Financial Comments:*

### FISCAL IMPACT

None (for now)

Included in current budget

Budget amendment requested

Other:

Reviewed by Division Director

Date: June 9, 2008

**Other Post Employment Benefits  
Governmental Accounting Standards Board (GASB)  
Statements 43 & 45**

Executive Summary

Similar to the private sector, Governmental Accounting Standards for the first time require that governments disclose the actuarial valuation of its post employment benefits. Carver County has two types of post employment benefits:

- Subsidized Health Insurance Payments – Carver County Policy provides employees who retire at or after age 60 with at least 20 consecutive years of service, the same coverage of an active employee until eligible for Medicare. Currently the County contribution is the single health care premium or 68% of the family premium.
- Access to Group Insurance – MN State Law requires that pension eligible retirees be given access to the County's group insurance plan for the same premium as active employees until medicare eligibility (retiree pays 100% of the premium). The State mandate that blends the premium for more costly to insure retirees and the less costly active employees creates what is called an Implicit Rate subsidy.

The annual actuarial contribution for these two benefits, commonly referred to as the OPEB Annual Contribution, is \$1,024,377. The majority of Carver County's OPEB Contribution and Liability is attributed to the State Law requiring Retiree's Access to Group Insurance (approximately  $\frac{3}{4}$ ). This is in contrast to other governments where subsidize Health Insurance Payments are the major OPEB cost driver i.e. City of Duluth retirees and their spouses have free health care for life.

The \$1,024,377 annual contribution amount can be broken up into two major parts:

1. Benefit liability that is being accrued/earned each year: \$564,739, and
2. Benefit liability that has accumulated from previous years (\$7,073,035) which is amortized over 30 years or \$415,526 each year.



### Background

Governments are not required to fund this liability or make a contribution. The new GASB standard only requires that the government disclose these amounts in its financial statements. However, governments may choose to advance fund their OPEB liability by making an OPEB Annual Contribution because:

- Rating agencies view a large, unfunded OPEB Liability as an increased risk that could negatively impact a government's credit rating.
- The State has created a trust which would allow the County to earn a higher interest rate on any funds that are contributed towards the OPEB Liability.

Trusts can either be irrevocable where the money can not come back to the County or revocable where the County can get contributions back if certain conditions are met such as legislative change and/or national health care reform. The major difference between the two trusts are that funds held in an irrevocable trusts can be used as a direct offset for the County's OPEB liability on the County's financial statements. Funds held in a revocable trust will not offset the OPEB liability on the County's financial statements.

### Staff Recommendation

1. Revocable Trust: County staff recommends using a revocable trust (such as the State Board of Investment which manages PERA funds) to advance fund the County's OPEB liability to earn a higher interest rate while maintaining future asset flexibility.
2. \$200K Initial Contribution: County staff recommends a plan to advanced fund the County's OPEB liability with a \$200K contribution in 2009, and increase the contribution by \$200K for each of the next four years. Thus, in five years (2013) the County would be meeting its \$1M OPEB liability contribution. For the 2009 Budget, County staff anticipates recommending that the \$200K contribution be split up into \$100K from the operating budget and \$100K from the County reserves such as the YES account.



# REQUEST FOR BOARD ACTION

**AGENDA ITEM : Review of Major Comp Plan issues in Preparation for Sending out for Adjacent Community Review**

Originating Division: Land Water Services

Meeting Date: 17 June 2008

Amount of Time Requested: 40 minutes

Attachments for packet:  Yes  No

Item Type:  Consent  Regular Session  Closed Session  Work Session  Ditch/Rail Authority

**BACKGROUND/EXPLANATION OF AGENDA ITEM:** The staff would like to discuss several major policy areas with the Board in order to finalize the plan. The Board will be asked to approve the Plan for distribution to adjacent & affected units of government on June 24<sup>th</sup>. The principal areas of discussion are:

- Economic development
- Economic development Opportunity Areas Policy Area – (Multi-modal sites, Hwy 7 & NE Dahlgren)
- Transition Areas
- Ag Policy Area
  - Conservation development
  - RSD's
- Natural Resources & Park & Open Space – Implementation Tools

**ACTION REQUESTED:**

Discussion & direction from the Board

**FUNDING**

County Dollars = \$

Other Sources & Amounts =

= \$

**TOTAL** = \$

*Related Financial Comments:*

**FISCAL IMPACT**

None

Included in current budget

Budget amendment requested

Other:

Reviewed by Division Director

Date: 9 June 2008