

FINANCE COMMITTEE MEETING  
THURSDAY, March 9, 1995, 8:30 AM  
ROOM 564, COUNTY COURTHOUSE

Present: Marshall Faircloth  
Billy King

Absent: Lee Warren

Others: Neil Yarborough, County Attorney  
John Nalepa, Finance Director  
Faye Parrish, Tax Collector  
Rhonda R. Davis, Deputy Clerk

The meeting was duly called to order.

1. Discussion of Bank Lock Box for Collection of Taxes.
2. Discussion of Printing and Mailing of Tax Bills.

Mr. Nalepa stated items one and two go hand in hand and will be discussed jointly. We can't have one without the other. He advised the committee members of the problems being faced with the tax bills and the postal service. The Post Office could not read the bar code imprinted on the tax bills and therefore, we could not get the reduced postage rate. The Message Center employees were trying to get some small reduction in the postage rate by arranging the mail according to what area they were being mailed to, but were unsuccessful. He would like the county to go to a lock box to help with the vehicle taxes and reduce that load of work. He presented a packet of information (Exhibit A). He noted Staderman consulting Services has printed all the notices related to taxation of vehicles on postcards since late November. The county receives a favorable postage rate with these printed bills. He presented a sample tax bill and explained how the information is printed on the front and back. He noted a series of numbers on the back of the bill gives the tax year, bill number and bill amount. Once the system they are proposing is in place, a Clerk in the Collector's Office will no longer have to punch in the bill number on their computer to bring up that particular bill. They will have a wand that they can pass over the series of numbers on the back of the bill and it will automatically bring that bill up on the Clerk's computer. This will save time if the taxpayer brings their bill in with them when they pay. Staderman Consulting prints the bill and gets them to the post office. The county never touches the bills. He reviewed the cost information compared to what Staderman is doing and what the county has to do to get these tax bills mailed. He also noted that delinquent letters have to be mailed to taxpayers after these bills go out, if they are not paid. Staderman can send these notices on a postcard as well. The county would have to print letters, fold, stuff in envelopes, sort, place postage on and mail these notices if done in house. Another advantage is that Staderman prints everything on the bill. There is no form where the information is put in the blanks, therefore, the information on the bills can be easily changed.

Commissioner King asked if any other company is in this type of business.

Mr. Nalepa stated there was no other local company that was in this type of business. He and Mrs. Parrish noted Mr. Staderman has been cooperative, helpful and offered a lot

of good advice during this process.

Mr. Nalepa then explained how this service ties into the Lock Boxes. He advised this service is offered by financial institutions. The institution will pick up the money from these lock boxes. The bill will go through a machine along with the check. The machine will read the numbers on the back of the tax bill and the information will go into the computer. The institution will then send the county this information via telephone or on a computer tape. We can load this information into our mainframe and our tax records can be updated from this information. This will eliminate the ten thousand pieces of mail being processed in the collectors office. This reduction in the pieces of mail to be handled by Collector's Office personnel will free them up to go after delinquent taxes. Mr. Nalepa noted the annual cost for this service will be \$23,500 to do the vehicle bills. He noted this system is nothing new for the banking institutions. Cablevision and other companies use this type of service.

Commissioner King asked where the taxpayer's money would go.

Mr. Nalepa advised it would go directly to the bank. The lock box would be in Charlotte. He noted the county is currently contracting with Centura Bank for our banking services. Therefore, there will be no additional charge for the items going to them for us. This system should increase the work in delinquent tax collection, and ultimately could result in a reduction in personnel. There are counties in the western part of the state that are working under this type of system and have done so for years. He advised the cost for trying this system has come from the money appropriated for the tax bills we have been using. He noted there will need to be some additional money appropriated for the next few months for the lock box so that they can try it out.

It was the consensus of the committee members to endorse the proposal to do a budget revision and take it before the full Board of Commissioners.

### 3. Review of Retiree Medical Insurance Program.

Mr. Nalepa presented a handout (Exhibit B) with his recommendations for the Retiree Medical Insurance Program. He advised that in speaking with other counties, Cumberland is being very generous in it's health insurance benefits for retirees. Under the current program, retired employees under the age of 65 pay the same as employees. When a retiree gets over 65, the must pick up Medicare as the primary plan. He advised he is bringing this up now because April is the month the county has to renew it's medical insurance. He needs to know if the board wants to make changes in the program for retirees. He reviewed the measures the Board could consider to help reduce the cost of the retiree program.

Commissioner King asked what most other counties are doing with their retiree plan.

Mr. Nalepa stated that Mecklenburg County requirements are much more stringent than the county's. Other counties require an employee to have twenty to twenty-five years of service, the county only requires 10 years. Other counties also require the retiree to pay 100% of the cost. He would recommend that the county increase the requirement

for years of service in order to be eligible for benefits. Ten years of service is low compared to other counties. The county could also establish a monthly premium and charge a percentage to retirees based on their years of service. He does not want people cut out of the system. He also stated they need to define what is considered eligible service. He feels the services should be full time and that the employee must have been a participant in the retiree and medical insurance system prior to retirement.

Commissioner King stated he wants the County to take care of it's people, but it doesn't need to be a budgetary burden.

Mr. Nalepa advised the retirees on the plan that are under 65 years of age are costing the county a lot more money than the ones over 65 years of age who have medicare. He also noted that due to the age of our employees and the number of women we have in the work force who are at the age of child-bearing, our insurance costs are high. He also stated the County may want to consider offering health insurance for free. By doing so, we may be able to get all employees to participate, thereby making us eligible to obtain state money, which could ultimately benefit the County in the long run. He suggested that the county gradually phase in or increase the percentage a retiree pays over the next few years.

Commissioner King asked Mr. Nalepa to look into this area and come up with a step plan that would pay all costs for employees who have worked for the county 30 years.

It was the consensus of the committee to instruct the Finance Director to come up with more than one idea for the retiree insurance benefit system and present them to the Board.

#### 4. Financial Reports

Based on Commissioner Faircloth's request during the last meeting, Mr. Nalepa presented several financial reports to the committee. These reports are attached herewith as Exhibit C. Mr. Nalepa noted he will be making some changes to the reports.

Commissioner Faircloth suggested that Mr. Nalepa prepare a completed example of what he has discussed at the next meeting.

Mr. Nalepa stated he would present what he would recommend the committee receive in the future.

Meeting adjourned at 9:45AM.