

**AGENDA**

Joint Administrative Services Board  
Monday July 25, 2016 1:00 p.m.  
Joint Government Center

1. **Call to Order.**
2. **Determination of Quorum**
3. **Approval of Minutes. (April 25 Minutes Attached).**
4. **IRS Penalties.** The IRS penalties discussed in April have been reviewed by legal counsel who has advised that the penalties are not valid, and that the County is due a refund of \$14,217.62. The estimated legal costs to have counsel file for the refund is \$3,600. Counsel puts the probability of getting the refund with this legal effort at 60%, so it is mathematically worth the risk, and Counsel has been directed to pursue it. The risk of not receiving the refund results if the legal expense substantially exceeds \$3,600 while pursuing the matter with a malfunctioning agency despite the fact that the penalty is invalid.
5. **ERP Update.**
  - a. *Citizen Self-Service.* This module is now functioning for the limited group of citizens (a half dozen employees) that are set up to access it. On-line payment capability should be available soon. When it is its functionality will be tested, and we can then begin to slowly roll out the capability to those citizens who want it.
  - b. *Permits and Code Enforcement.* The Planning Department continues to utilize this module. However, the Building Department stopped using it a few days after going live in April. The Board should discuss the impact this will have on the Treasurer, and on integration with the other modules.
  - c. *Social Services AP integration.* The Social Services System used to allocate expenditures for the Commonwealth now exports a file to Munis, which accounts payable can then import to process checks.
  - d. *Utility Billing.* This module was scheduled to go live July 14, but was belatedly suspended when it was learned that the system could not accommodate the CCSA rate structure. We are still assessing the situation, but it appears that “go live” will be rescheduled for January.
  - e. *Taxation.* This module will kick off tomorrow, July 26, and will take one year to implement. The Board should discuss some of the challenges this implementation might face.
  - f. *GIS Integration.* The value of this module was questioned because it will be necessary to upgrade the GIS system itself to take advantage of the MapLink integration. We have a year to finally decide the matter, but it’s worth starting the discussion in advance of the FY 18 budget process.
  - g. *Upgrade from Munis 10.5 to Munis 11.2.* The IT Director and JAS Director concur that we should upgrade to 11.2 as soon as possible. Some of the support requests we are submitting are for problems that have been resolved in 11.2 but not 10.5. Also, functionality has been added in 11.2 including an improved Permits and Code Enforcement application that, for example, allows permit actions involving multiple parcels. Although there is no cost to the upgrade, it will require some adaptation on the part of staff to the new “look and feel”.

6. **Roth IRA as 457 Deferred Comp Plan.** VRS/ICMA offers a Roth IRA as part of its 457 Deferred Compensation Plan. This was first offered when the plan was transitioned to ICMA a few years ago. It had no takers locally until recently, because its advantages are only available in limited circumstances. However, VRS says it must be offered, and we have one taker.

7. **VRS Hybrid Retirement Plan: default employee contribution.** Every three years ICMA will automatically increase voluntary employee contributions unless an employee opts out. The first such auto-escalation is January 1, 2017. The opt out period is October 1 to December 15. By October 1 there should be 75-100 employees in the Hybrid plan. These employees will be notified and reminded of their right to opt out during the opt out period.

8. **Patient Centered Outcomes Research Trust Fund (PCORI) Fee.** The PCORI fee of \$896.21 was split 2/3 School and 1/3 Government. This fee is collected by the IRS as an aspect of the Affordable Care Act, and was picked up by Anthem until recently.

*The Patient-Centered Outcomes Research Trust Fund fee is a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans that helps to fund the Patient-Centered Outcomes Research Institute (PCORI). The institute will assist, through research, patients, clinicians, purchasers and policy-makers, in making informed health decisions by advancing the quality and relevance of evidence-based medicine. The institute will compile and distribute comparative clinical effectiveness research findings.*

9. **State Health Insurance Comparison.** See the attached correspondence concerning a comparison between The Local Choice health plan and the actual Commonwealth of Virginia (COVA) plan offered directly by the Commonwealth to State employees, which recently became available to localities.

10. **Cyber Risk Supplemental Insurance.** Our basic insurance policy covers us for \$500,000 against network security breaches and online privacy matters. However, more coverage can optionally be purchased for these matters and, in addition, coverage can be purchased to cover the cost of administering and remediating an event. Adding this extra coverage should be considered for the next renewal, July 2017. See attached.

11. **Next Meeting August 22.**

April 25, 2016                      Joint Administrative Services Board  
    Regular Meeting    1:00 pm

At a regular meeting of the Joint Administrative Services Board held on Monday, April 25, 2016 at 1:00 pm in the Meeting Room AB, Berryville Clarke County Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

Members Present

David Ash, Chip Schutte, Bev McKay [alternate]

Members Absent

Chuck Bishop, Sharon Keeler, David Weiss

Staff Present

Tom Judge, Lora Walburn

Others Present

None

1. Call To Order

At 1:23 pm, Bev McKay, Board of Supervisors alternate for David Weiss, called the meeting to order.

2. Determination of Quorum

Bev McKay determined that a quorum was present.

3. Approval of Minutes

**David Ash, seconded by Chip Schutte, moved to approve the March 28, 2016 minutes as presented. The motion carried by the following vote:**

David Ash	- Aye
Chuck Bishop	- Absent

Sharon Keeler	-	Absent
Charles "Chip" Schutte	-	Aye
David Weiss	-	Absent
Beverly McKay		Abstain

#### 4. Audit Committee

RFP responses are due tomorrow for the annual audit. It is recommended that Sharon, Tom, and Annette meet to review the responses and decide on the vendor.

Tom Judge told the Board that Robinson Farmer Cox was the only respondent at this time.

Following brief review, **David Ash, seconded by Chip Schutte, moved to approve review of responses to the audit RFP by Tom Judge, Annette Gilley and Sharon Keeler. The motion carried by the following vote:**

David Ash	-	Aye
Chuck Bishop	-	Absent
Sharon Keeler	-	Absent
Charles "Chip" Schutte	-	Aye
David Weiss	-	Absent
Beverly McKay		Aye

#### 5. Penalties

There have been two penalties of \$7,000 each this year from the IRS. These have been appealed, but the appeals have been denied. Efforts have been made to absorb these penalties within the JAS budget, and these efforts are projected to be successful. The Board should be aware that we are now under the threat of penalty from the following organizations for failing to electronically transmit funds within tight deadlines following each payroll:

- a. IRS, including ACA data
- b. VRS
- c. Virginia Department of Taxation
- d. Anthem
- e. ICMA-RC

The motives of these organizations appear to be: enhanced cash flow, increased fees, or delegation of administrative responsibility. Staff have been cross-trained to make these deadlines, but a confluence of factors (holidays, bank delays, illnesses, competing deadlines, etc.) can make compliance with ramped up enforcement difficult.

Tom Judge provided the following comments.

- IRS:
  - o When the pay date falls on Friday, funds are transmitted that day; however, the IRS does not process for 24 hours after receipt causing the payment to be late.

- Proposed fix: in the event the pay date is due on a Friday, payment will be sent to the IRS a day in advance of the pay date.
- Mr. Judge believes that funds will be found in the current year budget to absorb the cost of the penalties.
- JAS is responsible to update the VRS and Anthem databases.
- VRS and Anthem have adopted regulations similar to the IRS.

6. ERP

- a. Citizen Self-Service: (working through this, have 3 volunteers willing to test).
  - Policy decision is needed to determine whether citizens will be able to view only their information or all public information.
  - Supervisor Mary Daniel has volunteered to test the citizen self-serve module.
  
- b. Permits and Code Enforcement, Business Licenses, now live.
  
- c. Social Services AP integration still dragging on. Working on TCM settings to make attachments confidential (viewable by DSS and AP only).
  
- d. Utility Billing: Training May 3,4,5.
  
- e. Permits and Code Enforcement, Business License, Citizen Self Service: post-live followup May 6.
  - Tom Judge asked David Ash to follow up with the Building Department on need for part-time office coverage for this meeting.

7. JAS 2017 Salary Rates

Please find attached a proposal for salary increases. This emulates the school division.

Tom Judge briefly reviewed the FY2017 proposal.

David Ash, seconded by Chip Schutte moved to approve the salary proposal based on its consistency with the School Board's salary proposal. The motion carried by the following vote:

David Ash	- Aye
Chuck Bishop	- Absent

Sharon Keeler - Absent  
 Charles "Chip" Schutte - Aye  
 David Weiss - Absent  
 Beverly McKay Aye

POSITION	CURRENT		NEW	PERCENT	CCSA	JAS
	TOTAL	Increase	SALARY	INCREASE	PORTION	PORTION
Director	122,940	1,032	123,972	0.84%		123,972
Accountant	65,869	1,900	67,769	2.88%		67,769
Accountant	59,517	1,900	61,417	3.19%		61,417
Purchasing Manager	57,213	1,900	59,113	3.32%	35,468	23,645
Accounts Payable Specialist	38,462	1,900	40,362	4.94%		40,362
Payroll and Benefits Coordinator	47,787	1,900	49,687	3.98%		49,687
Administrative Assistant	41,940	1,900	43,840	4.53%		43,840
	433,728	12,432	446,160	2.87%	35,468	410,692
Budgeted amount (3% of salary)			446,740			

8. Set Next Meeting

Tom Judge advised that it might not be necessary to conduct the next regularly scheduled meeting set for Monday, May 23, 2016.

9. Adjournment

Being no further business, at 1:37 pm, David Ash, seconded by Chip Schutte, moved to adjourn the meeting. The motion carried by the following vote:

David Ash - Aye  
 Chuck Bishop - Absent  
 Sharon Keeler - Absent  
 Charles "Chip" Schutte - Aye  
 David Weiss - Absent  
 Beverly McKay Aye

Minutes Recorded and Transcribed by Lora B. Walburn

## Auto-Escalation of Member's Voluntary Contributions



To encourage members to maximize their retirement savings, the Hybrid Retirement Plan was designed with an auto-escalation feature. Every three years, members' voluntary contributions to their Hybrid 457 Deferred Compensation Plan accounts will automatically increase by 0.5 percent (payroll deduction) until reaching the maximum 4 percent.


The first automatic escalation takes place January 1, 2017. Members may opt out of the increase between October 1 and December 15, 2016, via Account Access or by calling 1-877-327-5261.

## **Auto-Escalation Provides Hybrid Retirement Plan Members an Opportunity to Increase Their Savings**

To encourage employees to maximize their retirement savings, the Hybrid Retirement Plan was designed with an auto-escalation feature. Every three years, employees' voluntary contributions to their Hybrid 457 Deferred Compensation Plan accounts will automatically increase by 0.5 percent until reaching the maximum of 4 percent.

### **When Does It Happen?**

The first automatic escalation takes place January 1, 2017, affecting payrolls that month. Employees may opt out of the increase during the fourth quarter of 2016 via the Hybrid Retirement Plan website for members (see Account Access) or by calling ICMA-RC's call center (1-877-327-5261). The January 2017 auto-escalation date will impact hybrid employees hired on or before September 1, 2016 and who have a record in ICMA-RC's system by September 15, 2016.

The Hybrid Retirement Plan Handbook  and the Understanding Your Contributions video provide background information on auto-escalation.

### **Here's How We'll Help**

VRS will make this change as easy for you as possible. You'll see more communications and payroll-specific information about auto-escalation in the coming months in the Hybrid Retirement Plan Resource Center for VRS Employers.

VRS also will notify employees about this plan feature through targeted mailings, the Hybrid Retirement Plan website for members and through recorded messages when calling 1-877-327-5261. The website will offer full details about auto-escalation and the importance of retirement savings, while allowing employees to opt out if they choose.

### **Why Are Voluntary Contributions Important?**

Voluntary contributions allow your employees to accumulate additional savings on a pre-tax basis, increase savings through the employer match and work toward additional income replacement during retirement. Employees have access to a variety of low-cost investment options and the opportunity to generate compounded earnings. Please encourage them not to wait for auto-escalation to take effect. By contributing 4 percent now, they will receive the full 2.5-percent employer match.



Clarke County

tjudge@clarkecounty.gov

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**RE: State Plan for localities**

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**From :** Norman, Walter (DHRM)  
<walter.norman@dhrm.virginia.gov>

Tue, Jul 19, 2016 08:43 AM

**Subject :** RE: State Plan for localities

**To :** Tom Judge <tjudge@clarkecounty.gov>

I don't anticipate much if any harm. The legislators demanded a single rate pool for all participants. That means that everyone will pay the same rate. Groups that have a lower rate won't be interested leaving only those currently with high rates to join. That will drive the cost up in later years. Almost all TLC groups are within 10% of state rates now using their individual demographics and experience. When you use one rate for all, costs go up. If it works at all, it will be a short term solution to a long term problem. For some reason they think that bigger is cheaper and that is only true for administrative fees which are already about as low as they can go. Utilization drives rates and bad claims experience is why many groups have very high rates.

Walter E. Norman  
Program Manager, The Local Choice  
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-----Original Message-----

From: Tom Judge [mailto:tjudge@clarkecounty.gov]  
Sent: Tuesday, July 19, 2016 8:36 AM  
To: Norman, Walter (DHRM)

Subject: Re: State Plan for localities

Thanks, but what would happen to Local Choice in the scenario where DHRM offers such a plan to localities?

Thomas J. Judge, Director of Joint Administrative Services,  
Clarke County, 540-955-6172

----- Original Message -----

From: "Walter Norman" <walter.norman@dhrm.virginia.gov>  
To: "Tom Judge" <tjudge@clarkecounty.gov>  
Sent: Tuesday, July 19, 2016 8:24:47 AM  
Subject: RE: State Plan for localities

You are correct about the flexibility and probably will cost much more, as well. The bill became law but it did not give access to the state plan. It directed DHRM to provide a separate plan and to have it operational by July 1, 2018. Nothing is available now and won't be until at least 2018. The state hasn't even decided on the details of the plan yet and won't be able to rate until after groups express interest by providing census and experience.

This kind of thing can't be done quickly. There should be informational meeting around the state in the next month or two so DHRM can determine what the majority of groups want. The Bill was SB 364 in the 2016 Session.

Walter E. Norman  
Program Manager, The Local Choice  
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-----Original Message-----

From: Tom Judge [mailto:tjudge@clarkecounty.gov]  
Sent: Monday, July 18, 2016 1:52 PM

To: Norman, Walter (DHRM)  
Subject: State Plan for localities

Walt,

Some of our agency heads are asking that we compare our current local choice plans to the State of Virginia plans that recently became available to localities. My guess is that the State plans offer less flexibility in determining employer/employee share, and perhaps in choice of plans. Can you shed any light on this? I will have to prepare some kind of comparison.

Thomas J. Judge, Director of Joint Administrative Services,  
Clarke County, 540-955-6172

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VACORP

Clarke County  
Cyber Risk – Optional Increased Limit  
(Response Required)

VACORP provides members an opportunity to increase Cyber Risk coverage. You may elect to increase Cyber Liability and/or Crisis Management, Remediation and Notification Expense. Further explanation of the coverage is outlined below.

**Cyber Risk - Increased Liability Coverage Options:**

Cyber Risk liability provides coverage due to network security breaches (including hacking and viruses) and online privacy matters (including identity theft).

\$1,000,000 Total Limit	\$5,000 Additional Contribution
\$2,000,000 Total Limit	\$7,000 Additional Contribution
\$3,000,000 Total Limit	\$9,000 Additional Contribution

**Cyber Risk – Increased Expense Sublimit Options:**

Crisis Management, Remediation and Notification Expense coverage is for public relations services, expense to determine scope of breach, and notification expense required by law, including mailings and monitoring.

\$250,000 Sublimit	\$2,500 Additional Contribution
\$500,000 Sublimit	\$3,500 Additional Contribution

**Member Acceptance:**

After careful consideration, we select the following optional increased limit for Cyber Risk coverage effective July 1, 2016.

**Increased Liability Option:**

<input type="checkbox"/> \$1,000,000 Total Limit	<input type="checkbox"/> \$3,000,000 Total Limit
<input type="checkbox"/> \$2,000,000 Total Limit	<input type="checkbox"/> REJECT Higher Limits, \$500,000 limit will be sufficient

**Increased Expense Sublimit Option:**

<input type="checkbox"/> \$250,000 Sublimit	<input type="checkbox"/> REJECT Higher Limits, \$75,000 sublimit will be sufficient
<input type="checkbox"/> \$500,000 Sublimit	

_____	_____
Printed Name	Title
_____	_____
Signature	Date

*Please return this selection form prior to May 1st.*