

## REQUEST FOR BOARD ACTION

### HENDERSON COUNTY BOARD OF COMMISSIONERS

**MEETING DATE:** Wednesday, January 18, 2006

**SUBJECT:** Elections Equipment

**ATTACHMENTS:** Yes

1. Board of Elections Resolution
2. ES&S Equipment Cost/Financing Estimates

#### **SUMMARY OF REQUEST:**

Attached you will find a resolution executed by the Henderson County Board of Elections, recommending the purchase of equipment from ES&S. This company is currently the only state certified vendor for voting equipment. In addition, as requested by the Board of Commissioners at your last meeting, our Finance Director has provided cost/financing estimates for the equipment being recommended by Elections.

As the Board is aware, there has been a lot of reaction from counties across the state regarding the implications of Senate Bill 223, *Public Confidence in Elections*. The bill prompted the decertification of all existing voting equipment across the state and in the end, allows for only one vendor, ES&S, to now be certified. Unfortunately, to date we have no indication that the General Assembly will indeed convene and delay the implementation of the new guidelines. Therefore, Henderson County is in the position of determining whether or not to purchase this new equipment by the deadline of January 20<sup>th</sup>.

#### **COUNTY MANAGER'S RECOMMENDATION / BOARD ACTION REQUESTED:**

As the Board is aware, the County's Board of Elections has recommended the purchase of equipment from ES&S and the County's Finance Director has provided cost and financing estimates for this equipment as requested by the Board of Commissioners. Although I agree with the intent of the legislation within Senate Bill 223 for improving accountability in elections, I am concerned with the short timeframe in which the County must make such an important and costly decision about voting equipment. It should be noted that there has a considerable amount of informal discussion at legislative level concerning this issue. Hopefully, we will have more information by January 18<sup>th</sup> and will be able to make a thoughtful recommendation in relation to this extremely important issue.

# HENDERSON COUNTY BOARD OF ELECTIONS

STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON

## RESOLUTION TO RECOMMEND THE PURCHASE OF VOTING EQUIPMENT

WHEREAS, the Henderson County Board of Elections has the authority and duty to recommend a voting system of a type, make, and model approved certified by the State Board of Elections for use in some or all voting places in the county at some or all elections in accordance with G.S. 163-165.9; and

WHEREAS, the Henderson County Board of Elections has witnessed a demonstration, in the county or at a site designated by the State Board of Elections, of the type of voting system being recommended and also witnessed a demonstration of at least one other type of voting system certified by the State Board of Elections;

WHEREAS, the State Board of Elections and the Office of Information Technology Services has a Statewide Term Contract with certified vendors;

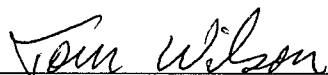
WHEREAS, grants from the HAVA Election Fund may be used by the County Boards of Election for purchasing voting equipment from a certified vendor and the County is entitled to receive up to \$ 464,090.00 from the HAVA Election Fund based on the formula of \$12,000.00 per precinct, \$12,000.00 per One-Stop sites, plus \$1.00 for each voter that turned out in the 2004 presidential election but not less than \$10,000.00 or more than \$100,000.00;

THEREFORE BE IT RESOLVED that the Henderson County Board of Elections hereby recommends the following certified voting equipment to the Board of County Commissioners;

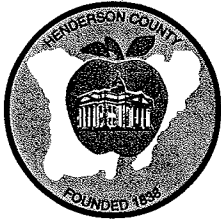
Voting Type: DRE's for the precincts and one stop sites/and optical scan for paper absentee mailouts

Vendor: E S & S

Estimated Cost: to be determined

  
\_\_\_\_\_, Chairman  
Henderson County Board of Elections

JANe-10-06  
Board adopted



HENDERSON COUNTY  
FINANCE DEPARTMENT  
113 NORTH MAIN STREET  
HISTORIC COURTHOUSE ANNEX  
HENDERSONVILLE, N.C. 28792  
PHONE (828) 697-4821 FAX (828) 697-4569  
www.hendersoncountync.org/finance

J. Carey McLelland  
Finance Director  
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Dena S. Garey  
Assist. Finance Director  
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### MEMORANDUM

TO: Henderson County Board of Commissioners  
Justin B. Hembree, Interim County Manager  
Selena D. Coffey, Interim Assistant County Manager  
Beverly Cunningham, Elections Director

FROM: J. Carey McLelland *JCM*  
Finance Director

DATE: January 4, 2006

SUBJECT: ES&S Voting Equipment Proposals – Cost/Financing Estimates

Attached for your review are the proposed ES&S total cost estimates provided to me by Beverly Cunningham, Elections Director for both Direct Voting Electronic (DRE) equipment/software and Optical Scan equipment/software options. The anticipated Federal HAVA funds available for our County have been subtracted from the total cost as well as the total maintenance costs for the next four years after expiration of initial warranties that the company included in their proposals. I am assuming that annual maintenance costs, which is roughly one fourth of the total amount listed, would be budgeted annually as a recurring expense by the Board of Elections. This gives us a net total cost that the Board would possibly look at financing.

I have used a term of 5 years at an estimated rate of 4.25 percent provided to me by a local bank, which is a non-bank qualified rate since it is anticipated that the County will be issuing more than \$10 million in debt this calendar year. The term is flexible depending on which equipment option is chosen. Obviously, DRE equipment will cost the County more and the Board may want to spread the debt service out further. Optical Scan equipment is less expensive and the Board may want to decrease the term to three years instead of five. Annual debt service payments are presented with the corresponding current tax rate equivalent. At most, we would have one quarterly payment to make this current fiscal year and would need to appropriate funds for this payment or if semi-annual payments are made, we can defer our first payment until the next budget cycle.

I have shown two options for the DRE equipment. Mrs. Cunningham indicated that 350 machines would be needed to meet State Board of Elections standards. However, she thinks we only would need a maximum of 250 machines initially and additional machines, if needed, could be purchased in the future.

It is my understanding that the January 20<sup>th</sup> order date with a vendor was a recommendation by the State Board of Elections to ensure ample time for equipment delivery and training before the May 2006 Primary as it currently stands. Frankly, I don't see how one certified vendor could meet the deadline to provide equipment and training. However, if the Board decides to move forward on the purchase and financing of this equipment after a recommendation from the Board of Elections, I would need to secure financing proposals and present a recommendation to the Board for approval before we let a purchase order to a vendor. I can get bank proposals within a week and can have them in advance of your next meeting based on a maximum borrowing amount if you so desire.

**ES&S Proposal  
Direct Recording Electronic (DRE)  
Equipment/Software  
Cost/Financing**

<b># of Machines:</b>	<b><u>250</u></b>	<b><u>350</u></b>
<b>Total proposed costs</b>	<b>\$1,349,029</b>	<b>\$1,738,129</b>
<b>Less: Federal HAVA Funds</b>	<b>(464,090)</b>	<b>(464,090)</b>
<b>Maint costs (4 yrs)</b>	<b><u>(210,200)</u></b>	<b><u>(269,800)</u></b>
<b>Net costs to finance</b>	<b>\$ 674,739</b>	<b>\$1,004,239</b>

	<b><u>Annual Debt Svc</u></b>	<b><u>Annual Debt Svc</u></b>
<b>Financing: 5 yrs @ 4.25%</b>	<b>\$ 150,506</b>	<b>\$ 224,004</b>
<b>1 cent tax equivalent: (1 cent = \$879,456)</b>	<b>\$ 0.17</b>	<b>\$ 0.25</b>

**ES&S Proposal  
Optical Scan Voting Equipment/Software  
Cost/Financing**

<b># of Units:</b>	<u><b>75</b></u>
<b>Total proposed costs</b>	<b>\$ 857,643</b>
<b>Less: Federal HAVA Funds</b>	<b>(464,090)</b>
<b>Maint costs (4 yrs)</b>	<u><b>(105,374)</b></u>
<b>Net costs to finance</b>	<b>\$ 288,179</b>

	<u><b>Annual Debt Svc</b></u>
<b>Financing: 5 yrs @ 4.25%</b>	<b>\$ 64,281</b>
<b>1 cent tax equivalent: (1 cent = \$879,456)</b>	<b>\$ 0.07</b>