

**PERSONNEL COMMITTEE MINUTES  
THURSDAY, OCTOBER 22, 2015 – 4:00 P.M.  
CITY HALL, MEETING ROOM 2A**

Meeting was called to order by Alderman Hedlund at 4:00 p.m.

**Roll Call.** Present: Alderman Hedlund, Chappell, Kupsik, Wall, and Hill. Also Present: Mayor Connors, City Attorney Draper, City Administrator Oborn, Comptroller Pollitt, City Clerk Waswo, and Director of Public Works Winkler. Others in Attendance: Wendy Nowak, Cindy Borkhuis, Brenda Barton, Jewel Yakes, Courtney Bonk, Andrea Peterson, Officer Hansen, Officer Way, Officer Ward, Officer Nethery, Police Chief Rasmussen, Assistant Chief Reuss, Lieutenant Gritzner, Former Police Chief Meinel and Lake Geneva Regional News Chris Schultz and John Halverson.

**Comments from the public limited to 5 minutes.**

Andrea Peterson, Director of the Library, asked the committee to wait for a year to implement a health insurance premium deduction. She noted she has not heard a figure but would like to hear what the premium would be. She does not think the premium will compensate for the 1.5% increase that is being proposed for salary.

Ann Escaro, CPA, Educator and member of the Utility Commission, asked the committee to proceed with caution in regard to the Utility Commission. Her point of view is that change happens but really stresses that caution is used. She suggests taking baby steps first so the entire process is understood.

Dan Winkler, Director of Public Works, shared a memo with the committee as well as an article from the Lake Geneva Regional News. He gave a brief update on the Utility Commission meeting from the last week. The actions that the Utility Commission took or recommended moving forward were consideration of adopting the employee handbook, an operating budget at the Commission, bidding out the audit with the City's auditor, and deciding whether or not to eliminate the citizen stipends. The other recommendation was to leave the Commission form of governance as is at least for the time being and bring the City Administrator on board as a Commissioner. There are a number of initiatives and projects that need to be addressed between now and spring. There are TIF projects with deadlines, the street program, a large project at the wastewater plant, PSC rate increase is currently under review, a potential water rate increase for review, and the class and compensation study. The recommendation is to wait until Spring to give them a chance to accomplish the items they have laid out.

**Approval of Personnel Committee minutes for September 24, 2015, as prepared and distributed.**

Hill/Wall motion to approve. Unanimously carried.

**Discussion/Recommendation on health benefits premium share and plan design**

City Administrator Oborn explained that at the last FLR meeting, they asked him to come up with some numbers. A 3% premium share for single would be \$39.48 and family would be \$78.04 per month. A 5% premium share for single would be \$65 and family would be \$130 per month. A 10% premium share for single would be \$131.00 and \$260.12 for family per month. If we were to implement a category for non-union employees only, the City, the Library and Utility at 3% would be a savings to the City of \$56,263.56 annually, at 5% the savings would be \$93,772.61 annually and at 10% the savings would be \$187,545.22 annually. This can be done unilaterally with the Library, Utility and non-union City employees. It would have to be negotiated in for the Police Department because premium share is considered a type of pay. Plan design can be changed without bargaining, but this would have to be bargained. With regard to wages, the 10% premium amounts to about 4% of the individual's salary. If you were to do this revenue neutral and implement the 10%, his recommendation would be to do a 4% across the board salary increase to net with that. This would give the

employees a stake in the game of lowering it. This may incentivize employees that have other options, such as a spouse with another plan, to take that plan. Alderman Hill asked Mr. Oborn to explain again why the City would want to wash out. Mr. Oborn said you don't have to, but the benefit is the employee has a stake in trying to lower the premiums. It could be done without a wage increase, but essentially it would be giving the employees a 4% cut. Alderman Chappell asked what the long term would be. She asked with the compensation study, figuring they will go up 1% or 2% each year and the 10% average amount would be the same. Mr. Oborn stated it could go either way. If the health benefit cost goes down, they would be better off. If it goes up, they would be worse off. Alderman Hedlund noted the Cadillac tax has nothing to do with wages. It just would reduce the cost to the City. Mayor Connors said it seems like we are treating the symptoms and not the problem. He feels we need to get a handle on plan design first before this is discussed. Alderman Wall noted that 4% for someone making \$30,000 is quite different than someone making \$70,000 and they are paying the same insurance wise. He wants to know how that can be justified. Mr. Oborn said we could come up with a chart on that as well. It can be done revenue neutral if that is wanted.

Ms. Hill said last night it was agreed to not charge premiums for the upcoming year. Ms. Hill suggested giving the plan design some time to work. Alderman Hedlund noted giving them an increase to start at square one. If then the City's premiums and usage go up, so does the employees' premium. If the City's premiums go down, so does the employees' premium. The employees would have to cooperate with the wellness initiatives. Ms. Hill said she felt the plan design was their stake in the game. She feels this is premature. Mr. Hedlund said if we are going to make them participate in paying the premium, we have to give them the money to do that. Otherwise you are giving them a 1.5% raise and then charge them \$131.00 a month for insurance, which is not really giving them a raise. Instead of giving them a 1.5% raise, give them a 5.5% raise and then charge the \$131.59 per month. Mr. Wall said he had a change in his thoughts after finding out Delavan and Elkhorn are not charging employees for their insurance. He wants to let it go as is until at least July 1<sup>st</sup> and then look at things and implement a premium.

Mayor Connors noted an HSA and plan design change had been discussed. It is now time to decide if there is going to be a flex plan or an HSA. The Cadillac tax needs to be avoided in 2018. That has to be plan design. Ms. Chappell said if we pan out for a year, the rates may drop. Perhaps the monthly payment will then go down as well. Comptroller Pollitt noted that Mr. Oborn has an update on plan design after speaking with Cottingham & Butler. Mr. Oborn noted Congress passed a haystack ordinance so more things can be considered than just age and location for under 100 employees. They were estimating it would save us around \$800,000 a year. This would probably benefit us from leaving our self insured plan to a fully insured plan. The ordinance messed up the whole industry, so they stopped doing estimates and took time to regroup on what they are going to do. They are figuring they will have a quote to us within 5 to 10 days. His issue is that he can bring the HSA, but it is only a 3% or 4% change. He wants to look at all options together. The other issue with the HSA is how to deal with it for people that are retired. The IRS made a ruling that the employer contribution is counted toward the Cadillac tax. Mr. Oborn is confident that he will have the quote by the November 9<sup>th</sup> Council meeting.

Ms. Chappell asked if the employee task force would meet to assist in this process. Mr. Oborn noted they will kick the idea around. He explained WEA does not broker through our agent. He said the League will not give us a quote because they feel we are high risk. Mr. Oborn was told the fully insured may benefit us. The PPO would be similar to what we have now. The cost would hopefully be below the Cadillac. We would probably keep the HealthCheck 360 plan because it would encourage employees. We may eliminate some of the other areas to make it simpler to manage. The quote would include our current PPO design, a different PPO and several HSAs. Mr. Oborn noted he and Ms. Pollitt will probably look at about 10 options and narrow it down to 3 or 4. Ms. Hill asked if this should come back to the Personnel Committee. Mr. Hedlund noted time is running out, and the quote would come in right before the Council meeting. Alderman Kupsik asked what can be done to get off of the high risk level. Ms. Hill explained it is everything that was talked about. Mr. Kupsik

asked if there was anything from the insurance carriers that would encourage getting off of that high risk area. Mayor Connors asked about the HSA. He asked who will pay the penalty. Mr. Oborn explained he thought it would relieve us of the Cadillac tax. It would be a back door way where we have the same expenses, but we would not have the Cadillac tax area. We made a number of changes and it made it more difficult to implement everything and get it all signed, so they are backlogged in what they are paying now. Ms. Chappell asked how long it will take for the past history to fall off. Mr. Oborn explained our expenses need to go down. Ms. Pollitt asked why an HSA doesn't help us because then we would be on a high deductible plan. Mr. Oborn said it could. Mayor Connors asked for clarification that the City's premium plus the City's contribution toward the HSA are totaled which is considered toward the Cadillac tax. Mr. Oborn said that was correct. Mayor Connors added if we need to have a special meeting, then we have to have a special meeting. Ms. Pollitt asked if they want them to bring it back to the employee task force. Mayor Connors and Ms. Hill said it should to allow everyone in the loop as to what is going on.

### **Discussion and update on compensation study**

City Administrator Oborn explained the Utility preliminary review is coming out. He hopes to bring items next month.

### **Discussion/Recommendation on creating a part-time Benefits Specialist**

Comptroller Pollitt noted she is requesting and has put in the budget a part-time Benefits Clerk. This would be a 2 to 2 ½ day per week part-time position. It would not be eligible for benefits. Ms. Hill asked if there is seasonality to the job. Mr. Oborn answered no; it is kept at a level where health benefits and retirement are not paid. Ms. Pollitt noted they chose the salary they did as there are purely no benefits included, including retirement. Ms. Pollitt explained the job duties are structured totally on benefits. She would like this position to create a benefits administration manual and design an online employee portal, which comes free with our Cottingham & Butler relationship. This could house all of our summary plan documents and forms. She would like this person to run the wellness program. Mr. Hedlund asked if this can all be done in 20 hours a week. Ms. Pollitt said that is a good question. Ms. Pollitt said this is not a front counter job. It is highly confidential and this employee would need to have an office.

### **Discussion/Recommendation on reorganizing Front Clerk A and B positions**

Ms. Pollitt noted the Front Clerk B position is essentially the same but separated into two part-time positions split between the Finance and Clerk departments. It is the perfect job for a job share because you come in that day and do that day's work. Benefits and retirement would not need to be paid. The 3 day a week person would report to the City Clerk and the 2 day a week to the Comptroller, although there could be some flexibility. City Clerk Waswo noted the only change with the full-time Front Counter Clerk A's position is a title change to Counter Clerk. Alderman Hill clarified the only net new position is the Benefits Clerk. Ms. Waswo confirmed that was correct. Mr. Oborn said the Public Works position was already approved. The benefits for the City Hall position was shifted to the Street Department so the health benefit cost did not need to be raised in the budget. Alderman Hedlund asked if the benefit cost would be the same. Mr. Oborn confirmed it would. Mr. Hedlund followed by asking that essentially we are only adding a part-time HR person to payroll. Ms. Pollitt said yes. Mr. Oborn noted they were all included in the 2016 budget. Mayor Connors asked why the 2 part-time Front Counter Clerks don't just go under the Clerk's Office. Ms. Waswo clarified it was because one reports to Finance and the other to the City Clerk. Mayor Connors added a part-time paid summer internship has been discussed in the past. He asked if that has been budgeted for. Ms. Pollitt said there is a small amount that has been. Mayor Connors asked if these will all be posted. He also asked if there is money in the 2015 budget for these. Ms. Pollitt confirmed there is.

Hill/Wall motion to recommend staff move forward with the creation of a part-time Benefits Clerk and the reorganization of the 2 Front Clerk positions as noted in Appendix A of the organizational chart. Carried unanimously.

### **Discussion/Recommendation on reorganization of Utility Department**

Mr. Hedlund explained after speaking with the City Attorney, he does not believe this item would come before the Personnel Committee. City Attorney Draper confirmed. He feels there are personnel components to it once the reorganization is made. Overall policy decisions on exactly how government is going to be operated should be brought to FLR. Mayor Connors asked if ordinances need to be changed. Mr. Draper answered city ordinances will have to be changed for sure depending on the ultimate outcome. Alderman Chappell asked if once that happens they will be dealing with the employees. Mr. Draper said that is correct.

### **Discussion/Recommendation on updating organizational chart**

Mr. Hedlund explained there is no update as it was discussed earlier in the meeting. Mr. Oborn confirmed it was done in the motion above. Mayor Connors noted the added Street worker is listed on the revised organizational chart. Mr. Oborn said they could approve Appendix A for formality.

Kupsik/Hill motion to change the organizational chart to reflect Appendix A with no option. Carried unanimously.

### **Discussion/Recommendation on an employee recognition program**

Alderman Hill explained she started to do some digging and should meet with the City Attorney. She wants to see what is and is not allowed in the State of Wisconsin. She found an article regarding government employee recognition programs. There are some nice basic certificate programs. She would be recommending recognition at 1, 5, 10, 15, 20, and 25 years. At a bare minimum, the Mayor should get up and thank them for their service. An ad in the Regional News may be nice too. Lunches or pot lucks may be looked at as well.

### **Closed Session**

**Motion to go into Closed Session pursuant to Wis. Stat. 19.85 (1) (c) considering employment, promotion, compensation or performance evaluation data of the Parking Department public employees over which the governmental body has jurisdiction or exercises responsibility.**

Kupsik/Hill motion to go into Closed Session and allow the City Administrator, Mayor, City Clerk, and City Attorney to remain as part of the meeting.

Roll Call: Alderman Hedlund, Chappell, Kupsik, Wall, and Hill voted “yes.” Carried unanimously.

Committee went into Closed Session at 4:54pm.

### **Open Session**

**Motion to return to open session pursuant to Wisconsin Statutes 19.85(2) and take action on any items discussed in closed session.**

Hill/Chappell motion to come back to open session.

Roll Call: Alderman Hedlund, Chappell, Kupsik, Wall, and Hill voted “yes.” Carried unanimously.

Committee returned to open session at 5:11 pm with no action taken.

### **Adjournment**

Hill/Chappell motion to adjourn at 5:12 pm. Unanimously carried.

/s/ Stephanie Gunderson, Assistant City Clerk

**THESE MINUTES ARE NOT OFFICIAL UNTIL APPROVED BY THE PERSONNEL COMMITTEE**