

Heber City Corporation
City Council Meeting
05/20/2010
4:30 p.m.

Special Budget Meeting

The Council of Heber City, Wasatch County, Utah, met in **Budget Meeting** on May 20, 2010, in the City Council Chambers in Heber City, Utah.

Present: Mayor David R. Phillips

Council Members Eric Straddeck
Nile Horner
Robert Patterson
Alan McDonald
Benny Mergist

Also Present: City Manager Mark K. Anderson
City Recorder Paulette Thurber
City Engineer Bart Mumford
City Planner Allen Fawcett
Chief of Police Ed Rhoades

Others Present: Mike Thurber

Medical Coverage: Anderson said he needed to add one or two items to the informational packet he sent out previous to the meeting. He said he had been asked to get additional information on rates if the City were to increase deductibles on a traditional plan. He referred to a document provided by First West Benefits which showed two additional options with \$1000/\$2000 and \$1500/\$3000 deductible. Discussion about RX deductible. Councilman McDonald said he wanted to go to the \$1500 /\$3000 deductible for RX plan because it would save the City \$10,000. Anderson talked about the money the City put into the HSA for those that were on that plan. Councilman McDonald talked about the difference in the HSA and traditional plans and said he would give the employees a choice of plans they wanted but would not give any extra into the HSA accounts. Discussion about how much money the City put into the HSA for the employees. Anderson said the plans offered were similar to other municipalities. However, what the City contributed was much less than what other municipalities paid. Anderson said the City moved away from PEHP because it became too expensive. Councilman Horner said he wanted to know what the County was doing in relation to medical coverage. Anderson said the wages of governmental employees was depressed and that was why they had

been so rich with their premium contribution. Mayor Phillips suggested people worked in the public sector for security, retirement and benefits. Councilman Horner thought there should be only one plan. It was indicated Anderson had included what the City contributed on the analysis (sheet 4). Councilman Horner wanted to know the premiums on family and single coverage with \$1500 deductible and with 0 deductible. Anderson showed on the white board the cost savings between HSA and a traditional PPO plan.

Mayor Phillips said he thought the question was if the City wanted to put more of the cost onto the employee. Councilman Horner said if the City saved \$11,000 a month by increasing the deductible and passed all the risk onto the employee, that saved the City \$125,000. Mayor Phillips wondered if there was a way to save the City money and not burden the employees. Councilman Mergist said he was not willing to talk about a \$3,000 deductible for family but would be willing to go to \$1,500. Councilman Straddeck suggested Anderson and Councilman McDonald get together and make sure they were on the same page and then have a recommendation from Anderson on how the City could reduce the overall cost of health care while keeping the employee whole. Councilman Horner agreed but wanted to have a couple of other scenarios to look at. He also wanted to see what Wasatch County offered their employees. Councilman Horner did not think Wasatch County paid for family coverage but for just the employee. Discussion about raising the deductible but then also raising the contributions to the HSA Plan to help the employee. Mayor Phillips asked if going to a straight HSA Plan would save the City money. Anderson said yes. Anderson was asked to get additional information for the Council.

Dental Coverage: Anderson said the City had been with Dental Select but they had a 15% increase in premium this year. The First West Benefits people got a quote from TDA and their coverage was better and the cost was less for the City. Anderson said staff and employees had talked with area dentists about being participating PPOs with TDA and most were willing to accept that. Councilman McDonald wanted to check with Select Health because they had their own dental program now. If TDA was better, the City could move forward with TDA. Councilman Straddeck discussed the possibility of moving the renewal date back for forward a couple months. He said the Council ran into the issue every year of getting coverage in place by fiscal year end and wondered if putting renewal to a different month would be beneficial.

Surcharge on fines: It was indicated Mark Smedley had visited with Dave Church and others. A surcharge on fines was not an option, according to Church and other legal opinions. Anderson said if there were some fines different than what the State allowed, there could be changes. He said the attorney and judge were looking into that and would adjust to what the State allowed.

Planning Department: It was suggested that Jason Boal's resignation might impact what happened in Planning Department next year. He asked what the Council preferred with that position at this time. He proposed three options. Councilman Mergist said he wanted to hold off

until Fawcett retired. Councilman McDonald agreed. Councilman Patterson said one person could not handle that Department. He wanted to look at hiring now. Councilman Straddeck was in favor of having the position funded for nine months. Councilman McDonald suggested that be funded at Boal's pay scale.

Furlough: Anderson explained that what had been built into the budget with 20 hours was flawed because law required it to be in 40-hour increments. Councilman Mergist recommended the furlough option be removed from the budget. Councilmen Patterson and Straddeck agreed. Councilman McDonald suggested if those funds could not be found somewhere else, then 40 hours of furlough should be budgeted. Councilman Mergist felt furlough was going to hurt the rank and file—the grunts. It would hurt the people that kept the City running and would not solve the long-term problems. Councilman Mergist said the Council needed to get this budget adopted and then there was a year to get the problems fixed.

Fence for Lee and Judy Bellows: It was explained that when the City annexed the Monroe property, the City approved a contribution towards a fence at the Bellows' location. Anderson suggested taking those funds out of the transportation tax. The Council agreed.

Budget to Solicit Feedback from Citizens: It was indicated the Council had talked about getting feedback from the Citizens. Anderson asked what the Council wanted to do to budget for that. Councilman Mergist said he wanted to have the City's web site interactive. He thought that would be the most cost effective. Councilman Mergist wondered if we could get a citizen to help with that for a nominal fee and get that up and running immediately. Mayor Phillips suggested if the City commissioned Dan Jones, it would cost \$7,000. Discussion about the newsletter that went out with the water billing. Councilman Straddeck said he knew some people that would help with the web site. He also knew of products that were free to build a system and said he would be happy to look into that. Mayor Phillips asked if the Council wanted to build something into the budget now. The Council wanted to have a plan first and then determine the funds. However, they proposed approximately \$5,000 would be sufficient.

Policy regarding donations: A sample policy was provided to the Council as a starting point for consideration (Patterned after another municipality). Anderson asked if the Council wanted this implemented into next year's budget process. Discussion that a policy had been before the Council at other times, but nothing had been implemented. Discussion that there were some organizations that would never be able to fund themselves and Councilman Mergist was in favor of contributing to them—such as Children's Justice Center and Special Olympics.

Retirement: Anderson explained that during the last Legislative Session, SB43 was passed. This Bill targeted people that had retired and then continued to work in public service. Two people currently working for the City fall into that category--Rhoades and Parkin. It was explained the City had been obligated per past legislation to contribute to retirement for these two people the

same benefit as other employees. With the new law, the maximum the City could contribute would be normal costs—Parkin 11.19% versus 13.37% and Rhoades maximum would be 21.64% versus 26.13%. The question was asked what should the City's policy be as the City could contribute from 0 to what was considered normal costs. Both Parkin and Rhoades had requested the Council leave their retirement contribution as currently paid because it was part of their compensation package. It was explained that for anyone hired after July 1, 2011, the City's cost for retirement would be less than now. Anderson asked if the Council wanted to go with normal costs for Parkin and Rhoades. They said yes.

Building Department - Don Blackburn: It was indicated the Council had not budgeted for a second inspector for the upcoming fiscal year. Blackburn said if the Council was not going to fund the position, he would be terminated July 1. Consequently, he asked if the Council would give him severance pay and let him leave now. He said he was funded until June 30, and suggested the City give him what they would normally pay for that period of time which would give him 5 weeks to study and get ready to seek employment with a private firm. The Council was fine with that. Councilman Straddeck proposed to bump that amount up by \$2,000. The Council was okay with that. Mayor Phillips asked him if he would be in a position to piecemeal some things. Blackburn said he would be willing to do that as he and Greenhalgh were very close and worked well together.

At this time the Budget Meeting for May 20, 2010, adjourned.

Paulette Thurber, City Recorder