

Heber City Corporation
City Council Meeting
05/21/2009
5:00 p.m.

SPECIAL BUDGET MEETING

The Council of Heber City, Wasatch County, Utah, met in Special Budget Meeting on May 21, 2009, in the City Council Chambers in Heber City, Utah.

Present: Mayor David R. Phillips
Council Members Jeffery Bradshaw
Elizabeth Hokanson
Eric Straddeck
Nile Horner
Robert Patterson

Also Present: City Manager Mark K. Anderson
City Recorder Paulette Thurber
City Engineer Bart Mumford

Others Present: Mike Thurber

Anderson indicated he had met with the employees on Tuesday and discussed the Health Savings Account (HSA) concept. He said he thought the First West Benefits' representatives converted a few people that were undecided; however, a few people with high prescription costs did not want to move over because of cash flow challenges. He said he was pleased with the number of people that attended and the dialogue between employees and FWB representatives. He thought about 20%-40% would not want to move to the HSA option.

Anderson reviewed the spreadsheet he had prepared for the Council. It showed: Current premium, proposed premium with 500/1000 deductible, proposed premium with 1500/3000 deductible with HSA. He then reviewed the costs with City participation in the HSA. He thought that for those having family coverage, there might be some savings to be realized (\$50 City, \$10 Employee), with double coverage it was basically a wash (\$.95 City savings, \$.18 Employee savings) and single was a little additional cost. (\$1.88 additional cost to the City and \$.36 additional cost to employee) Anderson proposed, with exception of the family plan under high deductible, that the premium be the same regardless of which option was chosen. He did some additional analysis and it showed additional premium to the employee with the 9% rate increase. If everyone stayed in the same plan and did not move to the HSA, the employees would absorb \$6,130. He said if the Council approved his proposal, there would be a \$16,800 potential savings to the City and \$3,450 to some of the employees assuming the employees chose the high deductible option. He discussed, also, the option of the City absorbing any additional costs to the employees (the \$6,130) and sheltering them because of no COLA or merit raise this year. He discussed the fact there would be no savings for the City under the double and single plan

because the costs were so close to the current costs; the real savings was under the family plan. If the City absorbed the cost of any rate increase, that would increase the percentage of premium participation and could affect the City in perpetuity unless the percentage of City participation changed each year. Mayor Phillips asked if the employees that did not like the HSA could change back next year. Anderson said if there were options, they could change back and forth—it would depend if the Council eventually made the HSA mandatory. Anderson said he thought there would be those that had good experiences with the HSA and some with neutral—he did not think it would be bad for anyone except with cash flow issues.

Councilmember Straddeck thought with the HSA the City should not keep funding the full deductible amount every year regardless of how much of the deductible was used. He wanted the Council to look at it each year and see what the difference was and how much the deductible was used in the prior year. Anderson said he did not think the City even had the option of knowing what was used by the employee. Discussion that if the City did not plan on paying the whole deductible at a new year, there might not be an incentive to the employees to change over. Councilmember Straddeck wanted to make the employees whole each year; but the amount put into the HSA in their behalf should be looked at each year and not just assume what the City's participation would be. Anderson said the challenge was there would be some employees that would be very conscientious with their health care dollars and have money in their HSA and others that would spend it all and the amount given to the employees would have to be the same depending on their family, double, or single election. More discussion about what the City would fund each year—total amount or partial. Anderson said, too, the employee could contribute to the fund, as well, up to \$5,950 because the Plan is a tax shelter—it is triple tax deductible. No tax when contributing, no tax on earnings, once the account is up to a certain balance it can be invested—as long as it is used for eligible expenses, there was no tax when spent. The Council was in favor of Anderson's proposal and giving the employees an option this year; however, they would look at the Plan again next year after a year's utilization and determine how to move forward then.

Anderson indicated the Council had asked Steve Tozier to attend this meeting to talk about his budget requests. The things Anderson remembered the Council had questions about were the purchase of a maintainer, computer equipment and the equipment for the maintainer.

Councilmember Straddeck asked about the \$72,000 service maintainer. Tozier said this was a vehicle that contained all the tools, all the equipment, etc., to take into the field. Tozier said one of the problems he runs into is they only have two backhoes. He talked about two large projects budgeted this year—fire hydrant replacements and main line valve insertions because of valves that did not work or were not placed strategically. He said sometimes numerous blocks of service had to be shut off to fix a leak because of the valve issue. He talked about having his crew divided up into six crews and how his system worked. He said it had become increasingly difficult to have enough equipment to work all crews independently because he was constantly juggling equipment. He said for \$12,000 a year he could lease another backhoe, but not own it in the end and for \$10,000 purchase a crane that lifted easily and not require a backhoe on site and allow the crews to work independently. He said he did not spend money for the sake of spending money. He talked about his fleet being old – all in the 1998 and 1999 year range. He said the projected benefit of the use of this equipment was substantial and a crane was a relatively

inexpensive way to help with the organization of the crews. He also discussed the issue of back safety and potential injury if the men had to lift the heavy valves.

As far as his laptop request, Tozier said they only had one in the field right now and Matt Kennard used that for field verification and for mapping and coordination with the Engineering Department. He said the person doing Blue Staking did not have a laptop. If he was dispatched from the field, he had to return to the office, pull up the maps, and then return to the site. He indicated the emergency response vehicles (sewer backup problems) did not have a computer and those people had to go back to the office when there were unknowns as far as where utilities were located. If they had a laptop, they would be able to access into the server in the City Office building where there was a lot of information stored. Councilmember Straddeck clarified the laptops would be used to access the internet for maps, work orders, etc. He expressed concern about driving back and forth to the shop to get information and said he knew it was a concern of the Council and staff but wondered if it really mattered to the crew. Tozier indicated that as far as productivity, they got more done on the 4-10 schedule versus the 5-8 schedule because of the mobilization time, demobilization time, and remobilization time.

Councilmember Straddeck felt that for a computer that primarily accessed the internet, the cost could be \$300-\$400. He thought going the cheaper route and telling the crew to be careful was a better way to go instead of spending \$3,000 apiece for computers upfront. After some initial use, it could be determined how careful the crew would be. Tozier said he did not think he was spending more than necessary. Anderson said the Chief had good experience with laptops because they had them in the police cars. Chief Rhoades suggested it was climate control (going from cold to hot) and taking the computers in and out of the cars that was hard on them. He talked about the first generation of computers they had in the police cars were the Toughbook. When those needed replaced, they went with Dell. He discussed the differences between Toughbook, HP and Dell. He said the HP and Dell did not stand up.

Councilmember Horner wanted to know how Tozier dispatched his crew. Tozier said they had a meeting each morning for 30 minutes to get the crews lined up and after that time, Jodi Medlock would dispatch during the day as needed. Councilmember Horner asked what the furthest distance from the shop to a location in the City was. It was determined approximately five miles. Councilmember Horner wanted to know if color printers were necessary. Tozier said that was a necessity as the service lines could not be seen on black and white copies.

Councilmember Horner asked about the crew coming back to the office during the day after they completed an assignment. Tozier said 50% of the time the crew would return to the office for another assignment. He asked Tozier if he (Tozier) responded to emergencies. Tozier said in most cases he would be to the emergency, also. Councilmember Horner thought if Tozier was in the office when there was a situation, he could take the printed maps with him to the site. Councilmember Horner thought that what Tozier had budgeted for computers would only be necessary 30% of the time. Tozier said they could live without them, but it would not make the jobs any easier. Councilmember Hokanson suggested that the computers would increase productivity. She asked Tozier to clarify/verify that. Tozier said some of the crew having computers was less important than others but that yes, he felt it would. Councilmember Horner indicated that, as this was such a tight budget year, he would be against the purchase of the

computers for the Public Works Department. He did not think it would be a time-saving issue for that Department.

Councilmember Horner then discussed the maintainer box. He suggested a hole had to be opened, so the backhoe would be on site anyway. Tozier said the point was that once the hole was opened, the backhoe could move to another dig. Councilmember Horner said, again, that because of budget restraints, he did not think another vehicle was necessary. He said the backhoe had to be back to the site to back fill anyway. He thought \$72,000 just for truck and crane and \$10,000 for tools was excessive.

There was discussion about the truck and crane that had just been ordered which was budgeted in the 2008-2009 budget year. Councilmember Hokanson suggested, if it took 11 months to order the truck/crane, it wasn't that important to get a second one.

Councilmember Horner said when something like this was ordered, the Council needed to be more informed—who it was ordered from, how much it cost, etc. Councilmember Horner said just because something was in the budget, it did not give free reign. Councilmember Bradshaw disagreed and said this was talked about in the budget process last year. Councilmember Horner said he wanted the Council to be more involved with the major purchase process. Councilmember Bradshaw disagreed and said the Councilmembers were not administrators, the Councilmembers were legislators. He continued the Council passed the budget and then let the Administrative Department administer it.

Councilmember Horner felt the City was not doing the bidding process legally. Anderson reviewed the policy—three verbal bids if the estimated amount was over \$500, three written bids if the estimated amount was over \$5,000, advertised in the paper if over \$25,000, or anything with the State bid price. He said the State Bid had been negotiated with the different vendors. He said that was an acceptable practice and the City's Purchasing Policy. Councilmember Horner felt strongly that the Council needed to be involved if something was purchased over \$2,500 and the Council needed to approve the bids. He did not think the City should take State bid automatically. He said the County did not always take State bid and used local dealers. He said it was the Council's "neck on the line" and they needed to make sure everyone was treated fairly.

Councilmember Straddeck suggested that perhaps Councilmember Horner was asking for a review of the City's procurement process. Councilmember Horner said yes that was a good idea but he wanted to be more involved in the budget process. He expressed concern the City did not give the local dealers a change to bid on purchases. He felt the Council needed to make more of these decisions. Councilmember Bradshaw suggested that Councilmember Horner not hammer the Public Works Director regarding a policy change. Councilmember Hokanson agreed. She also agreed the Council needed to make the policy and then let the administrators do their jobs. She said the Council had to realize their boundaries. Councilmember Horner apologized and said it was not his intention to direct his frustration on the Public Works Director. However, he felt the way the City handled purchasing was putting the City at risk. He summarized that in this budget year there was not a need for computers or a new truck and again said he wanted to be more a part of the decision making in relation to purchasing major equipment.

Councilmember Bradshaw said as far as computers, it did not have to be all or none. Discussion about prioritizing the need. Discussion about the mechanic's tools and the fact that most provided their own tools.

Mayor Phillips thanked Tozier for attending and answering questions from the Council.

As the time was 6:30 p.m. and the time set for the scheduled Work Meeting, the Council adjourned the 05/21/2009 Budget Meeting.

Paulette Thurber, City Recorder

Approved 06/04/2009