

Minutes of the **Regular Meeting** of the **Riverdale City Council** held Tuesday, **April 26, 2005** at 6:03 pm at the Riverdale Civic Center, 4600 South Weber Drive.

Members Present: Bruce Burrows, Mayor
Nancy Brough, Councilor
David Gibby, Councilor
Stan Hadden, Councilor
Stacey Haws, Councilor
Shelly Jenkins, Councilor

Others Present: Larry Hansen, City Administrator
Lynn Fortie, Business Development Director
Stevin Brooks, City Attorney
Stacey Comeau, Human Resource/Office Manager
Cindi Mansell, City Recorder

Wayne Chambers

Mayor Burrows called the meeting to order and welcomed those present. Councilor Gibby offered the Pledge of Allegiance. Mayor Burrows then read a quote written by Charles Dickens, followed by a Moment of Silence.

Mayor's Report

Mayor Burrows stated the trail has reopened. He stated it was paved today with appropriate elevations and beautiful results. He stated now the area that has been redone can be revegetated and become beautiful again; the water is running high, and offers excellent kayaking opportunities. Mayor Burrows encouraged the Council to visit the area.

Councilor Gibby inquired as to the need for signage disclaiming liability, with Mr. Brooks stating although some could be installed; it may not do much good. Mr. Hansen stated perhaps by doing so would open the city up to question. Mr. Brooks stated he would rather avoid signage, but will investigate as to the most prudent option. Mayor Burrows stated regardless, the area is much safer than previously.

Consideration of Eagle Scout Project

Mayor Burrows reported that the Eagle Scout Project consideration has been postponed to May 3, 2005.

Consideration of action on Human Resource Issues

Mr. Hansen explained the City has had a history of relationship with the Utah Local Governments Trust (ULGT) in providing health, dental, and accident insurance. He stated there are timing issues associated with this issue, and it is important to address this immediately in order to provide time for employees to be able to select options during the open enrollment period.

Mr. Fortie explained prior to this current fiscal year, the City had only one insurance plan offering Preferred health care. He stated last year, a couple of additional plans were introduced: Advantage and Summit. He stated the Advantage plan is primarily IHC and Summit is Altius; and incentives were offered through flex spending contributions if employees wanted to select a lower plan than the Preferred plan or move down in coverage (from family to double). He discussed the incentives offered, stating the City would contribute a portion of the savings into the flex spending account to be utilized for medical expense spending.

Mr. Fortie stated in looking at FY 2006; ULGT has introduced additional options that have not been offered prior. He stated all three current plans have no deductible; however, because of rising health care costs, there is the need to introduce additional options (Option 2) or plans to include deductibles of \$250 individual/\$550 family deductible. He stated Option 3 is \$500/\$1000 family plan. Mr. Fortie stated this is what needs to be determined this evening, and prior to April 29, 2005.

Mrs. Comeau explained the ULGT will only allow one option; so if the determination for Option 1 or Option 2 is made - it must be the same on both the Advantage and the Summit plans. She offered clarification that Option 1 = no deductible; and Options 2 and 3 have been referenced by Mr. Fortie.

Mr. Fortie explained he would like to suggest considering the idea of paying a fixed amount per employee for them to spend however they feel is best for health and dental expenses. He stated this would be a different type of concept for the employees. Councilor Gibby expressed concern regarding the advantage this would provide to single employees. Mr. Fortie stated there has been some argument in the past that single employees are paying for the family premium. He stated the City does pay more for the family coverage, yet are now trying to make the program equitable for all.

Mr. Fortie stated in looking at the medical and dental benefits, the number he would suggest is \$754 per employee. He explained the premiums have gone up a lot this year, which is another part of the reason other options have been introduced by the Trust. He referenced the average increase of 17% or so, and stated he had calculated the same portion of the premium the city is now paying and applied to the FY 2006 premium. He stated he had made the assumption of payment at the same proportion now being paid on the premiums. Mr. Fortie further referenced his calculations, including the total over payment from FY 2005, the amount the City is paying for the program, divided by the number of employees that participate to arrive at \$754.06 per employee. He stated this methodology provides options; and the employees may have money left over to put into their flex plan. Discussion followed regarding the Preferred Option offering broader coverage in that it includes both IHC and Altius choices.

Councilor Gibby inquired if the flex is not used, will it come back to the City. Mrs. Comeau stated the City is carrying an overage right now and do plan on getting a refund back from this years plan. She explained there are still 90 days after June 30, 2005 to consider; but about \$1200 of the \$22,000 was not utilized from the flex program.

Mr. Fortie continued that there are not a lot of people that have single coverage (4 employees). He stated it would be difficult for a single employee to spend that much for health care costs throughout the year, and he would hope some of that would come back. Councilor Hadden stated flex spending is the same as cafeteria, Section 125, and he is aware that if employees have funding remaining at year end they can pay in advance of next year.

Mrs. Comeau stated she is of the understanding that one cannot pay for services not received; and dates of service have to be within the plan year. Mr. Hansen stated if the cafeteria plan is administered internally, you may be able to get away with those types of things. He stated these expenses have to fit Section 125 of the IRS Code in order to be considered incurred during the plan year. He stated for reasons of HIPAA, Riverdale went to external administration for its flex program in order to ensure compliance with that as well as the IRS.

Mr. Hansen stated philosophically, staff is stating that health and accident insurance are a critical part of the employee benefit package. He stated historically, Riverdale has treated its employees well with benefits. He stated the services that come from ULGT and PEHP appear to work well with many municipalities and counties that subscribe to their programs. He discussed double digit increases for the last couple years and no doubt continuing into the future; and as an organization, looking at how to approach reasonable attainment of cost and acceptable sharing environment with the employee. He discussed his desire to be fair to both.

Mr. Hansen stated Mr. Fortie has mentioned the concept of allocating a flat dollar amount per employee. He stated options relative to deductibles are being made available, and the question is whether to compel employees to migrate that direction or provide choices. He stated full-time employees are entitled to certain benefits; and there is also the concept of a policy change wherein the City only has interest in the employee and not in their spouse or children. He stated the \$754 per employee is a reflection of choice, and the Council would need to determine in whether the family status is something they are going to take active interest in. He stated if the answer is yes, than perhaps there should be a different approach rather than a flat dollar amount. He stated there could be a policy decision in terms of premium sharing amount.

Mr. Hansen stated the city has stepped up to cover the increase in medical premiums the past 2-3 years and employees have been able to keep paying the same amount. He stated realistically, in going forward, this will become problematic without having some reasonable basis to share. He stated he would anticipate nothing but further increases, and until ULGT comes up with some other option; any remaining premium funding would go into a Section 125 status. Mr. Hansen heretofore, the city has chosen the most expensive route (Preferred High Option); but is trying to remain responsible in looking at the future and staying with ULGT. He stated staff could pursue other options if the Council directs, but not before the July 1 deadline.

Councilor Gibby expressed concern in continuing to pay 100% of the increase in health care costs. He stated he feels deductibles are common to carry now, depending on what can be afforded. He stated this program is a "Cadillac" and he could not personally afford it. Mr. Hansen stated thus the reason for sharing expenses this year. Mayor Burrows explained the options were offered last year to include the sharing prospect in the intent to move in this direction.

Councilor Jenkins stated \$754.06 per employee results in \$4.71 per hour increase. She stated employees are getting raises and steps, and then 17% additional incentive as insurance premiums rise. She discussed the concept of selecting a lower plan with deductible, and if the money could be held in an account that can be rolled and not spent - or take flex and give back to employees. She discussed the mindset that employees are saving money in effort to have the increase in deductible in the bank; and no worries about co-pays. She stated she is unsure as to a single person receiving the same as a family, yet is in favor of staying in status quo to last year as far as fixed amount.

Mr. Hansen stated staff is not making the decision for employees, and he discussed the policy decision as to whether no interest in marital or family status but rather bringing bonafide occupational qualifications to the city. He stated there have been previous discussions regarding gender and issues as to certain people getting treated better than other. He stated the status could change for an employee; and the existing 25-30% of employee expenses being attributable to benefits is not uncommon in government work. He stated any benefits package will run from 25-40%, and most private industry is within deferred compensation packages or other systems.

Councilor Jenkins referenced the premium increase of \$433,000 divided by 54 employees to equal \$669. She suggested the concept of allocating \$669 per employee and including the option that the refund comes back to the city. Mrs. Comeau expressed concern that tracking would become a nightmare and would entail privileged information under HIPAA guidelines. She stated an employee can only spend what they contribute or what is contributed to their personal flex spend plan.

Councilor Brough stated she likes the ability for employees to be able to chose their providers, as she feels one of the worst things to happen is having to change providers. She stated she feels there is a lot of merit to having a set amount for each employee, but does think that inflation should be given consideration instead of allocating only what was spent last year. She stated these increases are going to start eating up wages, especially those on the lower end of the wage spectrum. Councilor Brough stated health benefits are a big reason for employment, and she is personally not comfortable with only spending what was spent last year.

Councilor Haws stated he feels a fixed-dollar amount is anti-family. Mr. Hansen discussed another option to make a policy decision that would lend itself to future cost containment and cost sharing that is defensible. He stated staff would like to get into position where there is some ability for reasonably shared costs without throwing the burden upon employees and in dealing with gender and family issues. He stated should there ever come a

point where health savings accounts are offered by the ULGT (which he feels will become viable in the future), he is not sure he would want employees to feel the burden is being placed upon them. He stated options and incentives are sellable programs.

Councilor Jenkins stated the reality is that these are fabulous policies. She stated most of the outside world lives within the situation of high deductibles, and she does not feel instilling a \$250 deductible would be viewed as placing an extraordinary burden upon employees. She further discussed the need to start transitioning to a different perspective for the future, as costs do not appear to be getting better.

Mr. Hansen stated municipalities typically do not offer as good of pay as private, but they are known for their benefits and job security. He stated the current compensation system has been designed to be slightly better than market, and he would hope the Council would not make a policy decision to depart from being fair in the market place relative to types of jobs in municipalities. He inquired as to how to deal with this situation fairly, yet provide options. He stated the city cannot cover the highest risk and provide that level of coverage with every employee. He stated the city does not have insurance interest in spouse and children, although they do have interest in family well-being and balance. He stated he feels the options as presented to provide an equitable concept.

Councilor Brough stated she realizes that Councilors Gibby and Jenkins are in a difficult insurance situation due to self employment. She stated she feels that health coverage is one reason many people work and she likes the idea of flexibility. She stated she could live with a certain set amount for each employee, but feels it should be adjusted for inflationary medical costs. She stated otherwise, the city is going backwards with its employees.

Councilor Jenkins stated she is covered under a group plan, and she does not see these options as going backwards. Councilor Brough stated she feels staying with last years concept of premiums and doing nothing with the cost of premiums is going backwards. Mr. Hansen stated it is interesting to note the change in family coverage associated with the options provided last year (22 families on Advantage/0 families on Preferred). He stated this is illustrative that employees are starting to act in their own best interest. He discussed the concept of sharing fairly and providing the perception and reality the employee has the ability to affect the outcome according to their own benefit. Councilor Jenkins stated she feels this is a huge benefit given to employees; Mr. Hansen stated he feels it to be a critical benefit as well.

Councilor Haws inquired if staff is confident with the numbers as provided; as preferred option 3 rates are the same as advantage option 1 rates; and advantage option 2 rates are the same as preferred rates. He stated in every other scenario, there is a ratio of double to single 2.07/family 2.08; yet it is opposite in this case. He stated he would guess that \$786.64 is a miscalculation. Mr. Fortie offered clarification that administration is recommending Option 2 in all cases.

It was discussed that only eight employees remain on the Preferred Plan; and those eight did not receive any payback. Mr. Fortie stated the entire premium was paid because they selected double coverage; and nothing was contributed to flex. Inquiry was raised as to the budget increase if employees are given the \$754.06. Mr. Fortie stated the increase is approximately 12.67% or \$55,000. Councilor Gibby stated he feels this to be extremely generous.

Mayor Burrows outlined the options as presented:

- Option 1 - no deductible
- Option 2 - \$250/\$500 deductible
- Option 3 - \$500/\$1000 deductible

There appeared to be consensus to provide the flat rate per employee, as well as consensus towards the Option 2 (\$250/\$500) deductible plan. Discussion followed regarding the concept the City does not have to offer a Preferred Plan. Mrs. Comeau stated she feels this should still be offered in effort to allow choices. She stated some employees have also inquired about going back to Preferred. She stated they pay the difference and this should not be an issue if they have a set dollar amount. Mr. Hansen stated he feels it would be good to offer the same type of plans in each category.

Discussion followed regarding the flat rate amount. Councilor Haws stated if employees are given the option and then get whatever is left over in their flex account, why is the city then doubling up with the same amount given for flex last year. Mr. Hansen stated if an employee is opting to make changes, these would come off the table and be replaced by the flat \$750.00. He stated the employee premium selection will come from the \$750 and any balance will go into the 125 account. He stated this involves specific people making specific choices, and now spreading it across the board. Councilors Gibby and Brough stated they feel \$750 to be a good workable number.

Councilor Jenkins expressed confusion because of discussion about wanting to share 17% increase; and if taking \$754 to absorb the increase; nothing is being given for employees to share in the costs. Mr. Hansen stated there is a 12% increase; and \$750 would purchase each employee family coverage. Councilor Jenkins stated she would prefer a flat rate of \$700 per employee. Mr. Fortie referenced the new deductible option that appears to be the Council selection, stating there will be no money contributed to flex and employees will still have to pay extra for coverage they had last year. Mr. Hansen stated staff recognizes there are issues; however, there is the desire for fairness and he feels this is headed in the right direction.

Councilor Gibby stated he feels the days of 100% payment and no deductible are leaving and unrealistic. Mr. Hansen stated the city cannot design a plan that covers worst case scenario for every family; however, he feels this to be a step in the right direction. He stated he hopes to eventually get to a point with the Trust offering options such as HSA and medical savings accounts. Councilor Jenkins stated she would like to begin building those accounts for employees now. Mr. Hansen stated there is the need to slowly change the employee mindset; and he feels introduction of the deductible to be a step in that direction.

Motion: Councilor Gibby moved to approve a flat rate of \$750 per month be allocated per employee to provide for medical and dental benefits of their choice from the plans as provided; and to select Option 2 - \$250/\$500 deductible as presented. The motion was seconded by Councilor Hadden.

Councilor Haws stated he does not see this proposal as being fair. He stated the city does have a vested interest in employees who have family coverage at a greater cost to the city. Mr. Hansen stated it is not inherently unfair to provide a benefit such as this at different rates for different employees.

Roll call vote: Councilor Haws, No; Councilor Jenkins, No; Councilor Hadden, Yes; Councilor Brough, Yes; and Councilor Gibby, Yes. The motion passed 3-2.

Councilor Jenkins commented the more the city can transition at this point, the easier it will be to ultimately control and share the spiraling costs of healthcare.

Consideration of recess in favor of RDA Meeting

Mr. Hansen stated staff recommendation is to cancel the RDA meeting and proceed with Council meeting.

Closed Executive Session

Mayor Burrows asked for a motion to go into an executive session to discuss pending or reasonably imminent litigation pursuant to Utah Code Annotated §52-4-5(1)(a)(iii).

Motion Councilor Gibby moved to enter into Closed Executive Session for purpose of discussing pending or reasonably imminent litigation pursuant to Utah Code Annotated §52-4-5(1)(a)(iii). Councilor Brough seconded the motion.

Roll call vote. Councilor Jenkins, Yes; Councilor Hadden, Yes; Councilor Brough, Yes; Councilor Gibby, Yes; and Councilor Haws, Yes. The motion passed unanimously.

Minutes of the **Executive Session** of the **Riverdale City Council** held **April 26, 2005** at 7:30 p.m. at the Riverdale Civic Center.

Present:	Mayor Bruce Burrows	Councilor Brough
	Larry Hansen	Councilor Gibby
	Stevin Brooks	Councilor Hadden
	Cindi Mansell	Councilor Haws
		Councilor Jenkins

Those present discussed pending or reasonably imminent litigation.

Motion Councilor Brough moved to close the executive session and to reconvene the open City Council meeting. Councilor Gibby seconded the motion. The motion passed unanimously.

The Regular Meeting convened at 7:43 p.m.

Closed Executive Session

Mayor Burrows asked for a motion to go into an executive session to discuss regarding the character, professional competence, or physical or mental health of an individual pursuant to Utah Code Annotated §52-4-5(1)(a)(i).

Motion Councilor Gibby moved to enter into Closed Executive Session for purpose of discussing the character, professional competence, or physical or mental health of an individual pursuant to Utah Code Annotated §52-4-5(1)(a)(i). Councilor Brough seconded the motion.

Councilor Haws stated he personally does not feel that review of Job Descriptions is included within the law as referenced. Mr. Hansen stated the Council is not providing consideration to the actual resolution within the Closed Session; however, will talk about professional competence and character and how it relates to job description issues that have been identified. He stated staff feels a Closed Session is necessary to protect the privacy of an individual; and he does feel the two discussions to be intertwined.

Roll call vote. Councilor Hadden, Yes; Councilor Brough, Yes; Councilor Gibby, Yes; Councilor Haws, No; and Councilor Jenkins, Yes. The motion passed 4-1.

At this time, Mr. Brooks and Ms. Mansell were dismissed.

Minutes of the **Executive Session** of the **Riverdale City Council** held **April 26, 2005** at 7:45 p.m. at the Riverdale Civic Center.

Present:	Mayor Bruce Burrows	Councilor Brough
	Larry Hansen	Councilor Gibby
		Councilor Hadden
		Councilor Haws
		Councilor Jenkins

Those present discussed the character, professional competence, or physical or mental health of an individual.

Motion Councilor Brough moved to close the executive session and to reconvene the open City Council meeting. Councilor Gibby seconded the motion. The motion passed unanimously.

The Regular Meeting convened at 11:20 p.m.

Adoption of Job Description - Senior Facility Cook

Mr. Hansen stated the Council has before them the proposed Senior Facility Cook job description, as amended.

Discussion continued regarding modification of the BFOQ's as discussed. The need to possess a Food Handler's Permit was suggested to add to special qualifications. Councilor Brough discussed the scope of meal preparation, and inquired as to how extensive the preparation will be. Consensus appeared to be that the scope of preparation will remain the same as exists currently at the Community Center.

Motion Councilor Haws moved to adopt the Job Description for the Senior Facility Cook as amended; and to authorize opening the job as a part-time position. Councilor Brough seconded the motion. The motion passed unanimously.

Discretionary Business

Council Concerns

Mayor Burrows distributed a compiled listing of Council concerns to all members. He informed them that a response to their concerns will be prepared.

Bid process - parking lot at north end of trail

Staff informed the Council the plan for a parking lot at the north end of the trail has been reviewed and approved by Wildlife Resources.

Motion Councilor Gibby moved to direct staff to proceed with the bid process for the parking lot at the north end of the trail. Councilor Jenkins seconded the motion. The motion passed unanimously.

With no further business to come before the Council at this time, Councilor Gibby moved to adjourn the meeting. Councilor Jenkins seconded the motion. The motion passed unanimously. The meeting adjourned at approximately 11:50 p.m.

Attest:

Approved: June 21, 2005

Cindi Mansell, City Recorder

Bruce Burrows, Mayor