

CITY OF FAIRVIEW

BOARD OF COMMISSIONERS SPECIAL MEETING MINUTES

April 28, 2015

Patti L Carroll, Mayor
Toney R Sutton, Vice-Mayor
Allen Bissell, Commissioner
Shannon L Crutcher, Commissioner
Stuart L Johnson, Commissioner
Wayne Hall, City Manager
Larry Cantrell, City Attorney
Brandy Johnson, City Recorder

Present: Carroll, Sutton, Bissell, Crutcher, Johnson

Others Present: Hall, Cantrell, Daugherty, Johnson

1. Call to order by Mayor Carroll at 6:01 p.m.

- 2. Approval of the Agenda** – Commissioner Johnson made a motion for approval with Vice Mayor Sutton seconding. All were in favor.

3. New Business

- A. Discuss and/or Take Action on Bill #2015-18, Ordinance No. 883, An Ordinance for an Amendment to the City of Fairview, Tennessee, Budget for Fiscal Year 2014-2015 Budget (Transfer in Funds from State Street Aid for the Road Loan in lieu of Unassigned General Fund Expenditure) – Mayor Carroll reads the caption with Vice Mayor Sutton making a motion for approval and Commissioner Johnson seconding. Finance Director Tom Daugherty states he wondered why this wasn't being paid out of State Street Aid and wanted to make the correction. Carroll asked about leaving funds as discussed to be moved for salaries and Daugherty replied we are leaving salaries where they are and will need to do another amendment for the Resurfacing. All were in favor.
- B. Discuss and/or Take Action on New Employee Benefit Plan, Presented by Tim White of Benefits, Inc. – Tim White presents the Board with binders containing proposed health plans for the 2016 fiscal year. White notes a summary of the current plan is in the front pocket. Current plan information: Deductible is \$4,000 with co-insurance of 70% and max out-of-pocket of \$5,000. Employee contributions are currently \$75 for individuals, \$200 for 1+1 and \$225 for family coverage. If we continued with the same plan on Blue Cross Blue Shield of Tennessee there would be an increase of 20% for a total of \$401,000 to renew the current plan. White requested proposals of all possible carriers and the only other one who responded with a quote was United Healthcare and it happened to be a very competitive proposal. Commissioner Bissell suggested looking at core plans without an HRA so we have no variable costs. Plans that would fit the budget from BCBST had more out-of-pocket exposure to the employees. The suggested plan from United Healthcare has no HRA, \$1,000 deductible (single), Rx benefits of \$10/\$35/\$60, co-pays for office visits and co-pays for specialists visits (after the \$1,000 deductible) and as a secondary choice for those who need to see a lot of specialists a similar plan with co-pay for specialist visits. The proposed United plan would cost the City \$391,000. In 2013 the City spent right at \$450,000 on healthcare with the same number of employees so it's considerably less. White notes the other adjustment on United is prescription co-pays are based on the price of the drug at \$10/\$30/\$60 rather than generic/brand/non-preferred like BCBST. United eliminates the network problem of BCBST as Tri-Star facilities would now be included so there is more accessibility. It was noted that a new Tri-Star hospital is opening up 15 minutes from Fairview. It was stated the employee contributions for this plan would be \$100 for singles, \$200 for 1+1 and \$300 for family coverage. Once presented with a competitive bid BCBST did lower their original proposal only about 4%. Commissioner Johnson

asked if the Finance Review Committee selected the United plan and Daugherty replied myself, Mr. Hall and Commissioner Bissell met with Mr. White and were looking for a non-HRA, more traditional plan and this one was very appealing because it's less out-of-pocket for the employee. It was confirmed that this plan runs with the fiscal year, beginning July 1 and ending June 30 making it much easier to budget firm numbers. Mayor Carroll asked Finance Review Committee co-chair Donna Brooks for her comments. Mrs. Brooks states we will pay out \$362,924 for healthcare this year so there is an increase of \$28,000 but we eliminate the unknown without the HRA. Bissell questioned Mrs. Brooks figures and whether the expenditure amount included dental, vision and employee contributions. Johnson asked if the United plan was recommended by staff and Daugherty confirmed it is. Commissioner Johnson made a motion for approval with Vice Mayor Sutton seconding. Carroll asked Daugherty why this is a better plan and he replied because it's a fixed cost, 3 to 1 better policy for employees, on budget cycle and a rock-solid plan I think the employees will be thrilled. Crutcher asks what our current BCBST plan would look like without the HRA noting it sounds like the cost to both the City and the employee are going up with the proposed plan. White states it really is going back to where you were because we had to cut costs drastically to fit in budget for the last 8 months. Crutcher agrees we get rid of the HRA but asks if we can afford this policy based on current budget woes. Johnson asked White if we keep our current plan what the increase is and White answered 15%. Crutcher noted this United plan seems like top of the line while the current BCBST one seems like the low end and asked if any mid-level plans are available. Bissell states we made an adjustment because the HRA costs were killing us and moved a burden of \$2,000 to the employees. He doesn't believe we can compete salary-wise with other cities but he believes the city made a decision long ago to have great benefits. Bissell continues that a \$4,000 deductible is greater than 10% of the gross average income of our employees. He states that at the workshop we delegated this job to the City Manager along with 4.2 million for the budget and if Tom and Wayne give us this insurance policy then they think this is what we should provide. Crutcher states the problem is he hasn't seen the proposed budget numbers tonight and he wants to see the full picture of where we are headed in the next fiscal year. It's not that he wants to decrease benefits to the employees but he does want to look at other options. Daugherty states we aren't going to have the 4.2 million budget we need to increase revenue or cut jobs and/or services. He states we need another million dollars to turn this ship around and he will propose a 22 cent tax increase. Daugherty states he feels every position we have is necessary noting we can't cut public safety as the 11th safest city in Tennessee but that would also affect everyone's insurance ratings. He states we could close the park for one or two years to save about \$400,000 but that's not what we want to do. Daugherty states we've heard of rooftops coming and we have made a lot of preparations for growth and when the recession hit the city had a lot out there. The stabilization plan is a smart move and if we want to dedicate the tax increase to the park that would be good because it doesn't have a revenue stream. Services have been increasing while the revenue has been decreasing. Everywhere other than Williamson County has higher tax rates than we do. Daugherty states we can whittle away at the problem but we need a big turnaround. Crutcher asks if the 4.2 million budget is not realistic and Daugherty replies not from what he's seen of budgets in the last 5 years. Crutcher agrees we need to increase revenue through property tax raises and other methods but the only way he will agree to the increased taxes is with a comparable cut in spending to close the gap and put us on better fiscal footing. Crutcher states we have to be fiscally responsible in these circumstances. Daugherty states it is more than the money – it is also the employee morale and it is very important to me to give the employees a good policy and I feel this plan is in the City's best interest. Crutcher notes drastic cuts are needed and asks if it is more important to retain a job or increase the health plan. White states from where we were prior to the November changes to where we are now this is the middle of the road plan. Carroll states she hears what Tom is saying about employee morale and the goal is a better plan but we have to do it within our means. Can we afford the \$28,000 increase? I know the employees want anything that is better than the current plan. Johnson states he hopes Daugherty and Hall wouldn't bring forward a plan knowing we couldn't afford it and doesn't think that would happen. He asks if we can pay for the plan and if not he will remove his motion. Daugherty states he has not missed a premium payment and doesn't plan to with City Manager Hall adding the HRA just leaves too much to the unknown. Crutcher states from what Tom said earlier about the numbers and not being able to work within the 4.2 million I just don't know how we can approve tonight. Johnson states we have to do this on the front end and are required by law to notify employees of the change. Bissell questions if the notification can be

general or if we have to specify the exact plan we are changing to and White responds to the affirmative. Bissell asks if notifying that we are changing providers, eliminating the HRA and changes effective July 1 would suffice and White replies these are new provisions that have not really been tested so not sure how strict but with the mid-year plan change a 60-day notification is required. Bissell suggested giving the appropriate notification to employees but waiting to decide on the exact plan until we have more budget information. Crutcher amends the motion to Bissell's suggestion to give notice now and determine plan later with Johnson withdrawing his original motion and seconding Crutcher's motion. City Attorney Cantrell agrees with the Federal law discussions but notes the notice needs to include the carrier, effective date and that details will be forthcoming. Vice Mayor Sutton asks what the timeframe is to make a decision with the change effective July 1. White replies technically, June 30 but you want time for meetings with employees for sign-up, submit to United Healthcare and generate cards so they are in hand by July 1 so really a decision needs to be made as soon as possible. Bissell confirmed we are stating no HRA and effective July 1. Crutcher withdrew his motion and Johnson withdrew his second. Crutcher made a new motion to give notice to employees at the time required of 60 days notice that we are switching healthcare carriers from Blue Cross Blue Shield of Tennessee to United Healthcare effective July 1, 2015 and will no longer have an HRA with Johnson seconding. All were in favor. It was decided to reschedule the joint BOC/FRC meeting on the 2015-2016 budget for 5:00 on Monday, May 4th prior to the Park Board meeting.

4. **Adjournment** – Vice Mayor Sutton made a motion for adjournment with Commissioner Johnson seconding. All were in favor and meeting was adjourned at 8:13 p.m.

Brandy Johnson
City Recorder