

A budget workshop meeting of the City of Madeira Beach Board of Commissioners was held at 1:00 p.m. on July 17, 2018 in the Patricia Shontz Commission Chambers at City Hall, located at 300 Municipal Drive, Madeira Beach, Florida. Mayor Black called the meeting to order.

MEMBERS PRESENT: Maggi Black, Mayor
Deby Weinstein, Vice-Mayor/Commissioner District 1
Nancy Hodges, Commissioner District 2
Nancy Oakley, Commissioner District 3
John Douthirt, Commissioner District 4

MEMBERS ABSENT: None.

CITY STAFF PRESENT: Jonathan Evans, City Manager
Clara VanBlargan, City Clerk
Ralf Brookes, City Attorney

1. ALL TO ORDER

Mayor Black called the meeting to order at 1:00 p.m.

2. ROLL CALL

City Clerk Clara VanBlargan called the Roll.

3. PUBLIC COMMENT

Mayor Black opened the floor to public comment. There were no public comments.

4. TOPICS FOR DISCUSSION

- A. Group Health Insurance Rates and Renewals - *Brigid Gash, Account Management Specialists with Florida Blue Representative, Paul Herbert, Vice President of Client Service and Compliance at Gallagher Benefits, Katrina Bouthot, Assistant Executive Director of Public Risk Management of Florida***

[No staff memo available]

City Manager Jonathan Evans said when going through the FY 2019 budget process, one of the things they heard from the Board was to look at the composition of employee benefits structure to see if there are opportunities for costs savings. Staff reached out to the service provider, communicated their thoughts and perspectives regarding that, and solicited input and feedback from another insurance provider to see if there were an opportunity for savings. The City's insurance provider made substantial modifications and changes that will offer a robust plan to the employees while rendering savings to the organization and control healthcare costs. The original

proposal that was received for health insurance provided for a 10% increase, which is a decrease in the cost of health care that has been paid in previous fiscal years. The proposal will provide a great level of coverage at a lesser cost and allow for more people to be making informed healthcare decisions. The plans will not be diminishing to the point where the Board will be hearing concerns from employees. This accomplishes some of the policy direction that the Board has given.

Finance Director Walt Pierce introduced Brigid Gash, Account Management Specialists with Florida Blue Representative and Paul Herbert, Vice President of Client Service and Compliance at Gallagher Benefit.

Mr. Herbert gave an overview of Public Risk Management and the City's claim history.

Ms. Gash discussed the plan options for employees that included a flexible benefits healthcare insurance account.

The City Manager explained that for those employees that choose the lower paid healthcare plan it includes a flexible health savings account program. It is recommended that the City contribute \$750 into the plan each year and if the employees does the biometric screenings, the preventative visits, and the different things required by the HR Coordinator, the City will contribute an additional \$250 in the health savings account, and that money can be used toward medical co-pays, deductibles, etc.

Mayor Black said she would like that to be \$500 and \$250. Commissioner Oakley agreed.

Other employee benefits were discussed. Commissioner Oakley said the plans should be voluntary. If the employees want to control their plan and want vision they need to pay for it. She does not believe it should be across the Board because not everybody wears glasses. There is no point in paying for it. Mr. Herbert replied that the vision coverage is not City paid, the employee pays for the vision.

Vice-Mayor Weinstein asked who paid for the dental and Mr. Herbert said dental is paid by the City. Commissioner Oakley said dental should be the employee's responsibility as well. Vice-Mayor Weinstein agreed. She said life insurance, dental, vision, and long-term disability should be the responsibility of employee if they wish to have that coverage. It should be voluntary. They pay for it, it's deducted by them. The City has done a responsible job in looking at the options the representatives presented to them.

Commissioner Douthirt asked the cost for life insurance and long-term disability. The City Manager said that life insurance in its entirety is \$17,600 for the organization and then \$19,400 for long-term disability. If it is the Board's desire to look at making modifications to the dental, life, AD&D, and long-term disability, he would want the Board looking at what their peer agencies are doing concerning the ancillary benefits. If the Board looks to pass all the different costs onto the employees, they run the risk of not being able to retain and recruit people because they will be making decisions based on what the benefit structure looks like. It may send the wrong message and impact employee morale. Open enrollment is in October, the employees are going to have to

be informed about the additional benefits. For some employees, that incremental increase will affect their paycheck. He would rather do the research on what peer agencies are doing, and then look to bring something back to the next budget cycle.

Vice-Mayor Weinstein said she would like to know how many of those peer agencies are the same type of population and organization that they are that pay 100% of the employee cost.

Commissioner Oakley said the employees needed to take control of their own destiny and their healthcare. The City has paid this for so many years and it is not a lot of money. It probably won't even equate to 4% of their salary, therefore they're not going to see it cut into their salary that much. The City is giving the employees another 4% this year because there has been no process put in place to do any kind of incentive. She doesn't believe there are very many cities that are paying 100%.

Commissioner Douthirt said he would rather put money in the savings account to push more people over to that. Instead of giving them \$750, maybe they could give them \$1500. That way they can pay for the other things through the health savings plan. He said it is the Board's job to look at what it is costing the City. He understands that some employees are only making \$10 an hour, but they might not realize the real costs for health benefits.

Vice-Mayor Weinstein commented that employees already have some buy-ins with the City changing their plans.

Mayor Black asked the City Manager to move forward in checking with the other municipalities regarding the vision, the dental, and other coverages like that, and then they can decide from there.

The City Manager asked if it was the consensus of the Board to see the health savings account with \$500 and then \$250 for the wellness initiatives and to check with the other cities on dental, life, AD&D, long-term disability and then bring back what their comparable agencies are doing. The Board consented.

B. Compensation and Classification Study - Jonathan Evans, City Manager, Dir. Walter Pierce, Finance Director, Karen Paulson, Human Resources Coordinator

[No staff memo available]

The City Manager reviewed Agenda Item 4.B. He said that the Finance Director and the HR Coordinator looked at comparable cities and peer agencies to come to a palatable compensation proposal for the Board to consider. About 90-95% of the employees have current employment evaluations and have been receiving employment evaluations on an annual basis. The other percentage that is outstanding ones where new employees have not reached their probationary period. In the survey conducted, they looked at some of the peer agencies. They saw that the increase offered to most of the employees along their coastline is around 3.75%. The cost of living or the CPI is about 2.1%. He asked the Board if it was amenable to an additional 2% or 1.9% to get to a total of 4% for the employees for this fiscal year. They have effectively been able to go

through the budget and identify some savings whereby the money would be able to be absorbed without increasing any fees or any cost to the enterprise funds or to the residents. Their recommendation from a compensation perspective is to allow staff to proceed forward for budgetary purposes with a 4% increase. One of the things that they are putting in place is a merit system that will be rolled out in FY 2019 as well as a bonus structure. They don't currently have a merit-based compensation strategy. It is something that they need to develop and work with the department directors and managers to understand how that structure comes into play. In future wage conversations, it is staff's hope to be able to say this is the basic cost of living increase, and then let the employee know they have an opportunity to get an additional percentage based on factual information as to how they performed within their respective duties. When they create that matrix, it will be based on percentage system.

C. ICMA-RC Retirement Corporation - *Jonathan Evans, City Manager, Karen Paulson, Human Resources Coordinator*

City Manager Jonathan Evans reported on Agenda Item 4. C. He explained that the City of Madeira Beach currently offers a defined contribution plan. The employer contributes 9%, the employee is not required to contribute anything to their retirement. If the employee is fully vested in five years that employee can leave with what the City contributed. When looking at the other agencies and what other cities are doing, there is a tiered vesting schedule. Employees are vested 25% after two years of service, 50% after three years of service, 75%, after 4 years of service, and 100% after five years of service. Having that system incentivizes the employees, plus after four years of service it is not fair to say that they need to forfeit the 9% the City contributed on their behalf. The Board needs to consider a plan modification that instead of going to the cliff vesting, they would have tiered vesting. Cliff vesting is not common anymore. It is difficult to find long-term employees. If the Board wants to consider making modifications to the plan to call for an employee contribution, he recommends not asking the employees to contribute now, because if they were given a 4% increase and then asked to contribute 3% to that, the 4% raise has been negated. The organization transitions about every 6-7 years, so over the next couple of years there would be employees contributing.

Commissioner Oakley commented that employees needed to have a buy-in to their retirement and have some contribution to their retirement. Vice-Mayor Weinstein asked if that was for new employees and Commissioner Oakley said she is talking about everybody. The employees have no buy-in to their health insurance or in anything.

The City Manager said the Board need not decide now. When looking at benefits, compensations, and those types of things, they would like to show that they are thinking about other benefits that are currently in place. They want to let the employee know that they are valuable.

Vice-Mayor Weinstein commented that she is not comfortable with the pay-in for new employees because she does not want to wait four years until the flow changes.

Finance Director Walt Pierce said if they discuss this next week it is going to push the proposed budget book back another week. Commissioner Oakley suggested going down the list now. Vice-Mayor Weinstein suggested holding another workshop meeting on Friday.

Following discussion, the Board scheduled a budget workshop meeting for 1:00 p.m., July 25th.

D. Additional Budgetary Items – Jonathan Evans, City Manager; Walter Pierce, Finance Director

The City Manager reviewed Agenda Item 4. D.

Jeffrey Harbaugh, Business Development Manager presented to the City on the enterprise fleet management program and explained how the City would be saving money by lease purchase of vehicles and on vehicle maintenance.

Following discussion, Commissioner Oakley commented moving forward with the enterprise fleet management program. The Board consented moving forward with that.

Mr. Harbaugh thanked the Board.

E. City Clerk's Evaluation and Compensation Discussion - Jonathan Evans, City Manager

City Manager Jonathan Evans said staff received comparable information regarding city clerks in other communities. They looked at credentials and experience.

Commissioner Oakley commented that the City Clerk has done a good job and said they should move forward with the 4% increase at the beginning of next year.

Commissioner Douthirt said the City Clerk has done a great job. He has seen her stay late at work and she should be compensated accordingly. When they were looking for a Clerk, they required a professional credentialed Clerk. He said the Clerk has put a ton of hours in.

Vice-Mayor Weinstein commented she has not worked with the City Clerk very long, but she is aware that she has gone above and beyond her credentials. It is fair to giving the 4% and to consider giving a bonus.

Commissioner Hodges said before hiring the City Clerk, they were without a city clerk for about six months. There was a lot of backup work her to do. She works on the weekends and sometimes past midnight, she is very dedicated to her job and what she does, and even though this is just a six-month evaluation, the City Clerk should be compensated with at least \$1500, which is the 45% of the \$3,000, and then in October give her the 4% increase because she is entitled to it.

Following discussion, the consensus was to put the item on the next BOC regular meeting.

F. ADJOURNMENT

Mayor Black adjourned the meeting at 4:51pm.

Maggi Black
Maggi Black, Mayor

ATTEST:

Clara VanBlargan
Clara VanBlargan, City Clerk

