

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
SEPTEMBER 12, 2016**

1. CALL TO ORDER

Mayor Rud called a Special Meeting of the Lonsdale City Council to order at 6:00 p.m. in the City Council Chambers, 415 Central Street West.

2. PLEDGE OF ALLEGIANCE

Everyone stood and recited the pledge of allegiance.

3. ROLL CALL

Present: Daleiden, Rud and Furrer

Absent: Kodada and Pelava

Staff Present: City Administrator Joel Erickson, City Treasurer Tami Brokl and Public Works Director Russ Vlasak

Others Present: None

4. AGENDA

Mayor Rud said there was one item on the agenda and asked if there were any additions, deletions or corrections to the agenda. A motion was made by Daleiden and seconded by Furrer to approve the agenda as presented. Vote for: Daleiden, Rud and Furrer. Vote against: None. Abstained: None. Vote: 3-0. Motion carried.

5. APPROVAL OF MINUTES

None

6. PUBLIC HEARINGS

None

7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS

None

8. APPROVAL OF THE CONSENT AGENDA

None

9. OLD BUSINESS

Discuss the City's 2017 Budget

Erickson said this is the fifth budget meeting and the last prior to adoption of the 2017 preliminary property tax levy and budget. He said the topics for discussion were the 2017 pay scale, wages and insurance benefits. Erickson said based on survey data from the LMC salary survey, Lonsdale employees are typically paid less than employees in similar sized cities and the starting wage is less. Erickson recommended the pay scale be increased by

3.5% overall and each employee remain at their current step. He said by doing so, this will increase both the beginning and maximum wage for employees.

Wages:

Erickson said that Lonsdale employees are paid less than the average employee working for a similar sized city, have a lower starting age and is it split 50/50 when it comes to the maximum wage in that, 50% of employees' wages top out higher than average and 50% max out below the maximum average. He said most employees are paid less than other cities employees, with some being substantial. He recommended that employees receive a 3.5% increase with the CPI for the Midwest increasing 0.8% between April 2015 and April 2016.

Insurance Benefits:

Erickson said the current health insurance plan the City is enrolled in will no longer qualify for a H S A and recommended a similar plan except the deductible/maximum out of pocket is \$2,000 for single coverage and \$6,000 for family coverage compared to \$2,000 and \$4,000 respectively. He said the deductible is embedded. Erickson said by increasing the deductible/max out of pocket, rates are proposed to increase 3.26%. He said per the request of the City Council, he researched a similar deductible plan but the premiums would increase 18.26%. He said he recommended going with the higher deductible plan and use the premium difference to compensate employees by paying 100% of the deductible/max out of pocket expense for single coverage and \$5,000 of the \$6,000 deductible for family/max out of pocket expense. Erickson said he hopes that by assuming more liability, rates will increase at a lesser rate.

Erickson said earlier in the year, he participated in a benefit survey conducted by Flexible Benefit Consulting, Inc., which compared public employers of less than 25 employees and Rating Area 3, which Lonsdale is a part of. He said overall, Lonsdale's

1. single deductible and maximum out of pocket are less than the average;
2. family deductible and maximum out of pocket are less than the average, even with a proposed increase to \$,6000 in 2017;
3. single monthly premiums are less than the average;
4. family monthly premiums are less than the average;
5. employer contribution to single plans is less than the average;
6. employer contribution to family plans is less than the average;
7. employer contribution to single H S A accounts is greater than the average;
8. employer contribution to family H S A accounts is greater than the average; and
9. annual cost for insurance benefits per employee is less than the average

Erickson said another insurance related question that the City Council needs to answer is whether or not to provide employees who work less than 40 hours per week benefits such as insurance and paid time off. He said currently to be eligible for benefits, an employee needs to work 40 hours per week. Erickson said he has been asked to recommend this policy be changed in the past and more recently. He said there are two employees that would qualify for benefits if the 40 hours was reduced to 30 hours per week and the estimated cost would be an additional \$18,000. After discussion, the City Council decided not to change the

policy and require an employee work 40 hours per week to be eligible for insurance and paid time off .

Mayor Rud recommended that Erickson research adding an employee to City Hall given the increased work load and the fact that staffing levels remain at pre-recession levels. Mayor Rud also said a plan needs to be created for building improvements. The City Council discussed the possibility of creating a Health Insurance Task Force similar to prior years if rates and plans continue to change dramatically.

10. NEW BUSINESS

a. None

11. OTHER BUSINESS

None

12. ADJOURNMENT

A motion was made by Daleiden and seconded by Furrer to adjourn the meeting. Vote for: Daleiden, Rud and Furrer. Against: None Vote 3-0. Motion carried. The meeting ended at 6:40 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator