

Amberley Village Council: - Compensation and Benefits Committee  
Meeting Minutes  
Dec 22, 2011

**In Attendance:** Ray Warren, Bill Doering, Tom Muething, Ed Hattenbach, JK Byar, Stephen Lerner, Scot Lahrmer, Chief Rich Wallace, Kathy Harcourt, Lieutenant Caudill, Peg Conway, Ron Regula, and Lisa Murtha

Ray Warren opened the meeting with the following statement:

The purpose of this committee is to review our Compensation and Benefits structure and make recommendations to full Council. In the past this has included changes to salaries, i.e., increases or changes to benefits, i.e., health insurance plans.

- As we all know the Village faces very difficult financial challenges. The residents of this village expect all Council members to execute their fiduciary responsibility, that is, to make sure this Village is fiscally sound. This particular committee has an acute fiduciary responsibility.

As chair of this committee, and I am sure I speak for the rest of the committee members, I would like to use the immediate next few weeks to review our current practices and where possible identify improvements. I don't anticipate any resolutions today, but rather keep this open for discussion / ask questions. We, including our Village Manager, may have an answer to a question today, or we will need to get back to you at our next and subsequent meetings.

Over the last weeks I have been collecting and reviewing data on Village expenses. This was essentially made public at a recent Ad Hoc Budget Task Force meeting. I plan to share this at our next meeting and we will walk through this in a bit of detail. I also asked Mr. Lahrmer to begin compiling data that compares our Village to our geographic neighbors and demographic neighbors. In this way we will see how we are doing. As best as possible and where appropriate I would also like to seek comparative Federal and business data.

Some ground rules for this Committee. I want to encourage participation. I ask to avoid grandstanding. I expect respect offered to everyone. While we may disagree we should not be disagreeable.

I'd like to review a few items today. These include some of our employee benefits, specifically Vacation Days, Sick Days, and Health Care.

Bill Doering mentioned on behalf of this Committee and all Council, that this process was meant to seek clarity.

**Vacation Time as cited in Ordinance 2010-15.** The current schedule for vacation is 1-5yr, 12 days; 6-10, 15days; 11-14yrs, 18days; 15-19yr, 21 days; 20-24yrs, 25 days; >25 years, 27 days. Adjustments were made to accommodate police work schedules of 6 days/week. The police are on a Jan-Dec schedule for determining vacation days, whereas the remaining staff is on an anniversary of start date. There is no carryover of vacation time.

**Sick Days as defined in Ordinance 2003-16** establishes sick day rate, accumulation, and terms of severance compensation. All employees receive 24 days of sick time per year and can accrue up to a maximum of 200 days. If an employee leaves Amberley any residual sick days can be cashed out (formula defined in ordinance) using a formula based on years of service, i.e., after ten years of service and if the employee has attained 180 days of accumulated sick days (maximum for severance purposes), the employee can cash out up to 45 days (or 0.25 of accumulated days to a maximum of 180). This amount increases incrementally to 20 years at which time the employee can cash out up to 90 days (or 0.50 of accumulated days to a maximum of 180). The intent of the sick day policy was to serve as a short term disability plan. JK Byar asked if employees have been offered disability plans. Kathy Harcourt indicated that employees can purchase a disability plan and the Village does not contribute to its cost. Mr. Byar requested the Village Manager to follow-up on pricing policies from vendors. In calendar year 2011, the sick and vacation day severance expense to Village was ~\$150,000. The current potential Village liability, if all eligible employees resigned/retired is ~\$500,000. It was noted that there is a need to express this liability in the budget.

**Health Insurance.** Amberley is part of the **Center For Local Government Benefit Pool** which is designed to bring savings for Health Care and other common interests, i.e., equipment purchases, across municipalities. In 2009 we entered into a self-insured health insurance pool with ~17 other municipalities and signed a 3 year commitment

(Comp Benef Mtg Notes 111610, 120210, and 030311). Over the three years Amberley has experienced a high year over year increase in premium. To illustrate:

	<u>Aug '09</u>	<u>Aug '10</u>	<u>Aug '11</u>
Family	9707	11842	13563
Single	3197	3900	4467
		22% ↑	15% ↑

In the Dec '10 minutes of the Comp and Ben Comm, it was reported that the pool was running a surplus of ~\$500,000. In the next meeting notes of Mar '11, it was reported that the pool was experiencing high utilization and is not building up reserves. Mr. Lahrmer reported that the pool was currently running a \$3million deficit. It was not clear what the source of the premium increases were, i.e., did the Pool have coinsurance for possible catastrophic outlays, was there an extraordinarily high utilization, was the pool too small (~750 participants). Moreover how is the Pool reacting to the deficit? There was consensus on the need to consult with a representative of the insurance underwriter (USI Insurance, David Rinderle, Benefits Consultant). As the 3 year agreement expires in Aug 2012, there was urgency for the Village to draw up contingency plans for all options for future health care coverage. Mr. Lahrmer noted that despite penalties for leaving the pool, two jurisdictions have withdrawn from the insurance pool.

The Comp & Ben Comm meeting notes of Dec '10, noted that employees from ~3/4 of the member municipality pool contributed 5-20% of the insurance premium. Amberley employees started to contribute 10% of the premium in Aug '11. It was noted that this year, spouses who have a job that offer health insurance would not be covered by Amberley's health plan except as a secondary insurer. There was a question of dependent coverage and how this was determined if both spouses worked, whether Amberley was automatically primary or determination was based on other factors (i.e., birthdate of spouses).

There be being no further business, the meeting was adjourned.

Chair: \_\_\_\_\_  
Ray Warren