

VILLAGE OF GRAFTON
COMMITTEE OF THE WHOLE BOARD MEETING MINUTES
SEPTEMBER 19, 2012

The Committee of the The Whole Board was called to order at 5:00 p.m. by President Brunnuell.

Members present: Jim Grant, Dave Antoine, Sue Meinecke, David Liss, Lisa Harbeck, and Jim Brunnuell.

Absent: Richard Rieck

Staff Present: Village Administrator Darrell Hofland and Deputy Clerk Lisa Oppeneer

Employee Health Insurance Committee Present: Paul Styduhar, Melissa Depies, Barry Ganske, Deb Paschke, Brian McCutcheon, and Karin Sevener

Health Insurance Committee presentation

Administrative Services Director Paul Styduhar gave a background on the Health Insurance Committee. In 2011, Administrator Hofland had asked for volunteers to form an Employee Health Insurance Committee. Every department except the Police Department has an employee on the Committee. It was the responsibility of the Committee to meet with consultants and look at other health insurance options. In May 2012, all permanent Village employees were asked to complete a health history application for all family members being covered under the insurance plan.

As a result of the survey, the Village employees are considered a "high risk" group. At that time, the consultant was unable to get "solid" guaranteed quotes from all health insurance providers. It was estimated that UHC and Humana will increase 1 percent each month from the July 1, 2012 quote received.

The quote for the State Health Insurance plan was not received until the beginning of September. The State rates went up 5.9 percent from last year but the 2013 premiums are guaranteed. The committee is recommending that the Village stay with the State Health Insurance Plan. If the Village were to leave the State plan it would not be able to enroll back in for three years and the state will mandate all employees to complete a health history application. The State would then have the right to deny any "high risk" employees from receiving the insurance.

By leaving the State plan, it would save the Village approximately \$36,331.

The Committee's hope was to realize savings for the Village and the employees, however since this was unattainable. The Committee is recommending that the Village

reduce the amount given to the employees in an individual employee cafeteria plan (IRS Section 125 Plan). The cafeteria plan allows the employee to use the Village contribution for health insurance deductible and payment of employee share of health insurance premium costs. In addition to a \$400 annual cafeteria plan contribution by the Village for each employee (\$450 for Police Officers), the Village provides to each covered employee - \$1,000 for Family and \$500 for Employee Only. The total cost for the \$1,000 for Family and \$500 for Employee Only contributions is \$65,766.

The Committee is recommending that the Village limit the use of the \$1,000 (Family) and \$500 (Employee Only) to deductible only (no use of funds for payment of premiums) and reimburse the employee for the second half of the deductible (\$500 Family and \$250 Employee Only) rather than the entire amount. This would be a guaranteed savings of \$32,883, with an opportunity for additional savings. With this plan, if an employee does not fulfill the deductible, the Village will have no costs.

President Brunnuell commented it is a good idea to stay with the State plan due to the unknowns with the other plans.

Mr. Styduhar commented there is an October 1 deadline to be removed from the State plan.

Village employee Brian McCutcheon commented the first year of leaving the State plan would be fine; however, it is when the Village gets into the second and third year of a new plan, what the rates may look like.

Village employee Melissa Depies gave a reminder that the Police Department is a protected class and are not able to include them in the deductible and Section 125 changes.

President Brunnuell stated he would like to get a consensus from the Village Board on which option they would like to go.

It was the consensus of the Village Board to stay in the State plan.

Financial status update of Tax Incremental District No. 3

Administrative Services Director Paul Styduhar gave a brief update on the financial status of Tax Incremental District (TID) No. 3. A pro forma developed by Ehlers was presented. This pro forma is preliminary information updated earlier this week. The presentation includes no additional projects and a minimal inflation factor. The cash flow shows donations from TIDs No. 2 and 5 and at year 2026 closing, shows a negative cash flow of approximately \$75,000.

Administrator Hofland commented this is a draft document from Ehlers and they will be providing an updated document. The Bridge Street dam project net cost is not included in 2013, but will be included in 2014 and 2015 debt service.

Trustee Meinecke questioned if the \$730,000 for the Bridge Street dam could be included on the revised document. Mr. Styduhar commented it can be included.

Trustee Grant questioned when the Bridge Street dam had to be repaired by. Mr. Hofland commented that it has to be complete in six years. However, there is no guarantee that the grant would be available at that time.

Mr. Hofland commented the revenues for 2013 show that the short term note with the Hotel Grafton Apartment developers will pay a balloon payment in 2013. However, the 2013 Recommended Budget fund balance is showing a negative \$445,000. This will be challenging for Village staff to find \$445,000. On the revenue side the Village must find "donations" from other TIDs, but this will still leave the fund with a negative balance. An option would be to do an advance from the General Fund or Debt Service Fund. Also, there is a possibility that donations for TID Nos. 2 and 5 will increase with future development and related property tax payments..

President Brunnquell commented he would like to see the goal of 25 percent in the General Fund at all time.

Mr. Hofland reminded the Village Board members that Budget Workshop will be held on October 20 and the public hearing for the Budget will be held on November 7.

President Brunnquell questioned if there could be a "special" Revenue Fund included on the final document.

Mr. Hofland responded the activity can be removed from the General Fund into a "special" Revenue Fund.

Mr. Styduhar commented an updated document will be handed out at the October 1, Finance Committee meeting.

ADJOURN

Motion by Trustee Grant, seconded by Trustee Harbeck to adjourn at 5:38 p.m. Approved unanimously.