

Minutes of the Centerville City Council work session held Tuesday, May 17, 2016 at 5:30 p.m. in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor	Paul A. Cutler
Council Members	Tamilyn Fillmore William Ince Stephanie Ivie Robyn Mecham

MEMBER ABSENT George McEwan

STAFF PRESENT Steve Thacker, City Manager
Blaine Lutz, Finance Director/Assistant City Manager
Lisa Romney, City Attorney
Jacob Smith, Assistant to the City Manager
Katie Rust, Recording Secretary

VISITOR Jeff Bassett, South Davis Metro Fire Chief

FY 2017 BUDGET WORK SESSION

Baseball Infield Project – Mr. Thacker explained that replacing the baseball infield at Community Park cost more than anticipated. The Council discussed options for covering the increased cost. Mr. Thacker recommended the Council use a combination of remaining funds in the Parks Department FY 2016 budget and RAP Tax funds, leaving enough in the Parks Department FY 2016 Budget for one riding mower. Councilwoman Fillmore said she feels it would be worth discussing the possibility of increasing Parks Department personnel during the spring months before college students are available for summer seasonal positions. Councilwoman Ivie agreed. The Council indicated agreement with Mr. Thacker's proposal for paying the additional cost of the infield project.

Employee Health Insurance Renewal – Mr. Thacker stated that the out of pocket maximums presented at the May 3rd work session for the second traditional health insurance option were incorrect. He presented the correct numbers, and explained premium increases for the different options.

Option 1 – renewal of traditional plan without any changes	premium increase of 4.54%
Option 2 – traditional plan with increased deductible	premium increase of 2.47%
Option 3 – HSA plan	premium decrease of 10.32%

The City's current Flex Spending Account (FSA) plan is on a calendar year basis. An HSA plan cannot be implemented for those with an FSA until the end of the FSA period. Mr. Thacker recommended the City go with one of the traditional plans as of July 1, 2016, then renew the FSA plan for only six months in January 2017, thereby allowing the HSA plan to be offered in July 2017. He explained that if a traditional plan option is offered when an HSA plan is offered, it will have to include a higher deductible than the current traditional plan, according to the City's broker GBS. Mayor Cutler suggested the Council look at salary increases and health benefits as a whole compensation package, and encouraged them to keep the level of the deductible in mind when it comes time to consider salary increases. Councilwoman Fillmore agreed, and said she feels a salary increase would be more tangible for the employees. Finance Director Lutz agreed. Councilman Ince said he thinks it would be easier for employees to accept the higher deductible next year in conjunction with the HSA plan. Councilwoman Ivie

1 agreed that doing it all at once seems better. Mayor Cutler commented that the increased
2 deductible is a step toward transitioning to an HSA. He stated that his preference would be to
3 increase the deductible this year and offer an HSA plan next year, using the savings this year to
4 offer increased compensation. Mr. Lutz said he can see advantages to increasing the
5 deductible this year, as long as employees understand the savings helped fund salary
6 increases.

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8 Mr. Lutz pointed out that the insurance representatives need a response as soon as
9 possible in order to begin the enrollment process. Councilwoman Fillmore said she feels
10 employees would prefer the City to be more generous with salaries rather than with health
11 insurance. Councilwoman Ivie said she would rather keep the current plan for another year and
12 let employees know that changes will occur next year. Councilman Ince said he leans toward
13 increasing the deductible and applying the savings toward salary raises. Mr. Lutz said he
14 believes a majority of employees would rather have the higher deductible and larger salary
15 increases. Jacob Smith, Assistant to the City Manager, said he believes the employees are
16 expecting a change in health insurance this year, and most employees would be okay with
17 offsetting the deductible increase with salary increases. Councilwoman Mecham said she
18 would be okay with increasing the deductible this year.

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20 Water Rate Increase – The Council is considering an increase in the water rate to
21 generate enough in the water fund to coordinate necessary water main replacement with road
22 rebuilds. Mr. Thacker provided project and cost projections for the next ten years. The Council
23 discussed the rate scenario analysis prepared by staff, as well as the desire to coordinate with
24 scheduled UDOT projects on Main Street. A majority of the Council tentatively agreed with a
25 10% increase in each of the next three years, to be reevaluated at the end of the three years.
26 Mr. Thacker said he will explain the need for a water rate increase in the FY 2017 Budget
27 newsletter. The proposed rate increase can be one of the matters for the public hearing on
28 June 7.

29
30 Fire/EMS FY 2017 Budget – City Manager Thacker reported that the fire assessment for
31 Centerville as shown on the Fire District FY 2017 Tentative Budget is lower than anticipated by
32 \$17,000. Mayor Cutler explained there is a chance the assessment distribution may be
33 reevaluated by the Fire District Board depending on the outcome of a West Bountiful property
34 value appeal. Mr. Thacker explained market adjustments to Fire District employee pay ranges
35 based on a survey of other fire departments' pay ranges. The steps in the lower half of the pay
36 ranges were 5% but are now 4%, and the steps in the upper half were 3.5% but are now 2%.
37 Fire Chief Bassett commented that the pay range adjustments will make more competitive the
38 categories of employees that have been most difficult for the Fire District to retain. Mr. Thacker
39 added it is the intention to adjust the pay ranges and steps on a yearly basis. Mayor Cutler
40 stated he feels the negotiation process between the Fire Chief and city managers was thorough,
41 and the change is good. Mr. Thacker said he feels the change will be cleaner to administer in
42 the future.

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44 ADJOURNMENT

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46 Mayor Cutler adjourned the work session at 6:53 p.m.

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Marsha L. Morrow
Marsha L. Morrow, City Recorder

6-7-2016
Date Approved

Katie Rust
Katie Rust, Recording Secretary

