

**REGULAR MEETING OF THE LEXINGTON CITY COUNCIL****November 12, 2018****7:00 P. M.**

The regular meeting of the Lexington City Council was called to order at 7:00 P. M. by Mayor Spencer Johansen in the City Council Chambers at City Hall.

Mayor Johansen led the council in the Pledge of Allegiance.

Roll call was taken to find the following physically present: Mayor Johansen, Alderman Schreiber, Alderman Stover, Alderwoman Wilson, Alderman Franklin, Alderman Richard and Alderman Colclasure, Members of the staff and public present were: Don Cavallini.

It was moved by Alderman Richard and seconded by Alderman Colclasure to approve the minutes of the October 22, 2018 regular City Council meeting as amended. Motion carried unanimously.

It was moved by Alderman Stover and seconded by Alderman Franklin to approve the Treasurer's Report in the amount of \$51,115.93. Motion carried unanimously.

**Public Input:** None

**Old Business:**

**Discussion Health Insurance**

Alderman Stover started the discussion by stating that there was an 18% increase in the health insurance plan for the coming year. He then passed out a spreadsheet showing what the current plan for the past year with the total City cost per month with the final column showing what the employee pays per month for their coverage and spouse and family coverage.

The second page is our renewal which is no changes other than the additional increase in cost that is built in there. He used these sheets as reference to start from. We are going to stick with Blue Cross/Blue Shield. We cannot find anyone to beat that for price. It does not have a co-pay or prescription benefits. That is cost prohibitive. We cannot afford it. When you start trying to reduce the deductible, add a co-pay and prescription coverage the premium goes thru the roof. The deductible on this program is \$6,400.

The third sheet is BlueCross/Blue Shield coverage for health dropped down and then there is an alternate dental program with better coverage that is cheaper. It was also suggested and Alderman Stover thinks it is a good idea, that we add accident insurance, which essentially if there is some type of substantial issue and are hospitalized or brakes a bone, accident insurance will help you cover some of that \$6,400. This is all a cafeteria plan. They can elect to sign up or not sign up for anything they want and any one they want. Whether they want

dental, whether they want the accident, whether they want health. They can choose to have it or not. The deductible is \$6,400 for individual and \$13,100 for family and those are maxed out of pocket dollars so once those deductibles are met everything else is covered. That would be the most you would spend. It is called a Bronze Plan. This is an 18% increase over last year's cost and prior year Alderman Stover believes it is 15%. He looked at all of the other alternatives. Most of the companies and businesses out there are not covering any of the families and spouse and most are not covering any more than 50% or 60% of the employees. In most positions you would be stuck with the majority of the expense that you are seeing. Alderman Stover feels that we have always done a pretty good job of taking care of our employees as far as covering the majority of this but we have come to the point that we cannot continue to eat 15%-18% increases every year.

This last page is Alderman Stover's proposal of the renewal of the Blue Cross/Blue Shield Health Insurance. There is a health section and a dental/accident section. Alderman Stover's proposal to help us budget is that we no longer share in the family or spouse coverage. That we drop that share to zero (0). Why we would do that is that we are not covering spouse and family, we understand what our expenses are going to be. We had an officer leave that had a spouse but his replacement did not. We saved money there. We could hire someone with a family. If he puts his family on the plan our expenses rise. We cannot control that. We know how many employees we have and how many we are going to be working with. We want to get out of that spouse and family coverage. Also, by doing what Alderman Stover is suggesting here we are going to set a cap. We have covered 50% of the spouse and family up till now. We are not going to take any money out of that program, we are not going to provide them with less benefits, not less dollar value of benefits. Alderman Stover's suggestion is what we are doing here is, he put it as zero per cent and down at the bottom you can see the City cost and see the savings of \$1,334.71 per month. What Alderman Stover would like to see done with this savings is to move it over and put it into each individual salaries that currently have spouse and family coverage to directly offset that. That is the same dollar amounts, we are just moving where the money goes. Instead of paying premiums and committing to pay future premiums, we are capping it, we are putting it into salary and that will be it. So those dollars will be there going forward but they will not increase. That will be a set amount and cap our coverage. Any future increase to spouse and family coverage the employee would have to take on which Alderman Stover thinks in only fair.

We are just moving dollars to the employee instead of paying the premium. They can still take those expenses out pre-tax, there is no issue there. If you take our savings away from the employees increase per month, if you look at what that cost does to the employees under the employee increase per month section, that is an additional \$300-\$400-\$500 a month to the employee and that is not acceptable. If you take the City savings per month from the Employee increase per month the figure of \$861 is essentially the increase in cost of the insurance. Alderman Stover suggests that the City also take on a portion of that employee's increase. This cost is based on the same cost as last year, so we have not increased our costs at all up to this

point. The second plan shows you a \$5,800 increase what the renewal cost to the City would be if we did not change anything, which is an increase of \$624.00. Alderman Stover feels we should absorb the increase on that point because we are committed to paying 100% of the employee's insurance. Alderman Stover feels we should cover \$600 of that \$861. We have been paying for the increase in medical costs in lieu of raises, and this year he feels we should give raises and make sure they are significant enough to cover that portion. Rather than put it into the premium, Alderman Stover wants to see it go into salaries, so it evens up the playing field a little bit. You have employees who do not have family coverage, employees who have no coverage. The employees with no coverage have been going without a raise because the family expense is getting too high. Alderman Stover would like to even that up. What he is targeting is about that \$600 mark. Alderman Stover ball parked figures for the Council to look at his proposal for salary increases around the \$600 mark. Salary increases are pretty well where they would have been under the old insurance program. That is just covering the increase in cost on the portion they were covering already.

Overall, outside of capping going forward we are not out of line where we would have been with the old program. The City is absorbing a substantial portion of the increase this year. It is large enough that even the employees taking any of it will be felt across the board for those people that have family and spouse coverage. Alderman Stover has met with the employees and talked to them about the programs. They have until November 18, 2018 to let the Council know what their elections are on who wants to do what. They will probably move some people out for some cheaper options. He thinks that is unfortunate but what we were getting to is that we were so attractive that we were actually recruiting people to come here and have insurance that they may have been able to get thru their work. We do not need to do that. We cannot afford to be in the top 10% of all employers on benefits. We are still doing very well and we are still paying 100% of employee's insurance. Alderman Stover thinks that to be responsible we need to cap that going forward and it is also fair to the employee's that do not have family and spouse coverage.

The question was asked if individuals could get a lower deductible if they wanted to pay a higher premium. Alderman Stover related that there are programs out there but they would cost more than \$6,400. You can pay it in premiums and hope you don't have a deductible to pay. You are talking about another \$4,000 per month.

The comment was made that you do not want to offer a number of plans for them to choose from as it becomes more complicated. Some have no health issues so I am going to pay a higher deductible lower my premium.

Alderman Stover will pursue that if someone is interest but you don't come out ahead because you are paying more in premiums than you are getting back. If the City were paying the premium it would be different but you are paying your own premium you are never going to come out ahead.

The question was asked why they would even want to do that. And it was for their spouse and family, they really would not want to do that if they were the employee.

The Health Reimbursement Fund that we had that's where that came from. The past administration said "we are spending so much on premium, we could drop that down and go to a higher deductible and save a bunch of money. We will go ahead and give that money to you to pay that higher deductible." That was the concept. The problem was, the cost increased so fast and so much that it burned thru that. We have missed the gradual steps everyone else took to get here, where they started cutting back on the amount of coverage that they were offering as employers.

Alderman Richard wanted the Council members who do not know that we went thru this four years ago and the employees chose to keep using the Aggregate Fund and keep it this way even though they were told this day would come.

Mayor Johansen also responded that the employees have been told for quite some time that this day was coming.

It wasn't that that was a bad thing to do at the time. They had great coverage at the time. The savings we are seeing this year we are taking and returning to the employees in salaries which in turn benefits their retirements.

Alderman Stover would like to see the raises as a flat amount to get the expense to about what it would have been under the old program. That comes out to about a 3% raise, somewhere around \$10,000-\$12,000 and that would put us in that \$80-\$100 salary increase that would get us to the \$600 increase that we need to be. Where our cost is going to be \$5,800 anyway, that's about 2%. Essentially that is about 2% absorbing of the medical insurance increase and 1% raise and they have done without raises for a couple of years now. Alderman Stover thinks it is affordable and the fairest program.

The question was asked when the raises would be finalized.

These expenses will come on line December 1, 2018. Alderman Stover suggests that we implement raises December 1, 2018 to compensate for this change in the health package. He would like to do this at the next Council meeting, November 26th. Otherwise he would need to come up with some ratio as a premium to continue taking it out of the premium and change the policy May 1, 2019 when we change the new budget cycle. It will be a whole lot simpler to go ahead and put these dollar increases in place. We are going to be required to pay the dollars either way, to put them in salaries or put them in the premium, just because it doesn't match up with our budget cycle and that has always been the issue.

The question was asked if it would be better to wait until January. The employee cost per month is going to go up \$500 December 1, 2018. Alderman Stover thinks the salary increase should be December 1<sup>st</sup> as well. His thinking is we might as well change everything when we make the change.

Mayor Johansen reminded the Council that they will have that increase from December till April 2019.

We did come up with the idea to make this annual because the insurance runs annually. If we moved it to January 1 renewal, so far Alderman Stover thinks this is actually working for our benefit because the insurance broker showed him what the next year's cost is, and for January 1 there will be a new set of policies from the insurance companies and premiums are going up. Renewing in December is better off, you can save money by not waiting till January to renew.

The question was asked how the Council would increase salaries in December 1. Mayor Johansen replied that it would be an agenda item at the next meeting November 26<sup>th</sup>.

This has always been a problem with the budget. After December 1 you have no idea what the premium for health care is going to be. Outside of the increases they bring we will have a pretty good idea of where we are. Right now our rates have a little to do with the health of our employees and as that changes and once those issues are resolved we might get a lower rate next year, and others may choose to go another direction. Alderman Stover feels it is really important that we get out of the family and spouse coverage as it is really not fair to the employees who do not have it. He thinks we are doing a good job of compensating them by absorbing the majority of the cost.

The question was asked about Health Savings Accounts. Do we help the employee set one up or explain them if the employee chooses? Alderman Stover replied that we have not brought that up and it might be a good idea to do so. They are already making pretax deductions so it is really a matter of having an administrator and making an offering. He has talked with a company out of Champaign that administers cafeteria plans and we would need to have one to make the rate of withdrawal thru medical so that would be an additional cost that they would have. We have already stopped the task group that we were working with because that program is done at the end of the month. We still need someone to administer the 125 program.

All changes need to be made by the end of the month. If you knew you were going to have so many thousands of dollars in medical expenses and you have that deductible the way to do it would be to put it in as pre-tax, once you put it in it stays there, you do not get it back.

The dental care goes from \$1,000 coverage to \$2,000 and major work goes from 50% to 80%. The City will not have any cost in that outside of the employee itself. We will cover the employee. It will be just like the health. We will cover the same. Accident insurance is included in the dental premium.

Alderman Stover has met with the agent on the property insurance and has taken some property off and the property insurance is going down due to the fact that we reduced some coverage and eliminated some coverage.

The company has been good to work with and will be coming back to help put together an employee handbook and provide some standardized forms to work with, they will be in the handbook and will be a reference if the employees have any questions.

### **Rail Road Quiet Zone**

Mayor Johansen has submitted all the required paperwork to the rail road. He has received an e-mail from them that there will be Proposed Quiet Zone Diagnostic Review Meeting at City Hall on November 28, 2018 at 1:00 P.M. If Council Members want to come, City Hall needs to know due to the fact that the meeting needs to be posted if we have too many council members in attendance. Mayor Johansen had to send them pictures of each rail road crossing and mail out notices.

The question was asked about what is taken into account for a quiet zone which was referred to Alderman Schreiber. He knew Normal and Pontiac have quiet zones, the crossings had been up-dated and fencing put up. He believed you just needed to ask for the designation. Most of the work is done, the only thing it might cost us is the signs would need to be put up

Mayor Johansen also stated that the way he understood it is that the City cannot put them up we pay the rail road to put them up.

### **Discussion Levy-Abatement**

Alderman Stover started the discussion asking about the annual abatement portion of the property tax levy. That Ordinance will be ready to pass at the November 26<sup>th</sup> meeting.

Alderman Stover feels the City is in good shape as far as the Property Tax Levy is concerned but is going to increase the levy this year but it is minimal. Our historical rate has stayed between 5.47 and 5.68 and it comes in at 5.56 and he is suggesting that it comes in at 5.56-5.6 range which would be another \$4,000-\$5,000 per year due to the increase in the EAV. Our rate actually went down last year and everyone's taxes went up which had nothing to do with us. He thinks we could use another \$4,000-\$5,000 to help the cost of health insurance.

We have enough money built up in some of these funds, we want to carry about two years' worth of expense as a balance. We have \$150,000 we can put that into the Water Tower, we have money in the TIF fund, the payoffs on the loans came in better than he had expected.

There was some discussion on the repairs needed to the Water Tower that will need to be made in the upcoming years and needs to go in next year's budget. Repairs could run as high as \$220,000.

Mayor Johansen has asked Aldermen Stover, Franklin, and Richard to work on putting together a spreadsheet for the next ten years so we can see where we are at and when current Council members leave office they can hand over to new Council members.

Alderman Stover would like to see the Sewer and Water Plants paid off by the end of the TIF. The Sewer will be paid for sure. The TIF ends in 2031 but money will still be coming in in 2032. The Sewer loan is paid off in 2031. The Water Loan is paid off in 2037. As it comes toward the end of TIF we need to get that money paid heavier and heavier towards those loans to disburse that money. Once the TIF is over we can commit TIF dollars past the end of TIF into the year we collect it, but you cannot just move your money somewhere else. It has got to be spent on TIF projects. We need to use TIF to pay everything off which will build up the Water and Sewer Fund which at some point will allow you to remove all those surcharges that were put on. We keep balances growth every year in those funds to take care of maintenance and whatever the replacement is for both those programs. We are in pretty good shape as far as having the dollars to pay everything off.

### **New Business:**

#### **TIF Request for Barkers**

Alderman Stover started this discussion regarding Barker Chevrolet's request for TIF money to put a new fiber optic system to boost their internet underneath the interstate in the amount of \$3,000-\$3,500. Their internet service is bad out there. The City already has an agreement in place with them but do not believe that this is a TIF eligible expense. Alderman Stover believes that the way the current TIF agreement is written is that a business is only eligible for the one grant. The decision was made to deny this request.

### **Committee Reports:**

**Mayors Report:** Casey's is still at the attorneys. He looked at some fill up at Meadows where they built the new site and we can get that for \$.50 a ton, or somebody can, and that is not hauling it. That is pretty good fill. I sent that information to Hansen and to Casey's. He has not heard back from them.

Fred at the Brewery has been scheduled to open up on Black Friday and he is having some issues. Mayor Johansen is supposed to meet with him on Tuesday, November 13<sup>th</sup> to find out for sure. If he is rushing around moving the date to Christmas on the Prairie might work out better.

The Halloween Party was a huge success. There were 188 kids attending. That is double last year what we had. It was a good turnout. Star and Tabitha did a good job organizing it.

Christmas on the Prairie has 75 vendors at the school, we have added live reindeer at Patton Park, the carriage rides, there is a lot going on that day.

He has talked to the City employees and they do not care if they have a Christmas Party this year so it was decided not to have one. We will have the usual Christmas bonuses. The Christmas Party was held at the Community Center and got pretty costly.

For Christmas on the Prairie if anyone has any time to volunteer, check with Star or Tabitha to see if there is anything they need.

The tree lighting is 5:00 P.M. on December 1<sup>st</sup> everyone should be there if possible. Facebook shows 1600 people interested in the other events except the tree lighting.

**Police:** Alderman Richard spoke about in the near future a decision will need to be made about the Chief to go back thru the process to hire another part time police officer. Another part time academy will open up in March 2019. The last three officers have all been told that department policy that they need to pass two years for us putting them in the academy. Like the last one that went somewhere else six months after he started. Not really in the contract.

**Building/Insurance** None

**Finance/TIF:** None

**Water/Sewer/Sanitation:** Alderwoman Wilson told that The Illinois Rural District of Water came out after our last meeting and received a tour from Billy DuBois. Several had already been there and knew Billy. They were very impressed with the system, cleanliness, etc. She feels that Lexington has a pretty good chance to win. The winner is announced in February 2019 at Effingham. They seemed to be impressed with the Water Plant and with Billy.

**Street/Alley:** None

There being no further business, motion was made by Alderwoman Wilson to adjourn at 8:06 P.M. Motion carried by unanimous voice vote.

Respectfully submitted,

Pati Pease

City Clerk

Approved: November 26, 2018



