

MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Special Meeting – May 27, 2015

I. *Call to Order* – Mayor Owen called the special meeting of the Beech Mountain Town Council to order at 4:02 p.m., Wednesday, May 27, 2015 in the Town Hall Council Chambers. Other Council Members present were Paul Piquet, Alan Holcombe, Cindy Keller and E. ‘Rick’ Miller. Town Attorney Stacy C. Eggers, IV. was not present. Staff members present were Town Manager Randy Feierabend; Town Clerk Jennifer Broderick, Finance Officer Steve Smith, Tax Collections Administrator Rebecca Ward, Building Inspector John Merritt, Public Works Director Riley Hatch, Fire Chief Robert Pudney, Police Chief Shawn Freeman, and Director of Tourism and Economic Development Kate Gavenus.

II. *Pledge of Allegiance*

III. *Adoption of Agenda* – Mayor Owen stated that the agenda would stand as adopted.

IV. *New Business*

a. *Health Insurance* – Manager Feierabend stated that since going to Tucker Administrators the average cost for the limited self funded health insurance plan has been \$460,000. This year the Town went to a fully self funded plan. Manager Feierabend asked Gene Tucker, President and CEO of Tucker Administrators, to address Council about the current health insurance plan and the proposed plan. Mr. Tucker reviewed the current plans premiums, fees, and aggregate factors. Mr. Tucker then reviewed the figures for the 10 month period that were available. The total plan costs right now is \$428,992.78. Mayor Owen clarified that the 12 months was an illustration of where the total cost could be if the claims remained the same. Mr. Tucker stated that the 12 month illustration was a projection based upon the years’ claims to date. Mr. Tucker pointed out that the annual plan costs for each fiscal year beginning with 2011 were in front of Council. Councilwoman Keller asked when the limited self funded benefit was adjusted to 80/20. Mr. Tucker advised that Council made this decision when the plan went to a \$10,000 deductible. Mr. Tucker stated that this was the first year that the Town had seen an increased number of claims. Mr. Tucker reviewed two proposed benefit plans. One plan had a proposed 5.6% increase and another that had a proposed 4.84% increase. Mr. Tucker advised that a 12/18 plan was preferable. The contract would be over in the 12 month period with 18 months of coverage for claims. Mr. Tucker stated that this year the Town had 4 larger claims where in previous years the Town did not have this number of larger claims. Mr. Tucker explained the difference between the 12/18 and the 12/21 plan. Mr. Tucker advised of the maximum cost; stating that the only way the Town could reach the maximum would be to have 10 individuals have catastrophic events. Mayor Owen stated that he was concerned about the total number of individuals on the plan. Mayor Owen stated that the Town is spending approximately \$200,000 more due to

these extra lives. Mr. Tucker stated that in 2010 when the Town switched to Tucker Administrators the plan that they had been on was going to cost the Town approximately \$468,000 for a fully insured plan. By going with a partially self funded plan the Town spent approximately \$407,000. Councilman Miller asked if every year the Town has saved money since 2010. Mr. Tucker stated yes. Vice Mayor Piquet questioned if there was a significant difference between the 12/18 and the 12/21 plan. Mr. Tucker stated that the Town could save a little on the 12/18 plan. Mayor Owen asked if the Town stays with the fully self funded plan could the options be changed internally. Mr. Tucker stated that the Town could change the benefit structure to increase the percentage of the shared deductible. Mr. Tucker stated that the Town could also set up a plan that did not cover spouses who could be covered by their employers. Mayor Owen stated that the Town's primary goal is to not see a change in benefits but at what point do you come up with a way to share the responsibility of these increases. Mr. Tucker provided the Town of Wilkesboro as an example. The Town of Wilkesboro, who pays one hundred percent of each plan including extra lives, made a change where new employees coming in have to pick up the cost of the extra lives. Mr. Tucker advised that the Town has not spent that much money on spouse claims this year and that the claims were employee driven. Vice Mayor Piquet stated that the Town had already made a change in the benefit plan effective July 1, 2012 where new hires after this date have to pay one hundred percent of the cost of extra lives on the policy. Councilwoman Keller asked if new employees could be subsidized to assist with the cost of health insurance. Mr. Tucker stated that the younger people that come on board are generally the ones who will take the money and not pay for insurance. Mr. Tucker also pointed out that these younger lives are generally the healthier lives and that plans need these lives to assist in balancing out the plan. Councilwoman Keller asked if the Town could increase the stop loss. Mr. Tucker stated that it could be increased another \$5,000. Vice Mayor Piquet motioned to renew the health insurance plan at the 12/18 level with the 4.84% increase. Councilman Miller seconded the motion. Councilwoman Keller was hoping that there was an expert in the audience that wished to bring up a point. Mayor Owen asked the audience if there was any input. Hearing none Mayor Owen called the question and the vote passed unanimously. Mayor Owen asked what the actual cost is for the different plans and a total count of how many lives are on the policy. Mr. Tucker explained the figures that were illustrated on one of the handouts. Mayor Owen thanked Mr. Tucker.

- b. *Pay Plan and Position Classification Study*** – Mayor Owen stated that Council has spent some time discussing the Pay Plan and Position Classification Study and had asked Manager Feierabend to come back with a recommendation of what positions he felt were underpaid positions. Mayor Owen stated that it was his intention for Manager Feierabend to present Council with his recommendations. Manager Feierabend stated that based upon the study showing so many positions needing to be adjusted his opinion aligned with that of the study. Manager Feierabend stated that he also supported the implementation method that recognized the experience component, thus assisting with compression. Mayor Owen asked if Manager Feierabend had given any consideration to which positions were underpaid. Manager

Feierabend stated that primarily the employees that are underpaid were the directors and that after speaking with the directors their desire was to help the rank and file employees before helping themselves. Mayor Owen stated that he appreciated that, and that it sounds good to staff in the audience, but that the cost would be approximately \$160,000 and that this recommendation puts Council in a tense position. Vice Mayor Piquet stated that this does seem like a large amount of money but the Town has not given appropriate cost of living allowances and there has been no merit pay budgeted. Vice Mayor Piquet stated that this should be dealt with year by year instead of playing catch up and the amount looking so large. Mayor Owen stated that some of that is cost of living allowance related and some of it is compression related. Mayor Owen stated that we are trying to fix the compression with a broad stroke and that if there are salaries that need to be increased then he was up for looking into this where there is compression in like positions. Vice Mayor Piquet emphasized placing value on the Town's workforce. The number one priority of the Town is to provide customer service. Councilman Holcombe asked if Manager Feierabend had prepared anything for this evening's discussion. Manager Feierabend distributed a handout. Mayor Owen stated that the concept of longevity and an increase every year was not a direction he was wanting to go in. Mayor Owen asked what the longevity pay was for employees. Town Clerk Jennifer Broderick advised how longevity pay was configured with employees having 1-4 years of service being compensated \$250, 5-9 years of service \$500, with continued increases in this manner. Longevity pay and performance pay/ merit pay are not the same types of pay. Mayor Owen asked if the 1.8% cost of living allowance figure was accurate. Finance Officer Steve Smith stated that the number was accurate minus food and fuel. Mayor Owen stated that a month needs to be locked in for establishing the cost of living allowance figure and that last year Council locked in at a higher amount using a different month. Mayor Owen stated that he had looked up the cost of living allowance. Councilman Holcombe motioned to adopt the Position Classification Study and Option 6 as the implementation method. Councilman Miller seconded and the motion. Mayor Owen called for discussion. Councilwoman Keller stated that part of the reason that she has been frugal is because the economy has been so awful and that she is just getting back on her feet. She stated that she was open to a compromise for exemplary employees and open to merit pay and longevity pay. Councilman Holcombe stated that he understood the frugality but asked what was important, people or things. Councilman Holcombe stated that the Council has not looked after our business as we have gone along each year. Now there are jobs and things happening where employees have other options. We cannot just set back and say the employees are marvelous and the best thing that the Town has have ever had. Let's do this pay plan and get on with it and get it done. Mayor Owen stated that this is an easy solution to a problem that we do not even fully understand. We get the study, we get the plan, and we get this all at budget time. Mayor Owen stated that this was a lot of money and that he thought staff was phenomenal. We can never pay them enough or give them enough. Mayor Owen stated that he believed that this was a reaction to something that the Council did not fully understand yet. Now we are sitting here with staff sitting here and have to make a decision. Councilman Miller stated that the main thing is that he does not believe that the Town's employees have

been paid what they should be paid and that he stood with the motion. Mayor Owen called the vote. The vote passed 3-2 with Vice Mayor Piquet, Councilman Holcombe, and Rick Miller voting aye. Mayor Owen and Councilwoman Keller voted nay.

- c. 5 Year Capital Plan for Equipment Needs** – Manager Feierabend stated that the 5 Year Capital Plan for Equipment Needs is a request that the directors have assisted in putting together. Manager Feierabend reviewed each departments request for each of the 5 years illustrating how the requests fit into the proposed 5 Year Capital Plan. The total cost is \$2,482,000. Manager Feierabend stated that this plan would permit the Town to save money while paying for the equipment as the Town goes along. Councilman Miller asked what it costs to keep some of this older equipment going. Public Works Director Riley Hatch stated that when the motor grader lost its engine the cost was approximately \$38,000.
- d. Council Budget Discussion** – Mayor Owen stated that the Council would take it department by department. Manager Feierabend handed out an updated budget. Councilwoman Keller recommended doing the 20 year facility plan and the recreation study and review the budget at the next meeting. Council was in agreement.
- e. 20 Year Facility Plan** – Manager Feierabend presented the tentative 20 Year Facility Plan. The plan included replacing the public works facility, completing the Streetscape Plan and Beautification efforts, combining the Police and Fire building, and improving the recycling center. These proposals are based on taking a position that the funding distribution method for the sales tax stays in place. The Town is only showing \$85,000 of this money in the proposed budget with the remaining being put aside to build the Town's fund reserve. Additional proposed facility plans included enclosing the porch at Buckeye Recreation Center for a cardiovascular room, bank stabilization at Buckeye Recreation Center, an emergency landing and extra parking area at Buckeye Recreation Center through the creation of a subsurface road, relocating the gravel stockpile at Parkway Overlook, creating a floating boardwalk at Buckeye Lake, moving the Recycling Center to the site of the existing Public Works facility, completing the utilities NH3N Upgrade, Pond Creek Waste Water Treatment Plant replacement scheduled for 2032, working on the water line project, replacing Grassy Gap Wastewater Treatment Package Plant, and working on the Water Intake Plan which the State has stepped in to assist. 5-10 years.
- f. Recreation Study** – Council determined that this item would be discussed at a future Council meeting.

Meeting Date Change – Council moved their special meeting scheduled for 3rd of June at 4:00 p.m. at Town Hall in the Council Chamber room to Thursday the June 4, 2015 at 4:00 p.m. The meeting would be held at Town Hall in the Council Chamber room.

- V. Adjourn** – Councilman Holcombe motioned to adjourn the meeting at 5:56 p.m., which was seconded by Vice Mayor Piquet. The motion passed unanimously. The meeting was adjourned 5:56 p.m.

Minutes approved by Town Council on June 9, 2015.

Richard H. Owen, Mayor

ATTEST:

Jennifer Broderick, CMC
Town Clerk