

Minutes of the Salem City Council Meeting held on September 7, 2011 in the Salem City Council Chambers.

Work session 6:00 p.m. Vic Peterson from First West Benefits.

Mayor Cope stated that this year the city selected First West Benefits to be the city's insurance broker. He explained that this year the city employees were asked to submit health questionnaires in an effort to obtain multiple quotes on our health insurance. Humana Insurance submitted a base rate quote which was considerably less than the current rates being offered by PEHP. When approached by First West, PEHP came back with a new rate that would match the Humana rate. He then turned the time over to Vic Peterson.

Vic explained the process of getting bids for insurance and the fact that it is always better to work with the current carrier if possible. We were glad that PEHP was willing to match the Humana rate and plan. The health plan the city is currently on is the Summit/Advantage Option 1, and in order to match Humana's plan, the PEHP health plan would change to the Summit/Advantage Option 2. Vic also explained the group tier level rating, and that the city is currently on a level 12. By changing to the Summit/Advantage Option 2, PEHP was willing to change the City's tier level from a level 12 down to a level 9. These tier levels are what PEHP determine future premiums, based on the city's health risk. Vic further explained that with PEHP the plan year is based on a fiscal year, and Humana would have been based on a calendar year, which could have created some issues with the deductibles for this first year.

Vic handed the council a sheet showing the changes and the savings in the health plan from the option 1 to the option 2. He then explained some of the main differences, which were; the deductible for an individual would go from \$250 to \$500 and for a family from \$500 to \$1000. He stated that for this first year, the city would set up a reimbursement account that would reimburse the employees the difference for the individual deductible up to \$250, and another \$250 for the family deductible. This would make the change in the deductible for this year neutral for the employee. He also explained that the out of pocket maximum would change from \$2,000 per individual to \$3,000 per individual and the insurance plan from a 90/10 to an 80/20. If the city chooses to change the plans, the plan would take effect on October 1, 2011.

Councilperson Ficklin asked if we could ask PEHP to change our tier to a level 9 and leave the plan the same. Vic stated that he asked PEHP about that, and he was told that this change was for the bidding process only, as a way to get us to a level to match the Humana plan.

Attorney Baker asked if the city would be willing to put an additional \$1000 into the reimbursement account this year to help offset the out of pocket charges. Then if the employees do not use that money, the city would take it back at the end of the year.

Mayor Cope stated that this is a great opportunity for the city to save some money. The city employees currently have a very good health plan, the change would not be that significant, and it would put us in line with many other cities.

Attorney Baker mentioned when comparing with other cities, we have to look at the whole package, wages, benefits, etc.

Clark Crook mentioned that the benefits package is a huge benefit, and that it attracts good people to work for the city. It helps offset the wage being a little lower compared to other cities.

Chris Averett stated that when the city passed the health insurance plan back in June, he told his employees that there would not be a change in their health insurance plan this year. It would be hard for him to go back and tell his employees that he was wrong and now there is a change.

Chief James stated that for the past few years the city employees felt it was better to give up any COLA or raises to keep the health insurance where it is. He also has the same concern that Chris Averett has, the employees were told back in June by the council that there would be no change in the insurance; it would be hard to go back and tell them that there is a change now.

Councilperson Durrant stated that after the meeting on August 17 she went home and felt bad because we, as a council, gave into a small percent of residents who spoke up against the tax rate increase. The budget has been passed and the residents don't want the roads fixed. The employees are a big asset to the city and she feels that we need to stay with what they were told and stay the current health plan.

Councilperson Rees stated on June 15<sup>th</sup> the council approved the health plan for the employees and told them it would not change. He feels that this year it is in the budget and that we should not change it.

Mayor Cope feels that we need to find a happy balance between the employees and the residents of Salem. This would give the city a little extra savings that could go towards the roads budget.

Clark Crook explained how each day the city employees make a lot of decisions, and how, with many of these decisions, the employees go out of their way to help save the city money. We have a lot of good employees working for the city with many talents. Many of the employees are feeling a little uneasiness with what is going on with the health insurance.

Mayor Cope wanted the employees to know that he appreciates the city employees and what they are doing for the city and how they save money for the city.

Councilperson Terry Ficklin stated that when we approved the budget, at the public hearing, we took \$100,000 from the roads to get our budget to balance. He stated that we have approved the budget for this year and he feels it is good where it is. He does not feel there is a need to amend the budget at this time.

Councilperson Jorgensen also stated that the budget has been approved for this year with the health insurance where it is, and he feels like we need to leave it for now, but would like to see some options for next year's budget. He would like to know more about the HSA or the HRA for the health insurance.

**MEETING CONVENED AT:** 7:00 p.m.

**CONDUCTING:** Mayor Jonathan F. Cope

**COUNCIL PRESENT:**

Mayor Jonathan F. Cope  
Councilperson Lynn Durrant  
Councilperson Terry A. Ficklin  
Councilperson Todd R. Gordon  
Councilperson Sid Jorgensen  
Councilperson Sterling Rees

**STAFF PRESENT:**

Jeffrey Nielson, Finance/Recorder  
Chief Brad James, Police Chief  
Junior Baker, City Attorney  
David Johnson, Building Dept.  
Bruce Ward, Public Works/Engineer

Excused:

**OTHERS PRESENT**

Cary Hanks, Erman Stone, Craig Warren, Jennie Houtz, Mathins Boggs, McKay Trotter, Devan MacCabe, Bryce Trotter, Dani Brimley, Janie Christensen, Rachel Fitzgerald, Courtney Behrmann, Hazael Finkenthal, Mckenzi Christensen, Megan Christensen, Randy Brailsford, Brad Bishop, Aaron Cloward, Steve Cox, Clark Crook, Chris Averett

**1. VOLUNTEER MOTIVATIONAL/INSPIRATIONAL MESSAGE**

Mayor Cope asked if anyone would like to give a motivational or inspirational message. Bruce Ward stated he would like to offer a motivational message in the form of a prayer.

**2. INVITATION TO SAY PLEDGE OF ALLEGIANCE**

Mayor Cope invited those who wish to participate, to stand and say the pledge of allegiance with him. He then led the pledge of allegiance for those who wanted to participate.

### **3. MISS SALEM - Rachel Fitzgerald – Presentation to SEMA**

Miss Salem Rachel Fitzgerald stated that during Salem Days this year Sequoia Motor Sports had provided boat rides around the pond while she and her court gave a short history of Salem. For the rides they asked for donations. She brought the money they collected to present to the Ambulance Association. She then presented the money to Captain Erman Stone.

### **4. SALEM YOUTH COUNCIL**

Mckenzi Christensen from the Youth Council reported that they will be helping out with the Mount Loafer Elementary School carnival. Mayor Cope thanked them for their hard work during Salem Days.

### **5. APPROVE AMENDMENT TO PEHP HEALTH INSURANCE**

Mayor Cope stated that Vic Peterson from First West Benefits presented to the council the opportunity for the city to save approximately \$55,000. If we don't approve the amendment not only would we lose the opportunity to save money, but we would also lose the opportunity to move from a tier 12 to tier 9 on our health plan (the tiers are how PEHP rates a group based on their health risk. The lower the tier the less the premiums are).

Councilperson Rees asked if we approve this would it be changing what the city has already approved. Attorney Baker stated that it would require an amendment to the agreement we have with PEHP.

Councilperson Jorgensen stated that this will give Salem City an opportunity during the renewal time for next year to ask for a lower premium. He would like to know more about an HSA or HRA health plan for next year. He feels that we have already made the decision on the health insurance for this year, and that we should not to do the change on the insurance at this time.

**MOTION BY:** Councilperson Lynn Durrant to not approve the amendment to the PEHP health insurance.

**SECONDED BY:** Councilperson Terry Ficklin.

**VOTE:** All Affirmative (5-0).

### **6. APPROVE BILLS FOR PAYMENT**

**MOTION BY:** Councilperson Sidney Jorgensen to approve the bills for payment.

**SECONDED BY:** Councilperson Sterling Rees.

**VOTE:** All Affirmative (5-0).

## **7. PUBLIC SAFETY**

### **COUNCIL REPORTS**

#### **8. MAYOR JONATHAN F. COPE**

#### **9. COUNCILPERSON LYNN DURRANT**

#### **10. COUNCILPERSON TERRY A. FICKLIN**

Councilperson Ficklin asked Yolanda from the chamber if she had anything.

Yolanda Moser from the Chamber of Commerce stated it was great working with Miss Salem during Salem Days with fund raiser for the ambulance association. She talked about using the city logo for some fliers; the council felt it was not a problem. The farmers market in Spanish Fork is going well, and then Miss Salem is working with the chamber and UVU on “Find Your Greatness Day” on the 24<sup>th</sup> of September. She also wants to know if Salem wanted to do a scarecrow contest; it would be done the same way that Spanish Fork does theirs on Main Street. Mayor asked Chief James if there were any concerns about safety. Chief James stated the signs should not be a problem; businesses just need to be aware of safety when putting them up. If we see a problem, we can talk to the business who put the scarecrow up. There also has to be a time limit for when they have to be taken down. The council felt that it would be a good idea to do the contest this year. Cary Hanks stated she would get the information to the city, and that the time line to have them taken down is 3 days after Halloween. Yolanda would also like the council to think about, the lighting of Pond Town Christmas, and how it is usually the same night as the light parade in Spanish Fork.

#### **11. COUNCILPERSON STERLING REES**

Councilperson Rees has talked to some of the Strawberry Water Users and they reported to him that they have not used a lot of their strawberry water this year. Randy Brailsford reported that as of August 31, Strawberry Reservoir was 305% full.

#### **12. COUNCILPERSON SID JORGENSEN**

#### **13. COUNCILPERSON TODD R. GORDON**

Councilperson Gordon asked about the surveys that were sent out regarding recycling. Jeff Nielson stated we have received a lot, and he was going to have them compiled into a report. He also asked about the cemetery rates and if they have taken affect. Jeff reported that they have taken affect.

**14. DAVE JOHNSON, BUILDING DEPARTMENT/PUBLIC WORKS**

**15. BRUCE WARD, CITY ENGINEER/ PUBLIC WORKS DIRECTOR**

**16. ATTORNEY S. JUNIOR BAKER.**

**ADJOURN CITY COUNCIL MEETING**

**MOTION BY:** Councilperson Lynn Durrant to adjourn city council meeting.

**SECONDED BY:** Councilperson Sidney Jorgensen.

**VOTE:** All Affirmative (5-0).

**MEETING ADJOURNED AT:** 7:30 p.m.

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Jeffrey Nielson, City Recorder