



KURE BEACH TOWN COUNCIL  
SPECIAL MEETING  
MAY 15<sup>TH</sup>, 2008

***MINUTES***

On May 15, 2008, the Kure Beach Town Council held a special meeting for the purpose of discussing funding of employee benefits for fiscal year 2008-2009. Notice was posted at Town Hall on May 1, 2008.

COUNCIL MEMBERS PRESENT:

Mayor	Mac Montgomery
Mayor Pro Tem	Jim Dugan
Commissioner	Dean Lambeth
Commissioner	Barry Nelder
Commissioner	Jim Vattr

COUNCIL MEMBERS ABSENT:

None

STAFF PRESENT:

Town Administrator	Michelle James
Building Inspector	John Batson
Finance Officer	Susan Suggs
Fire Chief	Harold Heglar
Police	Dennis Cooper
Public Works	Sonny Beeker
Town Clerk	Nancy Avery

Attorney Canoutas was in attendance. A quorum of the Council was present.

1. Call to order

Mayor Montgomery called the meeting to order at 3:35pm.

2. Discussion and Approval of budgetary items

A. Recommendation on health care plan

Mayor Montgomery explained that:

- The renewal rate for the current health care plan through United Health Care (UHC) is 28%.
- Retirees are currently on individual Blue Cross Blue Shield plans.
- The Town received approval to participate in the State Health Plan.
- The Town has the option of either enrolling active and retired employees or enrolling only active employees now with the ability to add retired employees later.

Commissioner Dugan stated

- He recommends the Town enroll active employees in the State Health Plan (SHP) and leave retirees on individual Blue Cross Blue Shield (BCBS) policies.
- His gut reaction is that UHC is a for profit plan and the State Health Plan (SHP) is not.
- The Town will have more stability with a larger group such as the SHP rather than with a private for profit provider.
- The Town should keep retirees where they are on BCBS because it is a decent plan.
- If the Town enrolls the retirees in the SHP, it is forever and can't be changed - waiting gives the Town time to do further research on retiree health insurance options.

Questions/discussion:

Commissioner Vattr:

- What was the strategic positioning for UHC?
- Do either of the plans continue to do that?
- We need to be careful because SHP is a three year commitment.
- We want a competitive, fair and honest plan for employees.
- The current plan has no co-pays and deductibles.
- Why are we only looking at two plans?

Commissioner Dugan responded:

- The league's rates were 'through the roof'.
- The Town looked at two issues: 'bang for the buck' and maintenance of the same type of benefit package with the old plan.
- The Town used the league's plan as a goal and comparison tool.
- The Town weighed the overall cost to the Town for product and overall benefits.
- We looked at every insurer last year that would talk to us.

Mayor Montgomery:

- The UHC plan was set so that the Town assumed the liability for a certain part of the deductible.
- The Town made a commitment to employees when hired that we would provide insurance while they are employed.
- The SHP is guaranteed insurability. The drawback is the co pay and deductible, but the larger plan protects the Town in the future.
- UHC offers the same insurability as long as the Town continues to 'pony up'.

Town Administrator James stated:

- The staff recommended enrolling active employees in the SHP and leaving retirees on individual BCBS policies.
- The staff also recommended the Town fund the Flexible Spending Plan utilizing a 50/50 split based on deductible and co-insurance out of pocket costs associated with which plan the employee chooses.

ACTION – Commissioner Vatrt MADE THE MOTION to enroll active employees in the State Health Plan, leave the current retirees on the Blue Cross Blue Shield individual policies and contract with the North Carolina League of Municipalities for dental coverage. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS. Note: Commissioner Nelder was out of the room at the time of the vote. His vote is recorded in the affirmative.

B. Flexible spending plan (section 125) – funding deductible.

ACTION - consensus - Commissioners Dugan and Vatrt and Town Administrator James to meet and bring a recommendation to Council for funding the flexible spending plan.

C. Recommendation to fund COLA (cost of living)

Town Administrator James stated that in the past the Town has used the CPI to determine COLA. This year's CPI is 4.1% and staff recommends 4.1%.

Commissioner Vatrt stated:

- The North Carolina League of Municipalities (NCLM) endorses a 2.7% COLA.
- If we continue past practices, we will be somewhere north of \$2 million dollars in terms of salaries that includes benefits. In 10 years, it will be over \$3 million.
- The revenue side probably won't keep pace so we will end up spending 60% of revenue on salaries and benefits – something we need to think about.

Commissioner Dugan stated he supports a 4.1% COLA because that was what was put in the budget and he is open to looking at everything between now and the next budget cycle.

Commissioner Nelder stated:

- In the last year or so the COLA was in the 3% category.
- He thinks that is more in line with what other municipalities are doing
- he suggests 3.3%.
- Council has an obligation to protect the citizens and their pocketbooks.

Commissioner Lambeth stated he thinks 3.1% or 3.2% is more in line with other municipalities.

Mayor Montgomery stated that state employees will receive 4.0% COLA with no merit.

ACTION - Commissioner Lambeth MADE THE MOTION to fund 3.2% COLA. Commissioner Lambeth accepted Commissioner Nelder's request to AMEND THE MOTION to fund 3.3% for COLA for fiscal year 2008-2009. Commissioner Nelder seconded the motion. THE VOTE OF APPROVAL CARRIED with a vote of 3 to 2 with Commissioners Dugan and Vatrt in the negative.

#### D. Funding 401K

Mayor Montgomery explained that the Town currently contributes 5% of each employee's salary into a 401K plan and that State law requires a 5% contribution for police officers.

#### Discussion:

Commissioner Lambeth stated he thinks the Town should match up to 5% of what an employee contributes.

#### Commissioner Vatrtr stated:

- The Town has a limited revenue stream and the staff work force has to go well beyond normal work hours due to the summer impact of five (5) times the regular population base.
- If we continue to fund what we are currently doing for benefits, we have to consider some serious tax increases to cover the costs.

**ACTION – Commissioner Vatrtr MADE THE MOTION to accept the standard plan of 5% for each employee contribution to the 401k plan for this year and come up with a plan as soon as possible with a proposal for the future that includes a contributory graduated plan. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS**

#### E. Recommendation to fund health care for future retirees

Town Administrator James stated that the staff recommendation is:

- An employee that works for the Town for 10 years be eligible to enroll in the health care plan and enroll their dependents at the cost of the employee.
- An employee that works 20 consecutive years at the age of 55 – the Town should fund the cost for full health care for retiree and dependents should be eligible to enroll.
- An employee that works 30 years consecutive, regardless of age – the Town should fund the cost for full health care for the retiree and dependents should be eligible to enroll.

**ACTION – Commissioner Nelder MADE THE MOTION for the Town to do a study on retiree health care with a graduated plan up to 30 years and full funding. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.**

#### F. Funding of Longevity Program

**ACTION – Commissioner Vatrtr MADE THE MOTION to accept the standard plan for this year for longevity and come up with a plan for the future. Commissioner Dugan seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.**

#### 3. Discussion of additional Lifeguards and two towers

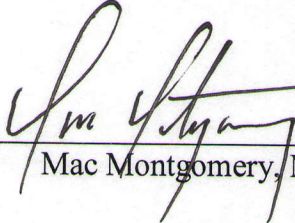
**ACTION - Commissioner Lambeth MADE THE MOTION to authorize two additional towers provided they can be staffed safely, if not, then only one, for this coming season.**

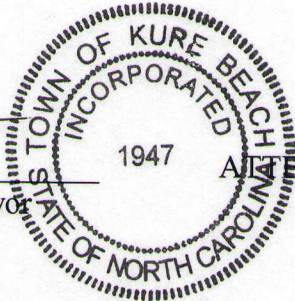
Commissioner Nelder seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.

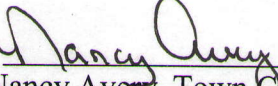
ACTION - Commissioner Dugan MADE THE MOTION to amend the fiscal year 2007-2008 budget to add two lifeguard towers and request funding from the Tourist Development Authority for this year's budget at an approximate cost of \$16,000 per tower. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.

5. Adjournment

ACTION – Commissioner Dugan MADE THE MOTION to adjourn at 5:35pm. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS

  
Mac Montgomery, Mayor



  
Nancy Avery, Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. Persons wishing to hear the recording of this meeting may request to do so by contacting the Town Clerk.