



City of West Allis

7525 W. Greenfield Ave.
West Allis, WI 53214

Meeting Minutes

Administration & Finance Committee

Aldersperson Vincent Vitale, Chair

Aldersperson Kevin Haass, Vice-Chair

Alderspersons: Thomas G. Lajsic, Michael P. May, Cathleen M. Probst

Monday, February 9, 2015

6:00 PM

City Hall Room 128

REGULAR MEETING (draft minutes)

A. CALL TO ORDER

Chair Vitale called the meeting to order at 6:00 p.m.

B. ROLL CALL

Present 5 - Ald. Vitale, Ald. Haass, Ald. Lajsic, Ald. May, and Ald. Probst

Others Attending

Alds. Reinke and Roadt; Diane Brandt, WA/WM Chamber of Commerce; Kevin Crosby, Robert Bruno, Dina D'Ambroso, Elite Environmental; Laurell Kohler, West Allis Resident; Rebecca Grill, City Administrator; Scott Post, City Attorney; Sheryl Kuhary, Assistant City Attorney; John Stibal, Director of Development; Audrey Key, HR Director; Mark Wyss, Finance Director/Comptroller/City Treasurer; Kris Moen, Finance Supervisor; Jim Jandovitz, ITC Director; Jane Barwick, Principal HR Analyst; Marty King, Assistant Fire Chief; and Jeanette Wardinski, Administrative Assistant.

C. APPROVAL OF MINUTES

2015-0088 Minutes (draft) January 20, 2015 and February 3, 2015.

A motion was made by Ald. May, seconded by Ald. Haass, that this matter was Approved. The motion carried by the following vote:

Aye: 5 - Ald. Vitale, Ald. Haass, Ald. Lajsic, Ald. May, and Ald. Probst

No: 0

D. FINANCE DIRECTOR REPORT

1. Health and Dental Insurance Benefit Programs, including Rates and Benefit Levels.

Chair Vitale asked staff for its presentation on this topic. Finance Director Mark Wyss opened discussion by stating that staff has been discussing health/dental insurance benefit programs, including rates and benefit levels with our insurance consultant, Willis. Tonight's presentation will show all options available so the Committee is able to make an informed decision on how to proceed. Kris Moen, Finance Supervisor, then addressed the Committee with a Powerpoint presentation, explaining that the following would be covered: Dental Rates for 2015, Overview of City Health Insurance program, Management Strategies for Health Insurance program, and 2015 Health Premium Rate recommendation.

Considerable time was spent covering the City's health insurance program, with detailed description and explanation provided on each topic. During this presentation, it was explained that the City is self-insured, meaning the City pays all expenses related to health insurance--we pay a fee to Humana who provides administration of our health plan; we have stop loss insurance in order to manage large claims; and health care reform fees are also to be considered, such as the "Cadillac" tax. The management strategies used to contain the City's health insurance costs were described in detail, including network changes, deductibles, plan design changes, wellness efforts, number of people on the plan, yearly competitive bids for administration fees (e.g., TPA and stop loss/reinsurance). It was noted that we have very little, if any, ability to manage health care reform costs/fees; fact sheets were provided on the cadillac tax, scheduled to take effect in 2018. Staff explained what this tax means in terms of potential costs to the City and how we can minimize our liability by managing our premium cost. Next, staff addressed how we manage revenues as part of our strategies to contain health care costs. This includes premium share increases (recent 5% to 7.5% increase for employees--as premiums increase, employees pay more for coverage), plan design changes (co-pays, deductibles) so employees pay more for care. Over time, employees pay more but for less coverage. Similar strategies are used for the retiree group, but plan design changes do not impact retirees, and co-pays/deductibles don't change like they do for active employees. Over time, retirees pay more but they keep the same level of coverage. Lastly, it was noted that as premiums increase, taxpayers pay more. A strategy is to fully fund the city contribution for active employees, but we can't afford to fully fund the city contribution for retirees.

Next, staff presented 2015 premium rate options. It was explained that currently there is a combined premium rate (active employees and retirees). Option 1 continues this methodology, so both groups have an 8% premium rate increase; with this option (and as has been the case all along), actives are subsidizing retirees. Option 2 separates the two groups, resulting in a 4% decrease for actives and a 22% increase for retirees. Option 3 presents a hybrid premium rate, using a phased approach for premium increases resulting in a 5% increase for actives and 11% for retirees in 2015. Option 3 acknowledges there is a difference in plans and phases us into the two groups (active employee premium and retiree premium) and away from the historically used combined premium. Discussion ensued on these options and how they affect the two groups. Staff recommends Option 3 for 2015. From a benefit standpoint, the plans are different--plan design changes to co-pays and deductibles affect employees but not most retirees. This hybrid rate/phased-in approach recognizes the difference between the employee plan and the retiree plan and prices the plans accordingly. From a financial standpoint, the hybrid rate approach provides a funding mechanism other than the tax levy. Mr. Wyss said the thing that is really driving this is the cadillac tax we will be facing. The hybrid plan shows the groups are different and the plans are different. Lastly, staff explained the pros and cons of Option 3. The pros include equitably distributes cost of plans--a richer plan has a higher premium cost; premiums more closely reflect "market rate" for plans; and this begins to address the cadillac tax exposure. The cons are the impact on retirees (mitigated by a phased-in approach) and potential legal challenge from the retiree group. Staff said starting a phased approach now helps reduce a drastic measure in the future. It was pointed out that benefit levels are not changing, we are just trying to more closely reflect the cost between both groups.

Staff then responded to questions from the Committee, and a further explanation was given on why the city is self insured. Basically, the reason for this is rather than paying a set rate every year to be fully insured, no matter what the claim experience is, the city is able to manage its costs through its claims experience and we fund as much as we possibly can. In doing so, we are able to build an insurance fund based on our experience. Ald. May also asked whether we have considered an HSA structure. Mr. Wyss said we are looking at a full range of options including HSAs and HRAs. Ms. Key added that in working with our insurance consultant Willis, we are looking at many things, e.g., site clinics, etc. Ald. Lajsic said he would like to see more information on the retiree group and whether we can be doing more with that. He noted that our active employees are being overwhelmed. He would like a few more options on the phased-in approach and more information on premium rates. Further discussion ensued.

In conclusion, the Committee directed staff to present a resolution for the next Council meeting recommending the hybrid option. Based on additional information requested from staff, the resolution can be amended as needed.

E. CITY ADMINISTRATOR REPORT

1. Discuss Strategic Planning Process.

Chair Vitale asked Ms. Grill to discuss this matter. City Administrator Rebecca Grill said tonight she is briefly discussing her ideas for the strategic planning process that is to be conducted in developing a strategic plan for the city. This plan will outline the path that needs to be taken to move the city from the current state to the desired future state. The ultimate goal is to institute a process that will be used on an annual basis to establish meaningful budgeting priorities, including the development and implementation of department plans to meet the program priorities. The strategic plan will lead to greater accountability, create a vision, and effectuate change. She suggested the membership of the strategic planning committee (SPC) to include elected officials, city officials, and a select citizen and business owner. An executive committee would be comprised of certain key persons that would be involved in selecting a facilitator for the process. As we are currently in the very early part of the planning stage, we will first work on identifying a facilitator who will assist in the initial development of the plan. From there, committee members will meet to review the current vision and mission statements, and town hall stakeholder meetings will be held to assist in establishing priorities. Once information is gathered, the SPC will review the compiled material and establish strategic goals and priorities resulting in a final strategic plan for the Council to review and approve. From there, department budgets will include priorities, programs, and initiatives consistent with the strategic plan, and quarterly reporting will provide feedback on progress. She envisions the process being done in conjunction with the work of the newly-formed IT Steering Committee and how those projects tie in to the overall plan.

Ald. Lajsic wondered how many people know what the city's mission and vision statements are any longer. We definitely will need to revisit that. Ald. May wondered if we should also be conducting a survey to see what residents want. Mr. Wyss said when he was in Oak Creek, they hired a firm to conduct this type of citizen survey, and he will provide that information to Ms. Grill. Ms. Grill also asked the Committee for

its thoughts on a time frame for this process, and the Committee suggested that be a part of the plan she puts together to get this whole process started. Timing will depend on town hall meetings and whether a survey is conducted.

2. Discuss Lean Government Process.

City Administrator Rebecca Grill discussed with the Committee her ideas about the lean government process. She first explained that Lean is the systematic review of processes to identify waste. It allows organizations to provide more with fewer resources. Lean started in the manufacturing sector but has been expanded to other sectors including government. She proposes sending a number of employees to lean training to assist in the creation of a culture of lean, which results in continuous improvement and review of processes. She believes this will go hand-in-hand with the strategic planning. She has been through this training and can attest that once you go through the training, you look at things differently. She feels it is important to have more people doing it and she outlined the first round of employees for the training, including two from BINS, HR, Finance, and Development and four from DPW. Other departments and staff will be selected to attend future trainings. She will be reaching out to UWM Continuing Education and WCTC to set up training sessions.

Ald. May asked about bringing the training to the city and doing it by department. Ms. Grill talked about the logistics of the training and the work that gets done; she is not sure doing one whole department at a time is the best approach. Further discussion ensued on ideas for the training process. In conclusion, Chair Vitale stated that the Committee wants Ms. Grill to explore which option will work the best for our organization.

F. ADJOURNMENT

A motion was made by Ald. Vitale, seconded by Ald. May, that the meeting be adjourned at 7:02 p.m. The motion carried unanimously.