

**CITY OF CEDARBURG  
PERSONNEL COMMITTEE  
OCTOBER 10, 2018**

**PER20181010-1  
UNAPPROVED**

A meeting of the Personnel Committee of the City of Cedarburg, Wisconsin, was held on Tuesday, October 10, 2018 at City Hall, W63 N645 Washington Avenue, lower level, room 2. The meeting was called to order at 7:00 p.m. by Council President Patricia Thome.

Roll Call:      Present -      Council Members Patricia Thome (Chair), Garan Chivinski (arrived 7:13 p.m.), Rod Galbraith

Also Present -      City Administrator/Treasurer Christy Mertes, City Clerk Constance McHugh, Water Recycling Center Superintendent Eric Hackert, Library Director Linda Pierschalla, Deputy Treasurer Kelly Livingston, Water Recycling Center employee Mike Kelley, Becky Reinhardt from North Shore Bank

**STATEMENT OF PUBLIC NOTICE**

Council President Thome verified that notice of this meeting was provided to the public by forwarding the agenda to the City's official newspaper, the *News Graphic*, to all news media and citizens who had requested copies, and by posting in accordance with the Wisconsin Open Meetings law.

**APPROVAL OF MINUTES**

Motion made by Council Member Galbraith, seconded by Council Member Thome, to approve the minutes of the September 18, 2018 Personnel Committee meeting. Motion carried with Council Member Chivinski excused.

**CONSIDER IMPLEMENTATION OF A HEALTH REIMBURSEMENT ACCOUNT**

City Administrator/Treasurer Mertes and Becky Reinhardt of North Shore Bank explained Health Reimbursement Accounts (HRAs). A HRA plan is one that takes the unused sick pay and vacation pay of an employee and contributes it to a HRA account in the employee's name to use for qualified medical expenses after retirement. The employer does not pay any FICA taxes on these funds and the employee does not pay FICA, federal and state taxes. There is no cost to the City but an \$18 fee per year per employee, but this fee is waived if the employee has a 457(b) plan with North Shore Bank or opens a free checking account with the bank. An employee survey showed an overwhelming support of such a plan.

Council Member Chivinski arrived at this time.

Motion made by Council Member Galbraith, seconded by Council Member Chivinski, to recommend to the Council that an HRA plan be established for employees using both unused sick pay and accrued vacation pay. Motion carried unanimously.

City Administrator/Treasurer Mertes reminded the Committee that City employees are currently paid out 50% of unused time at the time of retirement. Light and Water employees are paid out 100%. She said the Committee may want to consider increasing the payout for City employees. It was the consensus of the Committee that the sick leave payout for employees at retirement remain at 50% plus the City savings from FICA taxes.

**DISCUSS COMPENSATION AND BENEFITS STUDY PREPARED BY CEDARBURG LIGHT AND WATER**

City Administrator/Treasurer Mertes said employees at Light and Water surveyed wages and benefits of employees in surrounding communities and prepared a study based on the results. The results showed certain positions to be above the average and others below the average in terms of wages. Benefits seemed to be comparable to other communities. She said the intent is to continue to do the survey in the future and collect more data.

Council Member Thome said this is the first step to comparing salaries and benefits and the goal is to get more detailed information going forward.

Council Member Galbraith said he is concerned about the comparables used. He said up until 2007, public sector employees had lower wages but better benefits. Since 2007 this has changed with employees in the private sector seeing both reduced benefits and wages. He said the problem with the survey is that the comparisons are made to other public entities. The general public does not see it this way. Comparisons should be made to those people who are paying taxes. When he was a County employee, contributions to health insurance by employees steadily increased over the years. He said the City needs to look at a number of options in terms of health insurance, such as high deductible plans, higher premium plans, and health savings accounts. He said graduated increases in premium contributions are needed with incentives for employees to keep the premiums lower.

Superintendent Hackert reminded Committee members that the City has a high deductible health insurance plan with a health saving account.

Council Member Chivinski said he views things in terms of attracting and retaining quality employees and being competitive in terms of salaries and benefits. He said his benefits in the private sector are not very good, and benefits in private sector generally are brutal. He said he does not want to see the City go down this path. He thanked employees for the work that went into the study.

Council Member Thome said she is not ready to dig a hole in the City's health insurance plan at this time. Monday night the Council tentatively decided to continue with the current health insurance plan for another year given there is not an increase in the premium costs for 2019. She said staff needs to continue to gather information.

**REVIEW OF PROPOSED WELLNESS PROGRAM**

City Administrator/Treasurer Mertes said the Employee Health Insurance Committee has developed a wellness program for 2019. The City's current health insurance provider will provide a grant for prizes

and a point system has been developed that will allow a paid ½ day or full day off if a certain number of points are received.

It was the consensus of the Committee to implement the 2019 wellness program as proposed.

**DISCUSS JOINING OZAUKEE COUNTY'S QUADMED CLINIC**

City Administrator/Treasurer Mertes said she, Library Director Pierschalla, and Superintendent Hackert toured the Ozaukee County employee health clinic and discussed a possible joint venture where City employees could use the clinic for certain health services. She has not yet received information regarding the costs for this.

It was later discovered in a newspaper article that Ozaukee County plans to close this clinic. She will be talking to the City's insurance consultant and provider about possibly using an Aurora clinic for such services.

**ADJOURNMENT**

Motion made by Council Member Chivinski, seconded by Council Member Galbraith, to adjourn the meeting at 8:20 p.m. Motion carried unanimously.

Constance K. McHugh, MMC/WCPC  
City Clerk