

TOWN OF HIGHLANDS
DISCUSSION OF EMPLOYEE BENEFITS FOR NEW HIRES & BUDGET COST SAVINGS IDEAS
HIGHLANDS COMMUNITY BUILDING
APRIL 20, 2011
4 PM

Present: Mayor David Wilkes, Mayor Pro Tempore John Dotson, Commissioners Dennis DeWolf, Gary Drake and Larry Rogers

Absent: Commissioner Amy Patterson

Staff Present: Town Manager Jim Fatland, Police Chief Bill Harrell, Interim Planning Director Mark Maxwell, Public Services Director Lamar Nix, P.E., and Park & Recreation Director Selwyn Chalker

Call to Order

Mayor David Wilkes called the meeting to order at 4:00 PM

Discussion of Employee Benefits for New Hires

Mayor Wilkes called on Town Manager Jim Fatland to present salary and benefit information on current employees. Fatland wished to thank Sonjia Gibson for preparation of the salary and benefit spreadsheets. Fatland said that the Finance Committee requested answers to several questions.

Fatland presented a spreadsheet indicating the average annual salary of a Town Employee of \$37,336. In addition, he listed several employer paid benefits which included FICA/Medicare, North Carolina State Retirement, Medical Health Insurance including dependent coverage, dental insurance, term life insurance, critical illness insurance, long term disability and Christmas bonus. Benefits totaled \$17,349 or 46% of salary. The single largest item of benefits provided Town Employees was employee and family medical coverage. The annual cost totaled \$10,718.

**Town of Highlands
Median Salary Costs**

COSTS	MONTHLY	ANNUALLY	BENEFITS % OF SALARY PKG
MEDIAN SALARY	\$3,111.33	\$37,336.00	
MEDIAN BENEFITS			
FICA/MEDICARE (7.65%)	\$238.02	\$2,856.20	
NC STATE RETIREMENT (6.88% effective 07/01/11)	\$245.17	\$2,942.08	
HEALTH INSURANCE (Family Coverage)	\$893.22	\$10,718.64	
DENTAL INSURANCE (Employee Only Coverage)	\$25.32	\$303.84	
BASIC TERM LIFE INSURANCE (\$50,000.00)	\$12.50	\$150.00	
CRITICAL ILLNESS INSURANCE (\$1,000.00)	\$1.38	\$16.56	
LONG TERM DISABILITY INSURANCE (\$.25/\$1,000 of Annual Salary)	\$9.34	\$112.08	
CHRISTMAS BONUS (1-10 Years Service)	\$20.84	\$250.00	
TOTAL MEDIAN BENEFITS	\$1,445.79	\$17,349.40	46%
TOTAL MEDIAN SALARY PACKAGE	\$4,557.12	\$54,685.40	

Town of Highlands Employee Benefits Package

CATEGORY	TOWN PAYS	EXISTING EMPLOYEES PAY	NEW HIRES
INSURANCE COVERAGES			
HEALTH INS PREM/EMPLOYEE ONLY	\$276.20/mo/Employee	\$0.00	
HEALTH INS PREM/EMPLOYEE/SPOUSE	\$628.06/mo/Employee	\$0.00	
HEALTH INS PREM/EMPLOYEE/CHILD	\$502.66/mo/Employee	\$0.00	
HEALTH INS PREM/EMPLOYEE/FAMILY	\$893.22/mo/Employee	\$0.00	
DENTAL INS. PREM/EMPLOYEE ONLY			
	\$25.32/mo/Employee	\$0.00	
	Employees pay for dependent coverage on dental		
BASIC TERM LIFE INSURANCE (\$50,000)	\$12.50/mo/Employee	\$0.00	
CRITICAL ILLNESS (\$1,000)	\$1.38/mo/Employee	\$0.00	
LONG TERM DISABILITY INSURANCE	\$.25/\$1,000 OF ANNUAL SALARY/mo/Employee	\$0.00	
FICA/MEDICARE MATCH	0.0765% for 2011	.0565% for 2011	
NC STATE RETIREMENT GENERAL EMPLOYEE AND FIREMEN (07/01/2011)	6.88%	6.00%	
NC STATE RETIREMENT LAW ENFORCEMENT OFFICER (07/01/2011)	7.35%	6.00%	
POLICE OFFICERS & TOWN MANAGER 401(K)	5.00%	Voluntary Contributions	
CHRISTMAS BONUS (Reviewed annually by Town Board)			
LESS THAN 1 YEAR SERVICE	200.00/Employee	\$0.00	
BETWEEN 1 YEAR & 10 YEARS SERVICE	250.00/Employee	\$0.00	
BETWEEN 10 & 20 YEARS SERVICE	300.00/Employee	\$0.00	
MORE THAN 20 YEARS SERVICE	350.00/Employee	\$0.00	
PART-TIME EMPLOYEES	HAMS	\$0.00	
VACATION (Per Personnel Policy Manual)			
AFTER 1 YEAR SERVICE - 5 DAYS			
AFTER 2 YEARS SERVICE - 12 DAYS			
AFTER 5 YEARS SERVICE - 15 DAYS			
AFTER 10 YEARS SERVICE - 17 DAYS			
AFTER 15 YEARS SERVICE - 20 DAYS			
AFTER 20 YEARS SERVICE - 22 DAYS			
AFTER 25 YEARS SERVICE - 25 DAYS			
Hours over 240 at year end roll over to sick leave per Personnel Manual.			
SICK LEAVE (Per Personnel Policy Manual)			
AFTER 1 YEAR SERVICE - 10 DAYS			
AFTER 3 YEARS SERVICE - 15 DAYS			
AFTER 5 YEARS SERVICE - 20 DAYS			
AFTER 10 YEARS SERVICE - 25 DAYS			
AFTER 15 YEARS SERVICE - 40 DAYS			
COMP TIME IS CAPPED AT 80 HOURS (Per Personnel Policy Manual)			
STATE RETIREMENT (State Mandated)		STATE RETIREMENT (State Mandated)	
LOCAL GOVERNMENT EMPLOYEES AND FIREMEN:		LAW ENFORCEMENT OFFICERS:	
Vested: Minimum of 5 years creditable service.		Vested: Minimum of 5 years creditable service.	
SERVICE RETIREMENT (unreduced benefits)		SERVICE RETIREMENT (unreduced benefits)	
Age 65 & complete 5 years creditable service		Age 55 & complete 5 years of creditable service as an officer	
Age 60 & complete 25 years creditable service		Complete 30 years of creditable service at any age	
Complete 30 years creditable service at any age		EARLY RETIREMENT (reduced benefits)	
EARLY RETIREMENT (reduced benefits)		Age 50 & complete 15 years credit service as an officer	
Age 50 & complete 20 years creditable service			
Age 60 (age 55 if a fireman) & complete 5 years creditable service			
LEO SEPARATION ALLOWANCE (State Mandated)			
Benefits payable monthly thru month retiree becomes employee turns 62, or returns to employment or deceases.			
Eligibility Requirement:			
1. Have completed 30 or more years of creditable service or have attained 55 years of age & completed 5 or more years of creditable service and			
2. Not have attained 62 years of age, and			
3. Have completed at least 5 years continuous service as a law enforcement officer immediately preceding a service retirement.			
Benefit Calculation:			
Annual Salary \$ _____ X .0085 = _____ X Creditable Years of Service _____ = Annual LEO \$ _____ ÷ 12 = Gross Monthly Benefit \$ _____			
Average Cost Hourly Employee:	2080 hours @ \$17.95/Hr. Salary: \$37,336.00 Annually		
Average Cost of Retirement on Salary Above:	\$3,111.33 at 2011 rate of 6.88%		
Average Cost Medical Benefits	\$893.22		
Average Cost Dental Benefits	\$25.32		

Fatland then presented spreadsheets on employer paid portion of medical coverage provided dependents by Macon County and Town of Franklin.

**Town of Highlands Insurance Premiums Supplemented By Employees
(Based on Macon County Percentages)**

DENTAL COVERAGE	TOWN PAYS PERCENTAGE	TOWN PAYS per month	EMPLOYEE PAYS PERCENTAGE	EMPLOYEE PAYS per month	TOTAL PREMIUM per month		
Employee Only	0%	\$0.00	100%	\$25.32	\$25.32		
Employee/Spouse	0%	\$0.00	100%	\$52.22	\$52.22		
Employee/Child	0%	\$0.00	100%	\$69.32	\$69.32		
Family	0%	\$0.00	100%	\$98.12	\$98.12		
HEALTH COVERAGE	TOWN PAYS EMPLOYEE ONLY	TOWN PAYS SUPPLEMENT PERCENTAGE	TOWN PAYS SUPPLEMENT	TOTAL TOWN PAY PER MONTH	EMPLOYEE PAYS PERCENTAGE	TOTAL EMPLOYEE PAYS PER MONTH	TOTAL PREMIUM PER MONTH
Employee Only	\$276.20	0%	\$0.00	\$276.20	\$0.00	\$0.00	\$276.20
Employee/Spouse	\$276.20	65%	\$228.71	\$504.91	35%	\$123.15	\$628.06
Employee/Child***	\$276.20	67% ***	***	***	33% ***	***	***
Employee/Children	\$276.20	65%	\$228.71	\$504.91	35%	\$123.15	\$502.66
Family	\$276.20	54%	\$333.19	\$609.39	46%	\$283.83	\$893.22
***Town of Highlands does not have this coverage.							

**Town of Highlands Insurance Premiums Supplemented By Employees
(Based on Town of Franklin Percentages)**

DENTAL COVERAGE	TOWN PAYS PERCENTAGE	TOWN PAYS per month	EMPLOYEE PAYS PERCENTAGE	EMPLOYEE PAYS per month	TOTAL PREMIUM per month		
Employee Only	100%	\$25.32	0%	\$0.00	\$25.32		
Employee/Spouse	48%	\$25.32	52%	\$26.90	\$52.22		
Employee/Child	36%	\$25.32	64%	\$44.00	\$69.32		
Family	26%	\$25.32	74%	\$72.80	\$98.12		
HEALTH COVERAGE	TOWN PAYS EMPLOYEE ONLY	TOWN PAYS SUPPLEMENT PERCENTAGE	TOWN PAYS SUPPLEMENT	TOTAL TOWN PAY PER MONTH	EMPLOYEE PAYS PERCENTAGE	TOTAL EMPLOYEE PAYS PER MONTH	TOTAL PREMIUM PER MONTH
Employee Only	\$276.20	0%	\$0.00	\$276.20	\$0.00	\$0.00	\$276.20
Employee/Spouse	\$276.20	33%	\$116.11	\$392.11	67%	\$235.75	\$628.06
Employee/Child(ren)	\$276.20	44%	\$99.64	\$375.84	56%	\$126.82	\$502.66
Family	\$276.20	36%	\$222.13	\$498.33	64%	\$394.89	\$893.22

Commissioner Gary Drake said there would be a potential cost savings if new hires paid a portion of dependent medical coverage. Commissioner John Dotson stated that the current benefit package of 46% is extremely generous and the Town must look to new hires to absorb some of the cost of dependent

coverage. Mayor David Wilkes stressed that none of the cuts would apply to any employee currently working for the Town.

Town Manager Fatland reported that one area the Town has done a good job in is controlling the liability for medical costs to retirees. He pointed out that retirees can purchase medical coverage to age 65 at cost while other agencies provide fully paid medical based upon years of service.

Police Chief Bill Harrell stated that the fully paid medical plan has been an excellent recruiting tool for new hires. This comment was echoed by Lamar Nix and Selwyn Chalker.

Board Members shared that times have changed and that controlling future costs is vital to maintain the financial stability of the Town. No action was taken by the Town Board on reducing the amount of employer paid medical for new hires, however, matter will be considered for action during the budgetary process.

Discussion of Other Budget Cost Savings Ideas

Fatland presented a proposal from Robert Segal, CPA, on a review to seek savings in operational costs. Fatland reported that both Macon County and Town of Franklin utilized Mr. Segal's services. Commissioner Drake suggested the item be referred to Finance Committee for further discussion.

Seeing no other business to come before the Town Board, the Mayor adjourned the work session at 5:15 PM.

Approved:

Prepared By:

David Wilkes, Mayor

Jim Fatland, Town Manager