

**MINUTES OF THE
CITY OF FRONTENAC
WAYS AND MEANS COMMITTEE
TUESDAY, DECEMBER 13, 2005 7:00 P.M.**

A. CALL TO ORDER

The December 13, 2005 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 7:03 P.M.

B. ROLL CALL

The following Committee members were present: Chairman Warren Winer, Treasurer Ronald Tennenbaum, Mark Kiehl, Alderman Keith Krieg, Becky Brown, John Jordan, Jeanne Pfister and City Administrator Bob Shelton. Henry Dubinsky was absent.

Finance Officer Michael Hilburg noted that there was a quorum.

C. APPROVAL OF AGENDA:

MOTION: Alderman Krieg motioned and Mr. Kiehl seconded approval of the agenda without revision. All voting members present voted in the affirmative. **MOTION PASSED.**

D. APPROVAL OF MINUTES:

Chairman Winer requested that the minutes include a more detailed explanation regarding the reserve levels discussed at the prior meeting.

MOTION: Mr. Kiehl motioned and Ms. Brown seconded approval of the minutes of the November 8, 2005 Meeting of the Ways & Means Committee with the recommended change. All voting members present voted in the affirmative. **MOTION PASSED.**

E. PUBLIC FORUM (PRESENTATION OF REMARKS AND/OR PETITIONS)

No comments were made.

F. COMMENTS BY COMMITTEE MEMBERS:

No comments were made.

G. CHAIRMAN'S COMMENTS:

No comments were made.

H. OLD BUSINESS:

1. Review and Discussion of Financial Reports:

Finance Officer Hilburg stated that in an effort to better achieve the Committee's desire for accrual monthly financial statements, he created a variance report for the November Financial Statements that explains overages in specific accounts; warrants due in November, but not paid until December; and any other pertinent information.

Finance Officer Hilburg reviewed the November 2005 Financial Statements with the Committee.

Ms. Pfister mentioned that while the variance report is a positive step, until the City maintains its books in accrual form, the Committee is unable to create an accurate comparison between

multiple years. Ms. Pfister furthered that accrual financials should be a goal with any new software purchase.

Chairman Winer suggested that to make the variance report easier to follow, that it be incorporated in the financials statement.

2. *Update on Comprehensive Pay and Benefit Survey:*

Chairman Winer reviewed the timeline for the survey with the Committee. Chairman Winer requested that his memo to the Committee be attached to the minutes (Attachment A).

Mr. Jordan asked that the information include Frontenac's percentile versus the other cities.

3. *Investment Strategy:*

Mr. Kiehl stated that as anticipated there are no investment homeruns. Mr. Kiehl presented three investment options to the Committee all of which maintain at least 50% of the General Fund reserves as liquid: 1) the base case with the funds invested in the current repurchase agreement with Frontenac Bank, earning 4%; 2) one-half of the funds in the current repurchase agreement and one-half in 6 month treasuries, which would earn approximately 4%; and 3) a longer-term mix of treasuries, but with maturities under one year in length, which would also earn approximately 4%. Mr. Kiehl summarized that in all of these cases, the results were nearly the same.

Mr. Jordan replied that given those options and the relatively flat yield curve, the City should continue to examine rates on a monthly basis.

The Committee discussed the options further and arrived at a consensus to not currently alter its investments.

4. *Discussion on Health Insurance*

Chairman Winer stated that during budget meetings the Committee discussed high deductible plans that would save the City money, but because of the rushed timeline and the upcoming compensation and benefit review, no changes were made to the structure of the City's health insurance plan. However, Chairman Winer continued, because of large potential savings this topic was recently resurrected.

City Administrator Shelton mentioned that during a discussion with Finance Officer Hilburg, Mayor Murray and the City's Broker, Tom Grote, Blue Cross Blue Shield presented the City with rates that would renew the City's health insurance coverage for the entire 2006 calendar year under the high deductible option. City Administrator Shelton continued that the Mayor expressed interest in moving ahead with the high deductible option, providing that if the compensation and benefit review resulted in the need to make a health insurance plan change, the City would make the appropriate change, but would have saved money in the intermediate process.

City Administrator Shelton furthered that the recommended plan is a \$1000 fully reimbursable deductible. City Administrator Shelton furthered that this plan is achieved without making any other significant changes to the plan structures and co-pays.

Mr. Jordan questioned why the pricing is so advantageous.

Mr. Grote replied that he cannot explain the extreme savings, since in most cases it does not exist. Mr. Grote continued that this plan lowers annual premiums by \$78,000 and assuming that the

City would only need to fulfill 30-40% of its reimbursement requirement, the City could reasonably save \$35,000 - \$45,000 over the 2006 calendar year.

Chairman Winer clarified that when health insurance was considered last June many questions regarding benefit levels were raised, but due to the short decision making period the City analyzed identical plan pricing from different carriers. Chairman Winer continued that after actual pricing was determined, Blue Cross Blue Shield was the lowest cost provider.

Mr. Kiehl inquired if changes, such as benefit levels, could be made to the plan still, if the City switched now to the high-deductible option.

Mr. Grote responded that the City could still make changes throughout the calendar if they wished. Mr. Grote reminded the Committee that this proposal has only minor affects on the employees, but will save the City a significant sum.

City Administrator Shelton stated that this plan will not only save the City money, but will allow employee premiums to remain at the same level for an additional six months.

MOTION: Mr. Jordan motioned and Alderman Krieg seconded to recommend passage and acceptance of the proposed high-deductible health insurance option by the Mayor and Board of Aldermen. All voting members present voted in the affirmative. **MOTION PASSED.**

I. NEW BUSINESS: *Police and Fire Department Capital Improvement Requests*

Finance Officer Hilburg explained that per the stipulation placed at the time of budget approval, the Police and Fire Departments are seeking approval to purchase several budgeted Capital Improvement items, including: Fire House software, two Lifepak 500 AED's, a CPAP machine, an extremity fracture kit and an RIT tag line for the Fire Department; as well as two Evolt-500 digital cameras, two X-26 Tasers and an in-car computer with REJIS for the Police Department.

Mr. Jordan inquired if City Administrator Shelton had reviewed and approves of the expenditures.

City Administrator Shelton acknowledged that he has met with the department heads and approves of their acquisition. City Administrator Shelton continued that many of these specific requests were also specified in the Police and Fire Reports as needed purchases.

MOTION: Alderman Krieg motioned and Ms. Pfister seconded approval of the expenditures. All voting members present voted in the affirmative. **MOTION PASSED.**

J. SCHEDULE DATES FOR NEXT SPECIAL BUDGET MEETINGS: *January 10, 2005, 7:00PM*

K. ADJOURNMENT

MOTION: Alderman Krieg motioned and Mr. Jordan seconded that the meeting be adjourned. All voting members present voted in the affirmative. **MOTION PASSED.**

Meeting adjourned 8:35 P.M.

The Ways and Means Committee approved these minutes at their meeting held on January 16, 2006.
I hereby certify that these are the original minutes of the regular meeting of the Ways and Means
Committee held on December 13, 2005.

Leesa Ross, City Clerk

ATTACHMENT A:

Compensation and Benefit Study For Employees of the City of Frontenac

Suggested Project Outline and Timetable

1. The study is intended to cover all key elements of the compensation and benefit package to assure that all the pieces fit together to assure an appropriate level of total rewards for Frontenac employees.
2. The compensation review will look at all elements of compensation, including not just base pay and pay ranges, but also other pay policies like longevity pay, overtime, time to maximum, and other meaningful elements of the cash compensation package.
3. The benefit review will include all the key benefit programs including medical, life, disability, retirement, and time off.
4. The compensation review will include two peer groups. The first will include around 30 other cities in the area using the SLACMA survey. It will allow us to collect minimum, maximum, and actual pay, as well as key statistics about the cities involved. This broad sample will be an important starting point, but the data will not cover all the items of interest and may or may not reflect our goals for Frontenac and how it relates to other near-by communities. In analyzing this data for each job, Bob will be including input from the departments to be sure that we match like jobs against like jobs, and appropriate blend various job categories when necessary to provide the best match to the duties of our employees.
5. The second peer group for compensation, and the only peer group for the benefits review will be 10 near-by cities that our employees and our citizens can easily relate to. These will be Ladue, Kirkwood, Clayton, Town & Country, Creve, Coeur, , Brentwood, Richmond Heights, Shrewsbury, Olivette and Des Peres. We will be contacting these cities directly to obtain more detailed information on their compensation practices and to obtain the benefits information needed for a comparison to Frontenac. We will not attempt to get benefit information on the much larger peer group noted above as the effort would be enormous and we believe the near-by cities will provide an adequate standard against which to measure our benefit levels.
6. We expect to update the Ways & Means Committee at our January 10, February 14, and March 14 meetings. We'll have some initial results of the cash compensation comparisons to review in January, further refinement of that information and preliminary benefits review in February, and final refinements and recommendations for consideration in March. We hope that with this regular update process, and the sub-committee of Warren, Mark, and Jeanne working along the way with Bob, Michael, and the Mayor, we will be able to finish our recommendations at the March meeting in time to reflect those decisions in the budgeting for next year.