

JOHNSON SELECTBOARD/VILLAGE TRUSTEE BOARD JOINT MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
WEDNESDAY, DECEMBER 2, 2015

Present:

Selectboard Members: Eric Osgood, Howard Romero, Nat Kinney, Kyle Nuse, Doug Molde
Village Trustees: Walter Pomroy, Gordon Smith, David Goddette, Scott Meyer, Bob Sweetser
(by phone)
Others: Duncan Hastings, Rosemary Audibert, Sandy Miller

Note: All votes taken are unanimous unless otherwise noted.

1. *Call to Order*

The meeting was called to order at 6:00 by Eric and Gordy.

2. *Changes, Additions and Deletions to the Agenda*

It was agreed to add discussion of the revolving loan fund, job posting, the School St. project, the library crosswalk, and the town/village mill house building at the end of Railroad St.

3. *Fire Contract*

Sandy said he and Arjay have been working on the fire department budget. They hope to present it to the trustees at their next meeting. If it is approved then it will be referred to the towns for consideration.

Eric said every year we seem to struggle with getting the fire department budget ready in time for the town to use it in budgeting because it is out of sync with the town budget cycle. Would it be helpful just to add an automatic increase based on inflation instead? Sandy said cost of living increases don't necessarily apply to the fire department. Insurance rates went up at a different rate than inflation. Whenever possible they want to use real numbers. Gordy said Arjay would rather not have the fire department budget tied to inflation. He would rather justify his numbers to the trustees.

4. *Ten Percent on Grand List*

The 10% of Village Grand List figure is \$59,594.40.

5. *Health Insurance – Review of Policies and Costs*

Duncan handed out some information. He said last year the town and village provided an amount equal to the cost of the Gold plan. The cost of the plan went up 5.83% from last year. If someone wanted the Platinum plan they had to pay the additional cost. We don't have control over which plan people pick but we control what level of contribution we make.

David asked if we fund both single and family plans. Duncan said we pay 100% of whatever an employee is eligible for. David asked, so if they have a family of 4 we pay 100% of the cost? Duncan said yes.

One of the sheets Duncan handed out showed our insurance contributions for the last 5 years. The employer contribution has not increased extraordinarily over that period. We were actually paying more for a single person plan in 2013. Family plans have gone up more than single person plans. Walter said in 2013 we were still using PACIF insurance. They provided better coverage. Duncan agreed. He said employees have significantly higher out of pocket expenses now.

Gordy said quite a few years ago he thinks we were paying a percentage. He wishes we could pay the same percentage of the premium each year, but maybe that is too complicated with all the different types of plans. Eric said he thinks we have to contribute a set number because employees can pick any plan. Duncan said he also thinks we need a specific dollar amount. We could use the Gold plan as a standard and say we will pay a certain percentage of that amount, but he feels having an actual dollar value makes the most sense.

Eric asked, if we level funded our contribution, then the 5.83% increase would be shouldered by the employees? Duncan said yes.

Gordy said employees of many other munis pay a percentage of the insurance cost but our employees pay zero. Duncan said most municipal electric utility employees are on the IBW plan. Sandy said that is like a Platinum +++ plan. It covers a lot of things with low deductibles. Its value is tremendously greater than the Health Connect plans. Even if employees pay a percentage, because of the low deductibles they net the same out of pocket expenses and have better health insurance. Gordy said employees in other municipalities are paying 14, 16, or 18% of their insurance costs in the next year. Sandy said the IBW insurance they typically have is beyond Cadillac. It pays for treatments other insurances don't cover like laser eye surgery, sterilization and sterilization reversals. David asked what the teachers at JES are contributing. He thinks it is around 15%. Rosemary said she thinks a single person plan is fully funded for them and they pay a certain percentage of anything above a single person plan. Eric said he is sure what the school pays for their insurance plan for each employee is more than we pay.

The insurance we provide has a \$750 deductible per individual in a family plan. Sandy said \$1250 is the statutory maximum. Nat said that is a pretty significant exposure for the employee. We don't provide any health savings accounts? Duncan said we do, but only if you pick a plan that costs less than the amount of money we contribute. We put the extra into a health savings account. Sandy said an employee is only eligible for a health savings account if they choose a high-deductible plan. Duncan said so far all the employees who have picked plans other than the Gold plan have picked high-deductible plans.

Gordy suggested splitting the cost increase between the employee and the employer. Walter said under the Affordable Health Care Act we are getting to the point where every large employer has to offer health insurance so many spouses should be offered insurance through their employers. He wants to make sure singles are covered but he feels any increase for couple or family insurance should be totally borne by the employee. For this year, that works out to a 2.9% increase for employees, which is half the total increase. Scott said some dependents might not be eligible for other insurance. Kyle said they might not work. Walter said he understands, but we can't single out some people. He wants to make sure we are providing for our employees. Maybe some people's spouses will go to another plan. Scott said he would rather stay out of encouraging that. He thinks it would be a wash for us. If someone has a good other option they will go with it. Walter said he wants to incentivize it. Scott said he thinks that would be difficult because it involves some prying into people's private lives.

Dave said he just heard from his employer about his insurance costs for next year. He is expected to pay 15 or 20% out of pocket for his insurance, which is similar to the insurance we provide. It is becoming more the norm for employees to be expected to carry some of the cost of insurance. He isn't sure that is what we should do but that is what our taxpayers are expected to do. He just wants to keep that in mind when we are spending ratepayer and taxpayer money. Nat said it is not fair to say we are covering 100% of insurance costs when there is such a big deductible. The employees aren't getting off scot free. They have a significant burden. Doug said he thinks of our contribution as payment for services. He doesn't think it is unearned. It's not like there is nothing coming back.

Eric said we could just say we no longer offer health insurance. Because of our size that is an option. Why not just get out of offering it and give employees money to get their own insurance? Bob said he doesn't agree with that. They can't buy the insurance we can buy. Duncan said there is an employer penalty for not offering insurance. It is not insubstantial. David said he feels it is in our best interest to offer it but there should be some responsibility for employees to help pay for it.

Sandy said under Gordy's proposal to split the insurance cost increase with the employees, employees would go from paying zero percent of the cost to paying 2.6-2.7%. It's slightly different for each of the plans. Duncan said those employees who choose the Platinum plan will pay the increase in cost from last year for that plan plus the 2.6 or 2.7%. Not everyone picks the Gold plan. Probably employees are about evenly distributed between the high deductible plan, the Gold plan, and the Platinum plan.

Gordy asked about the dollar increase for employees. Duncan said the plan increase for a single person is \$380 per year.

Walter said every year he would like to fund up to a 2% increase and have the employees pick up any amount over that. Eric and Duncan pointed out that the current boards can't control what future boards decide.

Sandy said if we split the increase 50% with employees then the cost per weekly pay period for an employee with a single person plan is \$3.65. For a 2-person plan it's \$7.79. For parent/child it's \$7.04 and for a family plan it's \$10.25.

Gordy said feels splitting the increase down the middle won't bankrupt either the employees or the ratepayers. David said if the voters and ratepayers are paying 12 or 15% of their insurance costs he thinks it is hard for us to pass the straight face test when we are asking for a 2.5% contribution. Duncan said a lot of ratepayers and taxpayers in the village are getting their health care for nothing through Medicaid. Gordy said he thinks asking employers to take on more than half of the cost increase is too much for one year. Duncan said at least this gets us on the path of asking employees to contribute.

Gordy moved that the village contribute 50% of the health insurance cost increase shown in Column F of the spreadsheet Duncan provided, seconded by Scott. The motion was passed with 2 opposed.

Howard moved that the town contribute 50% of the health insurance cost increase shown in Column F of the spreadsheet Duncan provided and the motion was seconded and passed.

Duncan said so far we have been fortunate in that anyone who hasn't picked a Gold or Platinum plan has picked a high-deductible plan, which has allowed us to put the difference into a health savings account. If they picked the Silver plan we would make the same contribution and it would end up being taxable compensation. But he thinks it is probably a non-issue because employees will probably pick the Gold, Platinum or high deductible plan.

6. Review of Wage and Salary Comparisons and Pay Adjustments for Shared Employees

Duncan distributed a spreadsheet with wage data from the municipal electric survey and from the VLCT survey. VLCT has a clerk/treasurer category in the wage survey but he thinks it is not even close to Rosemary's job and responsibilities. She is more similar to a finance director. There is an assistant clerk category, but he thinks a better fit for the other office employees would be bookkeeper/assistant accountant. In the 2015 survey that category was dropped (VLCT is looking into why that happened) so Duncan used the 2014 figure inflated by 2%. Comparison of our wages with wages from the VLCT survey shows that Rosemary is underpaid and other employees are mostly receiving more than their counterparts in the survey. But compared to the municipal electric survey our wages are not that far out of whack.

Eric said it looks like our employees are pretty much in the ballpark of where they should be, with the exception of Rosemary. He thinks that should be adjusted. Duncan said before his change in position, Rosemary almost always was still working when he left. Nat said adjusting Rosemary's wage to be more average would mean an increase of about \$5K a year. Rosemary said she doesn't need a wage adjustment.

Scott said the average income for a family in Johnson is around \$29K, which is about \$14/hour. He has heard people at town meeting saying, "It must be nice" when they look at the wages of our employees. Eric asked, how many of those people have the kinds of responsibilities our employees do? Scott said a lot of them do. Eric said we need to compare Rosemary's salary against prevailing rates for that job. Scott said we are Johnson, not Stowe. Wage earners are earning less here.

Walter suggested a 1% merit raise. David said what we are paying is already above the average wage in the state. Eric said it depends on which position you look at. Susan is below the average; the others are just above. Duncan said no one is majorly out of whack except Rosemary, who in his opinion is underpaid. Walter said he feels 1% would be appropriate to indicate that we appreciate the work employees have done but we can't afford to give more. David said he doesn't want to come across as not being appreciative and supportive of staff but we are talking about an increase in wages when some people in the community have been downsized, don't have a job, have had the same wage for 10 years, or have had to take a

second job. Scott said the village has already shouldered increases in salary for some employees due to job duty changes. David said we have to be competitive with other electric departments. Some people shouldered more responsibility and got pay increases. People who are doing the same work don't need to get increases. Doug said Johnson has been the poorest town in the county for many years but preceding boards saw fit to give employees the pay we see here, based on the ability of taxpayers to pay.

Gordy asked how much the health insurance increase is vs. wages. Sandy said it is about \$3 per paycheck for a single person. For someone making \$22/hour if they have a family plan the health insurance increase means about a 1.1% decrease in real income. It will be a different number for everyone. For someone making \$30/hr with single person insurance it will only be about a 0.3% increase.

Gordy noted that Scott had left.

David moved that there be no change to the wages of village employees, seconded by Bob.

Doug moved that wages of shared town employees be increased by 1% for the upcoming fiscal year and the motion was seconded and passed.

The village motion failed 2-2.

Walter moved that wages of village employees be increased by 1% for the upcoming fiscal year, seconded by Gordy. Sandy said the health insurance increase will affect everyone differently, but a 1% wage increase will mean that the net effect is about a wash. **The motion was passed 3-1, with David opposed.**

7. *Municipal Building*

Sandy said Clemens Construction recommended that we consider budgeting \$15-20K to take care of rot on the building. Duncan said his fear is that the pressboard is wicking water up. Walter said obviously we have a design that isn't working. We don't necessarily just want to throw patches on. Sandy said presumably the contractor will not use the same material for repairs. David said he wants to raise the question of where the money will come from.

8. *Mill House*

Nat said the village and town jointly own the mill house building. It is dilapidated. He has been advocating for a while that we at least paint it. He realizes there is some lead in the existing paint and that complicates the issue, but he hopes we can do something with it or at least see a direction.

David asked if the siding is even appropriate to receive paint. Duncan said it would soak up a lot of paint. Duncan said the state prison workers would be the cheapest but they can't touch the building if there is lead paint. They can paint it but it has to be scraped first. There is nothing structurally wrong with the building. It is just the outside appearance that is a problem. David asked what the cost for lead abatement would be. Duncan said it would cost around \$10K to have a conventional contractor scrape the paint. We have talked about spraying the building with a high pressure spray gun.

Doug asked if the village would consider authorizing the town to investigate options and go ahead with painting. It was agreed to get some quotes.

9. *Library Crosswalk*

Walter asked if there is an update on this. Duncan said Brian thinks it can be done with ADA compliance. The crosswalk could dump into the area where there are parking spaces on the right of the library driveway and then people could walk across the driveway to the ramp. Sandy said he thinks that plan makes sense. Duncan said he thinks rather than leaving the sidewalk at the same elevation with a ramp going down to the road it would be safer to take a couple of sections of sidewalk out and put a ramp down to a landing. That would be a little more expensive but he thinks in the long term it would be a better alternative. He thinks the town could absorb the cost if it were done as a shared town and village project.

Gordy said he talked with Jeanne Engel after he voted no on seeking a grant for a sidewalk to the library. He learned that more people than he had thought use the library.

10. *Revolving Loan Fund*

Eric said the town plans to establish its own revolving loan fund with money paid back from Sterling Market. Ken Gibbons, a past bank president, is willing to work with the town to set up a process for reviewing prospective loan applicants. Is this something the village wants to participate in? Walter said yes. He thinks the two plans should be in sync, not competing against each other. Maybe the village could give quick micro loans and the town could give more long term loans so we could fill all niches. Duncan said one idea was establishing a loan review committee to review applications and make recommendations to the board.

11. *Job Posting*

Gordy said when the selectboard created a new position recently, to his knowledge the position was not posted and was offered to one person. He was approached by a couple of employees about it. They are joint employees and their morale is not good. He feels as a courtesy for all other employees that job should have been posted. It has upset the employees quite a bit. Eric said an employee sent him an email about it and he responded. He told them we have no other employee that works part time that was able to take on this responsibility. It will be about 4 hours of time. He did tell them that when Duncan retires his job will be posted and we may do away with the assistant position. It was created just to fill a gap. Gordy said it looked like favoritism to some and discrimination to others. He wanted to bring it up because he felt the employees haven't had a voice.

12. *School Street Project*

Sandy handed out a spreadsheet showing change orders we have received with the village share, town share, grant type, and whether approved. This is important for the town because the town's structures grant is inadequate to cover the change orders. Duncan has gone to the state and asked for an amendment to the structures grant. The town and village are working as a team with the state and the design firm. The money affects the town and the village has the contract. We believe the design firm did a poor design that led to a lot of these expenses. We are telling them we think they are liable for a lot of these costs. The construction management firm said 75-100% of the change orders are potentially attributable to their design. The village has \$18,700 unspent even assuming all the change orders are approved. Eric said unfortunately that is not transferrable to the town. Sandy noted that one change order, a change in pavement thickness, results in a \$3150 credit for the town.

Doug asked if the screw-ups are all handled. Sandy said yes, other than potential litigation because of the problem that occurred at 104 College Hill. The contractor turned on a service that had been turned off and it flooded Brad Moore's property. The excavator working for Moore hit an electric cable and he is being billed for that. The village has put in the necessary insurance claim information.

Sandy said we have substantial questions about whether the change orders are justifiable. He and Duncan are disappointed that the construction management company hasn't questioned the change orders more vigorously. They are trying to make a case that a lot of things are not being done in accordance with the contract. Otter Creek has said they know they are going to have some financial responsibility.

Walter said the trustees were presented with a change order that had to be approved immediately but was related to a town issue. The trustees were being asked to spend town money. Sandy said there was really no choice about that. He also discussed it with the action town administrator, who agreed there was no choice.

13. Adjourn - Trustees

The trustees adjourned at 7:44.

14. Sign Resolution Regarding Submission of VCDP Grant Application

Nat moved to sign the resolution authorizing Lea to apply for a VCDP grant, Doug seconded, and the motion was passed.

15. Adjourn – Selectboard

The selectboard adjourned at 7:45.

Minutes submitted by Donna Griffiths