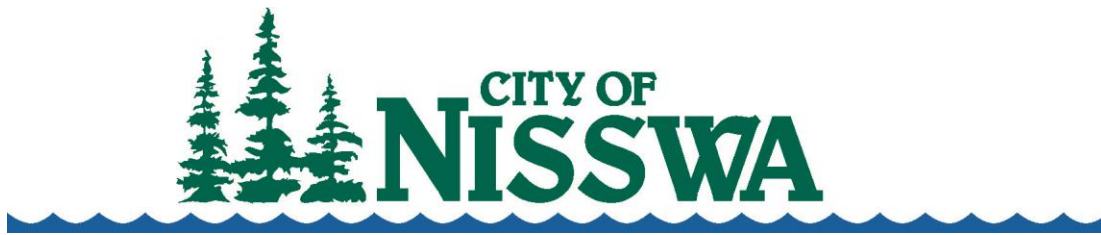


**CITY OF NISSWA
AGENDA – SPECIAL COUNCIL MEETING
WEDNESDAY, JULY 18, 2018
6:00 P.M. – CITY HALL**

- A. Call to Order
- B. Memo from Jenny Max re: Recommendation for 2019 Budget for Salaries and Benefits (Council Action-Motion)
- C. Adjourn

Note: The next Budget meeting will be on August 15th at 6:00 P.M.



July 18, 2018

To: Nisswa City Council
 From: Jenny Max, City Administrator

Re: Recommendation for 2019 budget for salaries and benefits

Action Requested: City Council direction regarding 2019 salaries and benefits for the purpose of developing the 2019 budget.

Background Information: Attached are proposed 2019 salaries and benefits scenarios for Council review during the budget work shop. Council direction is requested to answer the following questions:

1. Determine the cost of living (COLA) increase for non-union employees for 2019
2. Determine the amount of the city health insurance contribution for 2019
3. Approve/Deny a recommendation to move part time staff to the next step upon completion of 2,080 hours rather than on January 1st

Item 1:

The City has two settled union contracts in place for 2019. MNPEA (Supervisor’s Union) will receive a COLA increase of 2.0%, and Teamsters (Police Officer’s Union) will receive a COLA increase of 1.5%. The attached sheet shows three scenarios – 1.0%, 1.5% and 2.0% COLA increases for the non-union staff. The current Consumer Price Index for the Midwest Region is attached to this memo.

To illustrate, a 1.0% COLA for non-union employees results in a 1.80% overall increase in wages for the General Fund when factoring in the union increases already determined, as well as incorporating step increases for all non-union staff:

		Total Wages	\$ Inc PY	% Inc PY
1.0% COLA	<i>Total General Fund</i>	\$ 862,061	\$ 15,241	1.80%
	<i>Total Enterprise Funds</i>	524,514	6,519	1.26%

Action Item 1: Council motion to set the COLA rate for non-union staff for 2019.

Item 2:

The Personnel Committee is recommending the Council approve changing health insurance providers from Health Partners to Medica due to the rate increases given by Health Partners. That recommendation will be on the July 18th regular Council agenda. The question before the Council as it relates to the budget is what amount should the City provide to staff for a health insurance contribution for 2019. The current contribution amounts are \$745 for single coverage and \$1,150 for family coverage.

The attached sheet shows three scenarios - \$25 increase, \$40 increase and \$50 increase per month to the City health insurance contribution for all staff who takes City provided insurance.

To illustrate, a \$25 increase to the employer-provided contribution results in a 4.98% increase overall in health insurance expenditures for the General Fund:

		Total Health	\$ Inc PY	% Inc PY
\$25 Health	<i>Total General Fund</i>	182,820	8,670	4.98%
	<i>Total Enterprise Funds</i>	97,740	4,488	4.81%

The new amount of employer contribution for health insurance would be (for the proposed scenarios):

\$25 increase = \$770 single and \$1,175 family
 \$40 increase = \$785 single and \$1,190 family
 \$50 increase = \$795 single and \$1,200 family

The premium increase percentages for both Medica (recommended) and Health Partners is attached.

Action Item 2: Council motion to set the amount of the City provided health insurance contribution for 2019.

Item 3:

2017 was the first year of implementation of the Springsted Study. The 2018 budget included step movement for all staff on January 1st (unless union contract stated otherwise). In looking at the wage movement for the City Enterprise Funds, there has been a significant increase in wages for staff since the adoption of the Study. In order to mitigate the increases and still maintain fairness to staff, it is my recommendation to move all part-time staff (both General Fund and Enterprise Funds) to the next step upon completion of 2,080 hours, which is the equivalent to one year's work.

Action Item 3: Council motion to approve/deny all part-time staff movement to the next step upon completion of 2,080 hours.

City of Nisswa Wages & Benefits - Projected for 2019

Department	Total	FICA	Medicare	PERA	Health
0% COLA					
Clerk	\$ 151,720	\$ 9,407	\$ 2,200	\$ 9,658	\$ 21,846
Planning & Zoning	64,106	3,975	930	4,808	13,800
Parks & Recreation	113,406	6,659	1,557	8,055	27,600
Police	343,174	21,277	4,976	57,303	78,834
Public Works	185,845	11,522	2,695	13,938	32,070
Total General Fund	\$ 858,251	\$ 52,840	\$ 12,358	\$ 93,763	\$ 174,150
Sewer	\$ 92,884	\$ 5,759	\$ 1,347	\$ 6,966	\$ 13,410
Spirits	245,000	15,190	3,553	18,375	26,820
Pickle	185,000	11,470	2,682	13,875	53,022
Total Enterprise Funds	\$ 522,884	\$ 32,419	\$ 7,582	\$ 39,216	\$ 93,252

Proposed COLA wage adjustment:

	Total Wages	\$ Inc PY	% Inc PY	% of Budget
1.0% COLA				
Total General Fund	\$ 862,061	\$ 15,241	1.80%	0.57%
Total Enterprise Funds	524,514	6,519	1.26%	0.15%
1.5% COLA				
Total General Fund	863,966	17,146	2.02%	0.64%
Total Enterprise Funds	525,329	7,334	1.42%	0.17%
2.0% COLA				
Total General Fund	865,872	19,051	2.25%	0.71%
Total Enterprise Funds	526,143	8,149	1.57%	19.02%

Proposed Health Insurance adjustment:

	Total Health	\$ Inc PY	% Inc PY	% of Budget
\$25 Health				
Total General Fund	\$ 182,820	\$ 8,670	4.98%	0.32%
Total Enterprise Funds	97,740	4,488	4.81%	0.10%
\$40 Health				
Total General Fund	185,340	11,190	6.43%	0.42%
Total Enterprise Funds	99,360	6,108	6.55%	0.14%
\$50 Health				
Total General Fund	187,020	12,870	7.39%	0.48%
Total Enterprise Funds	100,440	7,188	7.71%	0.17%

Current contribution = \$745 single and \$1,150 family
 \$25 increase = \$770 single and \$1,175 family
 \$40 increase = \$785 single and \$1,190 family
 \$50 increase = \$795 single and \$1,200 family

CPI for the Midwest Region 2018

CPI-W

In June, the Midwest Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) was 229.833. The CPI-W was little changed (0.1 percent) in June and rose 2.8 percent over the year.

Table A. Midwest region CPI-U 1-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2014		2015		2016		2017		2018	
	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
January	0.5	1.4	-0.6	-0.3	0.3	0.8	0.7	2.2	0.6	1.6
February	0.6	0.9	0.3	-0.5	0.0	0.4	0.2	2.4	0.2	1.7
March	0.9	1.5	0.6	-0.9	0.6	0.5	0.1	1.9	0.2	1.8
April	0.3	1.9	0.1	-1.1	0.4	0.8	0.4	1.8	0.4	1.8
May	0.2	1.6	0.4	-0.8	0.4	0.8	0.0	1.4	0.5	2.3
June	0.5	1.7	0.5	-0.7	0.6	0.8	0.0	0.9	0.2	2.5
July	-0.3	1.8	0.0	-0.5	-0.5	0.4	0.0	1.3		
August	-0.2	1.6	0.0	-0.3	0.1	0.6	0.3	1.5		
September	0.1	1.6	-0.3	-0.8	0.2	1.1	0.3	1.5		
October	-0.5	1.6	-0.1	-0.3	-0.1	1.0	-0.2	1.5		
November	-0.6	1.2	-0.5	-0.2	-0.3	1.2	0.2	1.9		
December	-0.7	0.7	-0.6	0.0	0.1	1.8	-0.2	1.7		




Average for January – June 2018 = 1.95%

2019 Wages for Teamsters – 1.5% COLA increase

2019 Wages for MN PEA – 2.0% COLA increase

2019 Wages for Non Union - TBD

2018 City of Nisswa Health Insurance Renewal

City of Nisswa	Current 2017			2018			 2018		
Renewal Calculation 7/1/2018 Calc Date	HP Perform 2000-70% 3FF	HP Perform 2500-100% Rx+ HSA	HP Perform 3000-80% emb Rx+HSA	HP Perform 3000-70% 3FF	HP Perform 2500-100% Rx+ HSA	HP Perform 3000-80% emb Rx+HSA	Medica 3000-70% 55 cp	Medica 2000-100% HSA	Medica 3000-80% emb Rx+HSA
% Increase - Plan Wide				9.90%	23.95%	17.32%	1.20%	16.72%	5.34%

Health Partners - Current

Health Partners - Renewal

Medica

Personnel Committee
recommends Medica
for 2019