

RED HOOK TOWN BOARD MEETING

January 31, 2018

A special meeting of the Town Board of the Town of Red Hook, Dutchess County, New York was convened in public session at the Town Hall, 7340 South Broadway, Red Hook at 7:30 p.m.

Present: Supervisor Robert McKeon
Councilman Harry Colgan
Councilman William O'Neill
Councilperson Sarah Imboden
Councilwoman Christine Kane
Town Clerk Sue McCann

Also Present: Attorney Christine Chale

Supervisor McKeon called the meeting to order and opened with the Pledge of Allegiance.

HEALTHCARE PLAN 2018

Supervisor McKeon explained that the meeting is for one purpose, and that is deciding on an employee healthcare plan for 2018 beginning March 1. He referred to information he passed out at the last meeting as well as copies of the Employee Handbook. We received word from our brokers that the plan we are currently enrolled with has premiums going up 15%. The cost for an employee with family coverage runs over \$30,000. In the last six years the cost of premiums more than doubled and our potential HRA contributions have potentially tripled. Health insurance is a significant portion of the Town's budget that we do not have substantial control over other than to modify the configuration of the health plan itself. The Town has considered a number of ways to hold down the rate of growth. We need to make this determination in a thoughtful and careful way to balance the interests of everybody involved. He referred to the Employee Handbook passed in 2015. In that handbook the Town Board reserved the right to change the benefit plans without limitation. He listed the options. We can use the fund balance to cover the cost of the plan in 2018 but that may not be sustainable over the long term. We have to consider short and long term options in a thoughtful and reasonable way. He asked for comments from the Board.

Councilwoman Kane referred to a chart with plan options.

Supervisor McKeon said the broker gives a variety of plans to look at each year. He pointed out a Silver Three plan. We had choices, but we didn't have this one previously.

Councilperson Imboden commented that this was not in the packet received last week.

Councilwoman Kane asked if they were going to look at the options.

Supervisor McKeon thought that the Board should take time to carefully consider any changes.

Councilman Colgan pointed out the current plan.

Highway Superintendent Theresa Burke asked about a meeting she had with him last week.

Supervisor McKeon would not recognize her, explaining that this is a Town Board discussion.

Town Clerk Sue McCann commented that the employees should be included and they haven't been. This is upsetting. It is going after employees again, we are taxpayers too. This is our only benefit. This is all we have asked for. Look at other things if you want to save costs. Do we need a second recreation park? No.

Councilwoman Kane went back to referring to the handout giving a number of plan options.

Looking at annual differences, if we renew the current plan, that shows a 15% increase in the premiums.

Supervisor McKeon pointed out utilization rates.

Councilwoman Kane asked about MVP Silver Three which shows an increase of 19% in premium. It is higher than what we have now.

Supervisor McKeon explained that it has higher premium but lower deductible. Part of the difficulty is not knowing what the utilization might be.

The Board continued review of the various healthcare plan options.

Michael Miller, Highway employee, commented that it doesn't seem fair to the Town employees that have many, many years invested in this Highway Department, that the Board pull this stunt on them. It's very unprofessional. This involves the whole employee system, not just the Board.

John Gardinier, Highway employee, commented that the Board says it's about the taxpayers.

How many people come and complain about their taxes?

Michael Miller said the more that is taken away, the worse it is going to get for the whole department.

Highway Superintendent Theresa Burke said she hopes that the employees will get a chance to comment before they Board takes a vote. They were told that some things were going to happen this week and they didn't.

Supervisor McKeon said unfortunately we were precluded from going through with some of those things that were proposed, like meeting with the employees.

Town Clerk Sue McCann asked why.

Supervisor McKeon said he wanted to continue the conversation with the Board.

Michael Miller told him that they want an answer.

Town Clerk Sue McCann said the process is out the door.

Councilman Colgan pointed out plans that will also be an available option next year.

Supervisor McKeon recommends continuing this with no changes. The Board members asked to discuss the options.

Town Clerk Sue McCann commented that they asked to discuss options because they never had the chance before.

Councilman Colgan suggested going with the same plan we have right now. In coverage, not in cost. The way the information is laid out is not user friendly.

Councilwoman Kane pointed out the coverage.

Supervisor McKeon corrected Councilman Colgan and explained how much the premium goes up if all remains the same. It is anywhere between 12% – 30% higher. He explained further using utilization.

Councilman Colgan asked what \$32,495 is on the bottom of the handout.

Councilwoman Kane explained the premium section then HRA section.

Councilman Colgan is not happy with how it is laid out. It was never user friendly.

Supervisor McKeon said if you look at other plans you can get cheaper premiums, but there is a higher deductible. The nice thing with staying with MVP is that we limit exposure when it goes above and beyond the deductible.

Councilwoman Kane asked about geographic coverage that comes with the different plans.

Supervisor McKeon did not get that information. He pulled information from MVP and explained the differences.

Councilman Colgan said there is a 15% increase in rates and a potential increase of 12% in the HRA.

Supervisor McKeon explained the increase with the utilization rates. Again, it will be anywhere from 12% - 30% increase but if we look at historic norms, it's more likely to be at the 12% - 15% increase.

Councilman Colgan said historic norms count for a lot.

Wayne Hildenbrand, retired Highway Superintendent, asked if the Board figured out what the net cost to the taxpayer is going to be.

Councilman Colgan said that's what they are trying to talk about.

Supervisor McKeon also commented that they are trying to figure out what that dollar amount is. It could be close to what our cap increase is per year. Raises and increase in health care coverage would be more than what the cap even allows. He asked if there were more questions or comments. He referred to information from other municipalities and what they are doing.

Town Clerk Sue McCann asked where the information came from

Supervisor McKeon received it from a fellow Town Supervisor. He apologized for it being old data.

Town Clerk McCann understands that Rhinebeck gets full benefits at retirement. If we are judging our benefits against others, maybe they should be correct.

Councilman Colgan commented that it doesn't seem to be "apples and apples", it seems to be "apples and oranges" here.

Supervisor McKeon responded that everyone does it a little differently.

Councilman Colgan said it makes it very difficult to use it effectively.

Supervisor McKeon explained that the Town of Pawling has 100% coverage and ask for a contribution above and beyond that. One issue discussed last week was the option of having the majority of the deductible covered but not 100% of it.

Town Clerk Sue McCann asked how much per taxpayer will this cost?

Supervisor McKeon did not know that answer.

Town Clerk McCann said that we should know that answer. We know that answer when we talk about the budget. When referring to taxpayers, what are we going to pay? Our budget has gone down the last two years. We've been able to maintain these costs and spend a lot of money in other ways.

Supervisor McKeon redirected the discussion toward the Town Board.

Councilwoman Kane pointed out coverage from other municipalities on the comparison sheets. Some comparisons were with unions vs. non-unions.

Supervisor McKeon explained what Rhinebeck now does but he is not a fan of that because he feels the structure will discourage employees from going to the doctor. He would rather look at the end of allotment for HRA reimbursement.

Councilwoman Kane continued reading the chart aloud.

Councilman Colgan said this is 2 years old and is a very incomplete list of information. It is virtually meaningless.

Councilwoman Kane said it shows how Towns in the County are handling their insurance premiums. From the chart it looks like every Town has employee contribution except us.

Councilman Colgan said it is two years old and leaves out salary which is something we are actually talking about. This tells him nothing. We have to consider if their salaries more or less than ours? It adds a big impact on what we do. If we change our formula we have to consider what this does to the income of employees. Our employees received a 2% increase for the last few years and before that they didn't receive anything. If you do the arithmetic, he would be reluctant to tell people their take home pay is going down, and that is what we are talking about by moving this forward.

Supervisor McKeon said this is the attractive part of working for the Town. When you look at other municipalities, he feels the sheet is a good example. Overall compensation is up approximately 30% from 2013 – 2018.

Councilman Colgan commented that basically, Supervisor McKeon is agreeing with him.

We are a small municipality with little power with insurance companies. State employee's premiums went up little or nothing and their salaries are going up. Their insurance is far better. He explained recent costs of a particular medication that he paid vs. what a State employee paid. If employees had to pay for insurance no one would be working here. They couldn't.

Supervisor McKeon explained overall compensation is ahead of inflation but it is not going into the pockets of the employees.

Councilman Colgan commented that this is talking about a major reduction in employee salary.

Councilwoman Kane said if we look at employee's pocket, we should look at switching plans where there would be lower premiums, change the deductibles, and look at utilization rates.

Councilman Colgan said that is just transferring costs one way or the other. Reduce the coverage and employees would pay more out of pocket.

Councilwoman Kane said that's the part we don't know.

Councilperson Imboden asked if we ever offered multiple plans and let employees choose which one to go with. Is it something we can consider? The risk is something the employee would take.

Councilwoman Kane asked if we could offer two or three plans.

Attorney Chale commented that it might depend on how big our group is.

Supervisor McKeon commented that we should look at other options. Health care reimbursement, i.e. give X amount of dollars and you get your own coverage. The other thing is to offer a strong buyout proposal. We are a victim of our own success. We have such a great policy that there is no sharing of the cost because our plan is so great. If we offer a substantial buy out, maybe some employees would go that route. It would work for employees as well. He explained how it would help to figure out more options.

Councilwoman Kane asked if the Board wanted to talk about more options.

Councilman O'Neill asked if we were going to vote on this tonight or continue discussion.

Supervisor McKeon said he is going to motion tonight to continue with the current plan.

Councilwoman Imboden said in the future, the broker should come in to explain to us.

Councilman Colgan said this package is part of the financial package we pay employees.

Councilwoman Imboden explained her husband's income and health care premiums. They look at the plans offered each year and choose one that suits their family.

Councilman Colgan said what we need to know, which we don't know now, is the total cost to the employees. Some costs are directly related to the kind of work they do and the risk they take. It is all part of the cost so he would be very reluctant to reduce the level of insurance they have this year. He wouldn't want to do it in the future either. He would also like to consider income. It is all part of the same package.

Supervisor McKeon asked that Councilman Colgan look beyond that simple thought process. Is there a way we can accomplish both things.

Councilman O'Neill commented that we won't be doing that tonight.

Councilwoman Kane said according to the handout provided, we are the only Town whose employees do not share in the health care costs.

Town Clerk McCann asked if the handout showed all of the Towns in Dutchess County.

Councilwoman Kane said it's about two thirds of the Towns are on the chart.

Councilman Colgan commented that this chart is also a couple of years old.

Councilwoman Kane's response was she is sure they didn't ask for 15% then ask for nothing.

Town Clerk McCann said these are your employees. This is all they ask for. You give a 2% raise then ask for 15% toward health insurance. The Town Board should look at other areas of budget too. She feels very strongly about this and the way it's played out.

Councilman O'Neill thinks we need to take a moment to step back, if the reality is that Red Hook has been very generous in not requiring any contribution, and in the past five years we had a moderate increase, and now one of over 100% increase in insurance, that is shocking. Seeing that much of a difference, we should explore employee contribution.

Town Clerk McCann answered by saying the employees should have been part of the conversation but we weren't.

Councilman O'Neill said there was not a sit down or conversation with the employees that's why we are not taking any action tonight. From this point on we will have to have a sit down with employees. With this increase in insurance we will probably have to make a decision.

Town Clerk McCann understands that, and as long as it is done openly.

Councilman Colgan said this is looking at the whole compensation package. Look at history. Insurance didn't used to go up until five or six years ago. It was a non-issue. It's everywhere. Councilwoman Kane has gone through this in the private sector in both sides of the table.

Councilman O'Neill said we don't have a choice, we have to decide tonight. We don't do anything rash or anything immediately. Surely, preparing for next year's budget we have to see what choices will be available to employees and involve input from them.

Supervisor McKeon said that is critical. Coming up with options that work for both employees and our budget takes time. We will figure out the way to have those conversations to understand the mutual benefit to the budget and employees.

Councilman O'Neill commented that frankly, we didn't have enough time to discuss the increase, two weeks wasn't enough.

Councilwoman Kane would like to follow up with Councilperson Imboden's idea of possibly choosing a plan that would suit their family.

Councilman Colgan said this is a dilemma that is not easily resolved.

Councilperson Imboden agrees that we need to be open and give employees time to digest this. It is just not possible to do this in a week.

Councilman O'Neill would like to see figures from a survey from Towns and State as far as what portion of budget should go to salaries/insurance. What is a reasonable recommendation?

Supervisor McKeon said there is no recommendation. Each municipality determines what their needs are. It would be nice to give employees more than a 2% raise, but with healthcare costs going up it is difficult.

On a motion of Councilman O'Neill seconded by Supervisor McKeon moved to continue Liberty Silver 8, the same insurance coverage we had last year.

Adopted	Ayes	5	McKeon, Colgan, O'Neill, Imboden, Kane
	Nays	0	

On a motion of Supervisor McKeon seconded by Councilman Colgan moved to go into attorney/client session at 8:53 p.m. regarding a matter of litigation.

Adopted	Ayes	5	McKeon, Colgan, O'Neill, Imboden, Kane
	Nays	0	

On a motion of Councilperson Imboden seconded by Councilman Colgan moved to adjourn attorney/client session at 10:35 p.m.

Adopted	Ayes	5	McKeon, Colgan, O'Neill, Imboden, Kane
	Nays	0	

On a motion of Councilperson Imboden seconded by Councilman Colgan moved to re-open the Town Board meeting at 10:36 p.m.

Adopted	Ayes	5	McKeon, Colgan, O'Neill, Imboden, Kane
	Nays	0	

On a motion of Councilman Colgan seconded by Councilman O'Neill moved to adjourn the meeting at 10:37 p.m.

Adopted	Ayes	5	McKeon, Colgan, O'Neill, Imboden, Kane
	Nays	0	

Respectfully submitted,

Sue McCann, Town Clerk