

**AGENDA ROXBORO CITY COUNCIL
SPECIAL PLANNING MEETING
TUESDAY MARCH 8, 2018 – 6:30 P.M.
COUNCIL CHAMBER, CITY HALL**

CALL TO ORDER: Mayor Marilyn P. Newell

AGENDA ADOPTION: Mayor Marilyn P. Newell

PUBLIC COMMENT: *(5 minutes per Citizen)*

PUBLIC HEARINGS AND ORDINANCE MATTERS:

1. Morgan Street/Long Avenue Intersection Update – *Public Hearing*

NEW BUSINESS:

2. Roxboro Housing Authority Board Appointment

Mayor Marilyn P. Newell

3. Items for Discussion:

City Manager Brooks Lockhart

- Capital Funding for Roads
- Post-Employment Insurance Buy Out
- Fire Tax
- Healthcare Cost

OLD BUSINESS:

COUNCIL DISCUSSION

CLOSED SESSION: NCGS 143-318.11(a)(5) Acquisition or Lease of Real Property

ADJOURNMENT: Motion

Second

Morgan Street/Long Avenue Intersection Update – *Public Hearing*

Division Five Traffic Engineer John Sandor will be on hand to hold a Public Hearing on the proposed enhancements to the Long/Morgan intersection. Since our last meeting Sandor held a meeting with key operations staff of Person County Schools to address their concerns.

Roxboro Housing Authority Board Appointment

The Mayor will be making an appointment to fill the advertised board vacancy, per the requirements of the Roxboro Housing Authority.

Capital Funding for Roads

Capital Funding for transportation infrastructure is worth evaluating in the 2018-2019 budget and is increasingly relevant given the recent conversation around the expense of the Old Durham Road Project.

The below section will serve as a primer to explain our current assets, current spending levels, adequate spending levels for the future and potential avenues to meet those future needs. Overall, it is the objective of this information to promote a dialogue to ascertain how transportation infrastructure fits into the City's long range goals.

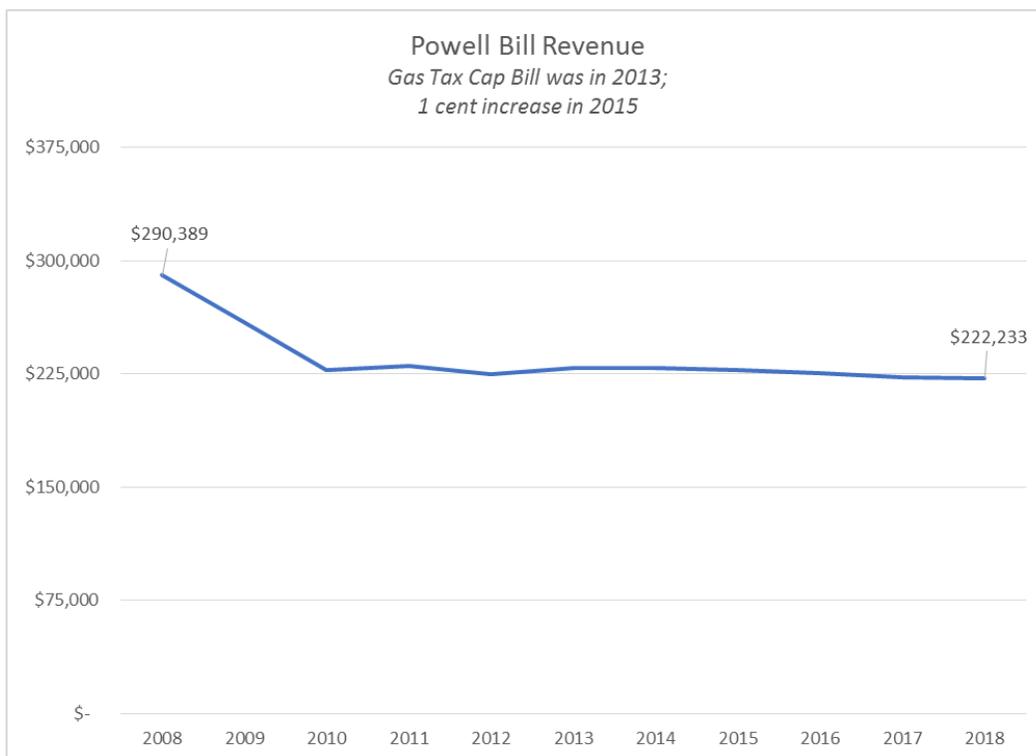
Current System Assets:

36.2 Miles of Roads Maintained; this does not include miles of sidewalks, curb/gutter and area of parking lots.

Current Funding:

We are primarily funding transportation infrastructure through Powell Bill Fund Revenues. The chart below shows the declining revenues. In 2008, we received \$290,389 from Powell Bill this year we have received \$222,233. In 2008, 2011 and 2013, NC enacted major changes to either the gas tax and/or the formula for Powell Bill. The positive news is Powell Bill funding has been mostly flat for 9 years; **unfortunately road maintenance cost has seen significant inflation**. Powell Bill revenues are a restricted revenue, there is very clear guidance on how it can be used, and we submit two reports a year on the use of the funds. For more detailed information visit:

<https://connect.ncdot.gov/municipalities/State-Street-Aid/Powell%20Bill/Powell%20Bill%20Expenditure%20Guidance.pdf>



Current Expenses:

The City of Roxboro maintains a Streets Maintenance Budget within the Public Services Department which address the non-capital expense of the routine maintenance of our transportation system. This includes items like staffing, street signage, limb collection and basic repairs. The Old Durham Rd project, which is being funded from fund balance, will be an expense in this budget but that is an exception.

As noted earlier, the Powell Bill budget represents the majority of our infrastructure expenses. In our 2017 budget, we have allocated the majority of the Powell Bill Allocation (\$222,223) as shown:

Sand and Salt for Snow/Ice Removal	\$30,000
Auto Supplies and Maintenance	\$20,000
Capital Outlay (Prior year allocation, for equipment)	\$14,030
Street Resurfacing	\$175,000
	\$239,030

Adequate Funding (Actual Costs):

In the early 90's the City was paying \$29/ton for installed asphalt for resurfacing and at that time we were budgeting \$150,000 for Street Resurfacing. Today we are paying \$125/ton for installed asphalt for resurfacing and we are budgeting \$175,000 for Street Resurfacing. We are approximately able to complete 3.7 times less asphalt at our current budgeting.

The general life expectancy of road surfacing is a 15-20 year span, which can be less dependent on the weight and frequency of traffic. With a road system of 36.2 miles maintained, we should be targeting 2 miles for resurfacing annually. To complicate matters further many of our older roads are requiring milling prior to resurfacing which increases the cost. In 2017 we were able to pave 1 mile of road, with milling, at \$150,000. Our annual resurfacing budget is \$175,000 and we should be targeting \$300,000 (2 miles).

Proposed Actions:

Establish a Capital Transportation Fund in addition to our normal annual spend to account for large scale projects. Peak paving season tends to overlap the transition of the annual fiscal year (June-July) and the Fund would act as a multiyear Capital Project. Council should consider additional funding sources to meet the needed \$300,000.

Future Actions to Consider:

Draft a Transportation System Master Plan in conjunction with updating the future land use plan. This would incorporate updating our Pedestrian Transportation Plan from 2008.

Post-Employment Insurance Buy Out

This agenda item is requesting Council guidance and hopefully immediate implementation of two changes to our current Post-Employment Insurance. Both these topics were discussed on the first budget workshop of 2017 (April 7th). I apologize for the déjà vu but we do have some updates to this concept.

To start, our Personnel Policy affords our current employees with a gap insurance as a post-employment benefit. The policy officially reads:

“Retirees shall be able to continue health and hospitalization coverage on the City's plan for a maximum of three years immediately prior to eligibility for Medicare as long as they have at least 10 years of service with the City.”

I would like the Council to consider revising this policy today, to read:

“For employees hired prior to March 8th, 2018, retirees shall be able to continue health and hospitalization coverage on the City's plan for a maximum of three years immediately prior to eligibility for Medicare as long as they have at least 10 years of service with the City.”

We are not hearing from potential new hires that this benefit is an attractor for their employment. What we have experienced is candidates selected for employment have turned down our jobs due to the high cost of covering spouse and/or dependents. We will discuss our projected insurance rates later in the meeting.

Second, I would like Council to consider allowing staff to make payment in lieu of the benefit of Post-Employment Insurance. This payment would be at the option of the employee.

Retirees covered on our insurance carry a higher rate code established by our insurance provider based on an actuarial study all the retirees in the pool's risk. The rate is 65% higher than the active employee rate. As of 2017 the monthly rate for retiree coverage was \$1,130 while our employee rate was \$685.

Below is a calculation on the value of the benefit using last year's rates at the max benefit level:

\$1,130/monthly or 13,560 annually; 3 years

Total 3 year expense of \$40,680

I think it would be fiscally prudent, while providing the employee with more options if we offered a payment of 50% of the projected value of the benefit in lieu of the benefit. Using last year's numbers a retiree could elect to stay enrolled in our insurance OR they could receive a one-time payment of \$20,340. By setting this value on a percentage it would adjust to our current premiums of the time while providing Council a set savings.

Alternatively Council could opt to set a cap on a payout for this benefit. Either way we have pending retirements slated this month and it could be a win-win to put something in place now. We currently have an actuarial study done for GASB standard to book this Post Employment Benefit as a liability.

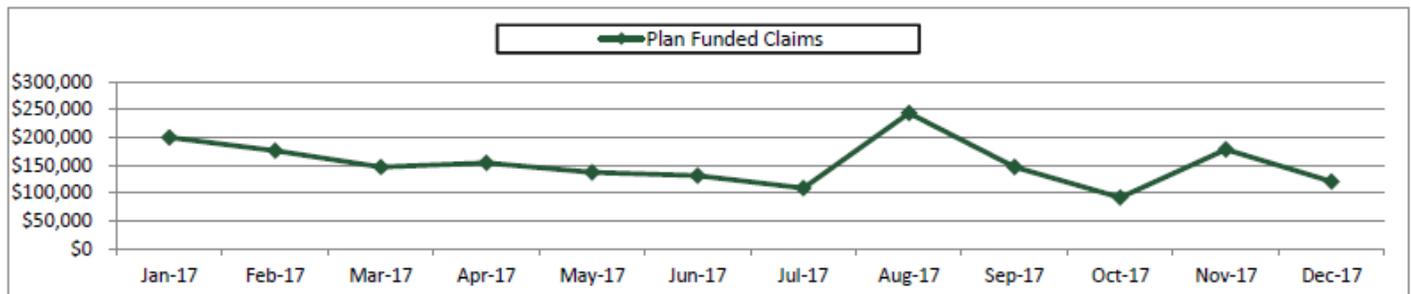
Fire Tax

Questions were raised at the County Commissioner’s Retreat in February about whether the City would elect to opt into the Fire Tax if they elected to implement one. Staff thought it would be prudent to have a brief discussion. The County has not clearly made a decision, so no formal decision could be made by the City on a “what if” scenario. The intent is to acknowledge the question that was posed.

Healthcare Cost

For the annual period of 2017 (Jan-Dec) our Expense Ratio was 137.1%. This means that for every \$1 the City paid toward premiums, our insurance risk pool paid \$1.37. The chart of the claims data is shown below:

Month	Enrollment		Total Billed Contributions	Total Paid Claims		Plan Funded Claims	Fixed Expenses	Total Expense Ratio %
	Single	Family		Medical	Pharmacy			
Jan-17	76	58	\$114,995.00	\$151,467.23	\$48,385.71	\$199,852.94	\$12,649.45	184.8%
Feb-17	76	57	\$114,995.00	\$123,820.84	\$52,100.74	\$175,921.58	\$12,649.45	164.0%
Mar-17	76	57	\$115,906.00	\$93,488.91	\$53,460.75	\$146,949.66	\$12,749.66	137.8%
Apr-17	74	58	\$116,878.00	\$100,357.34	\$54,004.44	\$154,361.78	\$12,856.58	143.1%
May-17	75	58	\$116,567.00	\$73,338.41	\$63,862.20	\$137,200.61	\$12,822.37	128.7%
Jun-17	78	54	\$110,359.00	\$88,784.93	\$42,522.84	\$131,307.77	\$12,139.49	130.0%
Jul-17	78	50	\$129,548.00	\$76,325.85	\$32,705.69	\$109,031.54	\$14,250.28	95.2%
Aug-17	78	50	\$125,853.00	\$213,140.98	\$30,596.73	\$243,737.71	\$13,843.83	204.7%
Sep-17	79	49	\$129,072.00	\$110,792.56	\$35,932.52	\$146,725.08	\$14,197.92	124.7%
Oct-17	81	49	\$127,429.00	\$58,615.19	\$33,349.17	\$91,964.36	\$14,017.19	83.2%
Nov-17	79	49	\$126,778.00	\$139,485.65	\$39,055.25	\$178,540.90	\$13,945.58	151.8%
Dec-17	77	49	\$128,013.00	\$65,589.40	\$55,242.05	\$120,831.45	\$14,081.43	105.4%
	927	638	\$1,456,393.00	\$1,295,207.29	\$541,218.09	\$1,836,425.38	\$160,203.23	137.1%



The Municipal Insurance Trust is continuing the practice of the last three years, by capping our risk. The **planned increase for the following year is being held to 25%** increase versus the 37% our claims data would indicate (projected rate data will be shown on a following page).

The risk pool was able to cap our increase due to the following key points:

- Of our top ten claimants for 2017, 4 will be off our policy after the first quarter of 2018.
- High cost claimants (over \$50,000) represent 3.59% of the claimants and 51.2% of total dollars in the current period.
- The high cost claimants, which represent 51.2% of the claims, only represented 40% of the claims in 2016
- 42% of our claimants only spent between \$500 and \$3,000 which represents 8% of total claims

Overall our group is healthy. Our price points are being driven by outliers. MIT only logged 1 avoidable ER claim in 2017, so our enrollees are seeking appropriate care.

	Employee	Spouse	Children	Total Enrollment
Pre August 2011	67	30	59	
Post August 2011	58	1	6	
Retiree	3	1		
	128	32	65	225

As mentioned on an earlier agenda item, the City experienced viable candidates turning down job offers due to the high cost of covering spouse and/or dependents. The chart above reflects a reality facing our plan, we are not adding children to our plan for employees hired post August 2011. These dependents are typically a lower risk to insure and help to mitigate the risk of our overall pool.

We are in conversation with MIT to allow us to lower the children rate on our policy. Overall they have been receptive to the concept. We have also discussed the possibility of allowing employees to elect to leave the Medical Expense Reimbursement Plan (MERP) for a Health Savings Plan (HSA) but we may not be able to complete the groundwork for this option for the coming year.

City of Roxboro				
Projected Insurance Premiums				
July 1, 2018 - June 30, 2019				
<i>If Hired Before August 2011</i>				
Health	Employee Only	Employee + Spouse	Employee + Child(ren)	Family
Total Monthly Premium	\$856.25	\$1,801.25	\$1,457.50	\$2,311.25
City Monthly Contribution	\$685.00	\$1,693.44	\$1,435.63	\$2,075.94
Employee Monthly Contribution	\$0.00	\$107.81	\$21.88	\$235.31
Employee Premium per 24 deductions	\$0.00	\$53.91	\$10.94	\$117.66
<i>If Hired After August 2011</i>				
Health	Employee Only	Employee + Spouse	Employee + Child(ren)	Family
Total Monthly Premium	\$856.25	\$1,801.25	\$1,457.50	\$2,311.25
City Monthly Contribution	\$856.25	\$856.25	\$856.25	\$856.25
Employee Monthly Contribution	\$0.00	\$945.00	\$601.25	\$1,455.00
Employee Premium per 24 deductions	\$0.00	\$472.50	\$300.63	\$727.50
<i>10% Penalty for Non-Compliant Wellness Requirement</i>				
	Employee Non-Compliant	Spouse Non-Compliant		Both Employee & Spouse Non-Compliant
Employee Monthly 10% Penalty	\$86.00	\$95.00		\$181.00
Employee Premium per 24 deductions	\$43.00	\$47.50		\$90.50