AGENDA
FINANCE & PERSONNEL COMMITTEE
CITY HALL COUNCIL CHAMBERS
MONDAY, OCTOBER 10, 2022
3:30 PM

Go to: www.zoom.com
Meeting ID: 978 6396 1227
Call-in only: 312 626-6799, enter meeting number

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **APPROVAL OF THE AGENDA**

4. **APPROVAL OF MINUTES OF SEPTEMBER 12TH, 2022 MEETING**

5. **PUBLIC PARTICIPATION**

6. **DISCUSSION REGARDING CREDIT CARD STATEMENT (SEPTEMBER, 2022)**

7. **DISCUSSION REGARDING BANK STATEMENTS (SEPTEMBER, 2022)**

8. **DISCUSSION AND POSSIBLE MOTION ON MAQUOKETA RIVER WATERSHED MANAGEMENT AUTHORITY FUNDING REQUEST IN THE AMOUNT OF $9,192**

City Manager Summary: Staff is seeking guidance on a funding request. The Maquoketa River Watershed Management Authority (WMA) is seeking $9,192 from the City of Maquoketa as part of a funding plan for the WMA in FY2023. The amount is based on a $1.50 per capita and was voted on by the WMA executive committee in February 2022. City staff was not present for the vote and discussion.

The City has previously participated in this clean water advocacy initiative and the WMA is extremely well intended. The most recent funding appropriations given by the City of Maquoketa were $1,500 in FY2020-2021 & FY2021-2022. The WMA was able to sustain itself further on a State supported grant during FY2021-2022. Now without the grant, funding requests are being made of member cities at a higher per capita rate.

The WMA did help promote the City and Conservation Board's Destination Iowa grant and continues to work on clean water monitoring in Jackson County. The member contributions are mainly paid toward staff expenses, which to our knowledge is just one part-time position that is focused on obtaining bigger and more focused grant opportunities to help promote the Maquoketa River's watershed health.

To reiterate, staff is seeking direction on this particular request. A compromise may be needed in this particular instance with potential to revisit available funding near the end of the fiscal year in June 2023.

9. DISCUSSION AND POSSIBLE MOTION TO RECOMMEND A RETIREMENT HEALTHCARE FUNDING PLAN WITH NPPFA BENEFITS

City Manager Summary: The objective of this proposal is to start a high-quality retirement healthcare funding plan for the benefit of the City's employees at no additional cost to the City. In fact, if executed this will save the City some money. This is an extremely novel benefit catching on in other communities and effectively allows the City and employees to carefully save for an employee's post-service healthcare funding. NPPFA Benefits is a company out of Illinois that utilizes Transamerica Retirement Solutions as their investment brokerage.

This is a Section 115 Trust which is a programmatic revision to something more commonly known as a VEBA, Voluntary Employee Benefit Association (VEBA). The program is allowed per IRS code and money for the beneficiaries can be used completely tax free for the purpose of saving, investing, and submitting various medical related expense reimbursements on the member's account. This is similar to a typical Health Savings Account (HSA) but this will allow our employees to pay for healtcare premiums post-employment. This is the key difference for the employee. Healthcare premiums continue to rise at an alarming rate and this tool will help the employee address the issue.

In addition to the employee benefit, the City creates a tool for payroll to pass through to the employee without the employer having to incur medicare and social security taxes.

The City and Employees have wide flexibility in their agreement to fund the program. The parties may set up multiple classes if desired for funding. For now and for simplicity, the City (with the committee's blessing) will approach employees and offer two classes which must be chosen on an annual basis: active & separating. Separating means an employee who plans to retire or separate service within the program year. This will help the City plan and predict employees' separation of service.

Example funding plans:

Active:

- 1% of normal pay.

- 20 hours of Comp Time (if accrued) that could be turned over to the member's account on a bi-annual basis.

- Sick time buy-back benefit which is triggered when an employee exceeds 720 hours of accrued sick time.

- Self-Funded Insurance Pool Benefit of either $400 (single) or $600 (family) if the City's group account exceeds a fund balance minimum of $275,000 at the conclusion of a Fiscal Year. To receive this benefit, the member must be enrolled in the City's health insurance plan.

Separating:

- Same conditions as above.

- 50-100% of employment severance benefits to include accrued comp time, vacation time, and sick time (in accordance with the City's current employee handbook).

A simple example for reference. John Smith is a City employee earning $50,000 annually and he is in the active class with family health coverage. The City also exceeded the fund balance standards to receive the group health benefit. Therefore, John's 1% of pay equals $500 + $600 from the group health benefit total $1,100 that could be saved, invested, and later reimbursed for incurred health insurance costs or premiums. Over time, compounded benefits will strengthen the benefit assuming a positive investment return.

ECIA in Dubuque recently launched a similar program but with different funding design. Labor unions have increasingly begun to bargain for benefits to plan for increasing health care costs. This helps move Maquoketa in that direction and again this program will save the City resources through discouraging sick time abuse requiring overtime callbacks and relieving the City from payroll taxes on the chosen funding mechanisms.

If supported, staff will engage the employees in open discussion on funding classes and return to City Council with a proposal that will identify the funding classes and name NPPFA administrator of the Section 115 Trust.

For more information on this particular program, please explore:

https://www.nppfabenefits.org/wise-chose-for-public-employees

Committee support is recommended.

10.ADJOURN