



COLUMBIA CITY COUNCIL MEETING MINUTES TUESDAY, MAY 29, 2018

The Columbia City Council conducted a Budget Workshop on Tuesday, May 29, 2018 at City Hall, 1737 Main Street, Columbia, South Carolina 29201. The Honorable Mayor Stephen K. Benjamin called the meeting to order at 2:10 p.m. and the following members of Council were present: The Honorable Howard E. Duvall, Jr., The Honorable Edward H. McDowell, Jr., and the Honorable Daniel J. Rickenmann. The Honorable Sam Davis arrived at 2:32 p.m. The Honorable Tameika Isaac Devine participated remotely and The Honorable Moe Baddourah was absent. Also present were Ms. Teresa Wilson, City Manager and Ms. Erika D. Moore, City Clerk. This meeting was advertised in accordance with the South Carolina Freedom of Information Act.

FISCAL YEAR 2018/2019 BUDGET WORKSHOP

1. Employee and Retiree Health Care Program - Ms. Pamela Benjamin, Human Resources Director and Chief of Staff

Ms. Teresa Wilson, City Manager said this will be a presentation. No votes will be taken during the budget workshop. This is a time for Council to review the final recommendations for fiscal year 2018/2019. A public hearing for this matter will be held on June 5, 2018.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said one of the major decisions needed today is whether we will maintain the Defined Dollar Benefit (DDB). She presented a proposal regarding changes to active employee benefits to include a phased-in approach for increasing premiums, increasing deductibles for out-of-pocket and co-pays, changing the Rx tier structure, increasing tobacco surcharges from \$50 to \$100, and implementing surcharges for spouses who have credible coverage. The deductible changes are based on the selected plan choices offered by the City: core, buy-up plan, and basic. We are providing insurance coverage for our active employees. The proposed spousal surcharge will be \$100 per month. The DDB placed a limit on the City's contribution for pre-65 retirees at \$1,130 per month and \$840 per month for dependents. The DDB for post-65 Medicare eligible retirees and dependents is \$300 per month, which includes a supplemental plan offered by United Healthcare. The City covers about 5,000 active and retired employees. We have approximately 386 pre-65 participants, but that varies based on the dependents. The City contributed more to the DDB by not making plan design changes and increasing retiree premiums. If the City fails to maintain the DDB, its OPEB liability would exceed \$1 billion by fiscal year 2047.

Ms. Teresa Wilson, City Manager said the liability will affect how we will cover our active and retired employees in the future.



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Mayor Benjamin said it's important to show the liability horizon for the next thirty (30) years. We will have to set aside funding each year to meet the long-term liability. He agreed that not maintaining the DDB will affect healthcare coverages, expenses, and basic services for employees.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff outlined the required decisions concerning the DDB and who will be eligible for benefits starting in 2019. She presented the following recommendations: establishing a Health Reimbursement Account (HRA) for pre-65 retirees, offering HRA benefits to current pre-65 retirees and employees hired prior to July 1, 2009, eliminating post-65 coverage for all retirees to include eliminating spousal DDB for those who have credible coverage, and adding an age 55 requirement for current retirement eligible employees. Employees hired before July 1, 2009 are required to have 20 years of service with the City and meet State of SC retirement eligibility requirements of 25 or 28 years of service.

Councilor Rickenmann suggested creating a separate HRA account for post-65.

Councilor Duvall inquired about the savings from eliminating spousal coverage if credible coverage has been provided.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said offering our employees spousal coverage has been a recruiting and retention tool; therefore, we didn't consider eliminating it. We can look at that option.

Mayor Benjamin asked how to determine credible coverage.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said it's a ratio based off cost and income.

Councilor Devine inquired about retirees having an option to obtain other coverage.

Ms. Teresa Wilson, City Manager said it will have to be determined by an affidavit.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff reported that the HRA will be a replacement benefit to help with health insurance premiums, health plan deductibles, copayments, prescriptions, dental cost, and other health related expenses for retired employees.



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Ms. Teresa Wilson, City Manager asked about IRS approved medical expenses.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said copays, prescriptions, and any routine medical expenses are approved IRS expenses.

Councilor Rickenmann asked about adjusting the DDB contribution for spouses.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said we were maintaining the current DDB that was established in 2012, however, we can look at adjusting the cost.

Mayor Benjamin said Work Sessions are usually for discussion only, but we will take this opportunity to hear from our citizens and answer questions regarding healthcare.

Mr. Matthew Huffstetler, Columbia Fire Department sought clarification about coverage when he was hired at eighteen (18) years old. He said this will require me to work for thirty-six (36) years to receive retirement benefits when I am eligible to retire sooner.

Ms. Teresa Wilson, City Manager said there will be an option for the employee to continue to work for the City or find other coverage, through another employer.

An unidentified woman from the Police Department suggested using the state health plan as a supplement.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said the state health plan will require more coverage because it has more participants than the City.

Ms. Debra Martin, Police Department Retiree inquired about post-65 retirees having pre-medical conditions and obtaining other insurance under HRA.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said the Affordable Care Act (ACA) prohibits exclusions for providing healthcare coverage including pre-medical conditions.

Mr. Dan Bedenbaugh, Retiree sought clarity about the healthcare plan for active and retired employees. Are you separating the healthcare coverage into two (2) plans?



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Councilor Rickenmann confirmed that the City doesn't have two separate accounts. We have created a program to provide better coverage and care for our retired employees.

Mayor Benjamin said this is not an exercise to balance the budget; this is to provide sustainability. Companies across this country are eliminating healthcare, but our goal is to provide affordable long-term coverage for our employees and their families.

Mr. Rusty Smith, Fire Department Retiree said there are a lot of retirees that are extremely ill. If you eliminate post-65 coverage, many will have a huge problem because they can't find another job. Since my wife turned 74 years old, we are having a difficult time finding cheaper coverage; it has become a burden. He asked staff to provide information regarding affordable coverage.

An unidentified man asked about renegotiating the coverage plan with United Healthcare for post-65 retirees.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said we have looked at other options for post-65 coverage, but when covering a small group of people insurance companies will have higher expenses. We will get cheaper coverage when we get more participants.

Mr. David China, Fire Department asked about the proposed insurance benefits for recruiting newer employees and retaining current employees.

Ms. Teresa Wilson, City Manager said you will have to meet the rule of 90 for retirement eligibility, but employees with twenty (20) years or more in service with the City will be automatically grandfathered in.

Mr. Jeff Dickey, Police Department Retiree asked about the DDB cost declining in the future.

Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said it was voted to adjust retiree premiums in an effort to keep the DDB at the same rate, but we have not increased the premiums at the rate the DDB costs have increased. We were only supplementing the cost and not maintaining the DDB.

Mr. Jeff Dickey, Police Department Retiree asked about disabled retirees meeting the twenty year services requirements with the City, but not meeting the 55 age requirement.



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Ms. Pamela Benjamin, Human Resources Director and Chief of Staff said if a person is retirement eligible whether through disability or regular retirement, they will still be eligible for the insurance.

An unidentified Fire Department retiree said by dropping my spouse from the current insurance plan, I will have to wait for two years to add her back. He asked Council to consider a rollover plan for insurance.

Mr. C.O. Clark, Retiree suggested that the City complete annual updates to reflect the actual cost for post-65 retirees.

Mr. Victor Kemper, Retiree asked Council to consider those who served in the Fire Department for over 20 years and now may have physical challenges.

Ms. Teresa Wilson, City Manager said these questions and answers were very helpful. The City is not that much different from other agencies. I believe we are right up there with the best of best. We will continue to hope for the best and that we will not experience a mass exit due to healthcare costs.

Mayor Benjamin thanked everyone for their input. This is a living and breathing discussion and we are trying our best to take account of every concern regarding employee recruitment, employee retention, and obligations to retirees to include quality of life and their families.

2. Fiscal Year 2018 / 2019 Proposed Budget - Ms. Melisa Caughman, Budget and Program Management Director

Ms. Melisa Caughman, Budget and Program Management Director said today we will discuss the final proposed budget summaries before having the public hearing on June 5, 2018. She reported that the General Fund budget is in balance at \$148,101,152.00 and has increased by 4%. The majority of the increases will be used for the capital improvement programs. The funds will be used for capital fleet replacement for fire trucks, police vehicles, garbage trucks, boom trucks, and technology upgrades. She reported that there was no proposed tax increase. The budget reflects funding to maintain current minimum service levels and growth. The budget development goals will provide resiliency, sustainability, and quality services. We are looking at new programs and activities to include discussions on identifying funding and reallocating existing resources for implementing Smart City Initiatives, public safety enhancements, expansion of emergency operations, and general capital improvements and investment in infrastructure.



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Councilor Rickenmann asked about the existing 4,000 parcels that aren't paying an equal amount. They need to pay a higher fee structure to offset the costs. They are passing the burden onto home owners, businesses, and commercial districts.

Ms. Teresa Wilson, City Manager said these discussions will be included in the upcoming economic development workshops and worked into the fiscal year 2019/2020 budget.

Mayor Benjamin said we need a formula that makes sense and that is fair for commercial and residential taxes.

Ms. Teresa Wilson, City Manager said we will continue to do the research and bring back recommendations in October 2018.

Ms. Melisa Caughman, Budget and Program Management Director reported that the proposed general fund revenue for fiscal year 2018/2019 is \$129,335,938 with a 2% increase of \$2,630,218.00. The largest portion of the increase will be property tax revenue, which has a projected 3% increase over the current budget.

Councilor Davis asked about the cost of living proposal.

Ms. Melisa Caughman, Budget and Program Management Director said the proposal is for performance merits not cost of living.

Councilor Rickenmann asked staff to provide funding information for the Alvin S. Glenn Detention Center.

Ms. Melisa Caughman, Budget and Program Management Director reported that the affordable housing program was adopted in January 2018 and has an estimated \$350,000 from the general fund. We recommend allocating a portion of savings from fiscal year 2017/2018 to help fund the program.

Councilor Rickenmann asked staff to look into providing housing tax credit for affordable housing.

There was an in-depth discussion on ways to incentivize the development of affordable housing.

Councilor Duvall asked about the savings from fiscal year 2017/2018.



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Ms. Melisa Caughman, Budget and Program Management Director said there are no savings from fiscal year 2017/2018. The changes we are making are for fiscal year 2018/2019 by saving in healthcare costs, reducing the departmental budgets, and revenue adjustments. She reported that the water and sewer operating revenue budget is \$160,167,115 with a 5.9% increase and a rate adjustment of 9.76%.

Councilor Rickenmann asked about the remaining funding for wastewater from the Consent Decree.

Mr. Clint Shealy, Assistant City Manager said the 10-year project is on track. We are embarking on more capital improvements at the Metro Wastewater Treatment Plant.

Ms. Melisa Caughman, Budget and Program Management Director reported that the proposed storm water revenue operating budget is \$13,466,499 with an increase of 6.6%. The proposed parking revenue operating budget is \$8,692,988 with an increase of 9%. She presented the proposed special revenue budgets for hospitality tax and accommodations tax, which includes \$12,103,972 for hospitality tax with an increase of 4.8% over the current year's budget and \$2,596,160 for accommodations tax with an increase of 4% over the fiscal year 2017/2018 actual budget.

Councilor Rickenmann asked about a follow-up meeting regarding hospitality tax recommendations.

Ms. Teresa Wilson, City Manager said we are in the process of tallying up the total recommendations. She sought guidance regarding scheduling a presentation on June 19, 2018 or August 14, 2018.

There was consensus from the members of Council to schedule a discussion on hospitality tax recommendations on June 19, 2018.



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3. City Council Meeting Schedule - Ms. Teresa Wilson, City Manager

There was a consensus of Council to move forward with the following summer meeting schedule:

- Council Meeting only on July 17, 2018
- Work Session only on August 7, 2018
- Work Session, Council Meeting, and Zoning Public Hearing on August 14, 2018

EXECUTIVE SESSION

4. Discussion of compensation of an employee pursuant to S.C. Code §30-4-70(a)(2) –
Deferred

ADJOURNMENT

Upon a motion made by Mr. Davis and seconded by Mr. Rickenmann, Council voted unanimously to adjourn the meeting at 5:42 p.m.

Respectfully submitted by:

Erika D. Moore, CMC
City Clerk