



**TOWN COUNCIL**  
**Budget Work Session**  
Cape Charles Civic Center  
March 12, 2015  
6:00 p.m.

At approximately 6:00 p.m., Mayor George Proto, having established a quorum, called to order the Work Session of Town Council. In addition to Mayor Proto, present were Vice Mayor Bannon, Councilmen Bennett and Godwin, and Councilwoman Natali. Councilmen Brown and Wendell were not in attendance. Also present were Treasurer Deborah Pocock, Harbor Master Smitty Dize and Town Clerk Libby Hume. There were no members of the public in attendance.

Mayor Proto announced the business for the evening would be to review i) modifications from the March 5, 2015 meeting; and ii) health and dental insurance plans and premiums.

*A. Modifications from March 5, 2015 Meeting:*

Deborah Pocock reviewed the modifications from the last budget work session as follows:

All Department Personnel: The 1.7% COLA was removed netting a \$25K savings. This also affected various benefit lines which would be adjusted accordingly.

All Department Benefits: Health insurance premiums increased but the Town could see a small savings by funding the least expensive of the three plans. The plans and costs would be discussed later in the meeting. The Town also currently paid \$1.95 per month per employee for an Employment Assistance Program (EAP). The EAP would be dropped this fiscal year since a similar program was offered by Farm Bureau at no additional cost.

All Department Insurance: Insurance amounts could change once an audit of the VML Insurance schedules was completed by the finance department.

Public Utility Admin: i) Salary and appropriate benefits were reduced removing the 1.7% COLA; and ii) Allocated Benefits was omitted from the original report presented on March 5 and was added at a cost of \$4,763. This amount included the cost of 10% of the Town Manager, Treasurer and Accountant's benefits.

Waterworks: i) Salary and appropriate benefits were reduced removing the 1.7% COLA; ii) A salary increase request was added for one employee; and iii) corrections were made to the debt service amounts as discussed at the last meeting.

Wastewater: i) Salary and appropriate benefits were reduced removing the 1.7% COLA; ii) A salary increase request was added for one employee; iii) The amount requested for General Liability appeared to be high. The amount would be double checked; iv) The amount requested for Office Supplies appeared to be low compared to actual amounts expended over the last five years. Deborah Pocock would check with Dave Fauber and adjustments would be made accordingly; v) The amount requested for Other Operating Supplies was moved to Repair & Maintenance Supplies; vi) The Septage Receiving Station was deferred to FY 2017 to allow staff the time for additional research and analyses; and vii) corrections were made to the debt service amounts as discussed at the last meeting.

Meter and Utility Billing: Salary and appropriate benefits were reduced removing the 1.7% COLA.

Sanitation: No changes were made.

Harbor: i) Salary and appropriate benefits were reduced removing the 1.7% COLA; ii) The Assistant Harbor Master's salary was increased per the compensation study; iii) Water Usage and Sewer Usage were reduced to be more in line with FY 2015 actual usage; iv) The requested amount for Holiday Decorations was deleted; v) The Boating Infrastructure Grant revenue and expense were deferred to a future year with a smaller debt service burden for the Town match since the Town had three years to use the funding; and vi) corrections were made to the debt service amounts as discussed at the last meeting.

**B. *Health and Dental Insurance Review:***

Deborah Pocock reviewed the various health plans offered and premiums costs. In previous years, the Town used the PPO plan as the benchmark plan and funded 100% of the coverage cost for the employee. The amount funded in FY 2015 was \$535.15 per month per employee. The difference in premiums for employees who chose an HMO plan, up to \$500 per benefit year, was credited into a health savings plan. Unfortunately, the Affordable Care Act based premiums on age and the Town's workforce was aging. The average of the premiums was used to calculate the amount funded for FY 2015. Also, the amounts credited to the health savings plans were not figured into the total cost so most of the employees received this additional benefit. The Town had also funded the cost for dental and vision coverage for all full-time employees.

Deborah Pocock stated that the premiums had increased for all three plans. The costs were as follows: i) The PPO (Anthem Gold PPO 1000/20) would be \$743.15 per employee; ii) The mid-level plan was an HMO (Anthem HealthKeepers Gold 500/20) at a cost of \$579.56 per employee; and iii) The lower-level plan was an HMO (Anthem HealthKeepers Gold 1000/20) at a cost of \$535.54 per person. Both HMO options were open HMOs and permitted employees to see a specialist without first having to obtain a referral. The main difference in the two HMO options were the deductible amounts and out-of-pocket maximums. Both HMO options appeared to be better than the PPO. The only issue with an HMO was that providers outside of Virginia were not covered unless it was an emergency.

Deborah Pocock went on to review the dental plan through Delta Dental. The premiums for this plan decreased from \$36.96 per month per employee to \$36.41 per month per employee. Vision coverage was also included as an addendum to the health coverage for \$6.55 per month per employee.

Deborah Pocock also reviewed the benefits included in the employee assistance plan through Farm Bureau.

Staff recommendation was to fund the lower-level HMO, vision and dental coverage for full-time employees. Council was in agreement with the staff recommendation. The departmental budgets would be adjusted accordingly.

**Motion made by Councilwoman Natali, seconded by Councilman Bennett to adjourn the Town Council Work Session. The motion was approved by unanimous vote.**

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Mayor Proto

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Town Clerk