

jPARK TOWNSHIP  
REGULAR BOARD MEETING  
June 10, 2010

ART 1. CALL TO ORDER  
Supervisor Amanda Price called to order the regular meeting of the Park Township Board held on June 10, 2010 at 6:30 p.m. at the Park Township Office.

Present were Supervisor Amanda Price, Clerk Skip Keeter, Treasurer Jan Steggerda, Trustees Bob Ellis, Jerry Hunsburger and Mike Toscano (via conference call), Attorney Dan Martin, and Manager Jerry Felix.

ART 2. INVOCATION – Gerald Hunsburger

ART 3. PLEDGE OF ALLEGIANCE

ART 4. APPROVAL OF AGENDA (Additions to or Deletions from Agenda)

The treasurer would like to add a depositor to the list of acceptable depositors. This item will move to ART 7.

The supervisor stated the minutes to the special board meeting were not included in the packet and should be removed from the consent agenda.

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made to approve the agenda. (6-0)

ART 5. APPROVAL OF CONSENT AGENDA

- a) Approve minutes of May 13, 2010 Board Meeting
- b) Treasurer's Report
- c) Zoning Administrator's Report
- d) Payment of Bills

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made by Keeter and supported by Hunsburger to approve the consent agenda. (6-0)

ART 6. FIRE DEPARTMENT REPORT

Chief Gamby gave an update on the status of the Fire Department.

ART 7. ADDITIONAL DEPOSITORY APPROVAL

Steggerda asked the board to allow Munivest to be an approved depository.

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion to table the item until July was made by Keeter and supported by Hunsburger. (6-0)

ART 8. PUBLIC COMMENT PERIOD (2 MINUTES PER PERSON)

Price opened the public comment period.

3 people spoke at the public comment period.

Price closed the public comment period.

ART 9. LICENSE REQUESTS:

a) Yacht Basin LLC Permit Request

Felix stated it would be a new class C liquor license.

Mr. Tom DenHerder spoke regarding the application.

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made by Toscano and supported by Hunsburger to approve the applications as presented. (6-0)

b) Van Tony's Enterprises (Itty Bitty Bar) LCC Permit Request

Felix stated Van Tony's has applied for a dance and an entertainment license.

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made by Keeter and supported by Hunsburger to grant the applications as submitted. (6-0)

ART 10. PROPOSED ORDINANCES: NON-MOTORIZED PATH: CHANGE IN USE REQUEST

Felix gave a brief explanation of the request.

Mr. Daniel gave a brief presentation and requested a change in the ordinance to allow the use of Segway's on the Township's bike path.

The board discussed this item in detail.

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made by Keeter and supported by Ellis to appoint a subcommittee consisting of 3 board members Ellis, Keeter & Steggerda and 1 planning commission member as recommended by the planning commission to research a possible change in use with regard to the Segway. (6-0)

Charge to the sub-committee is:

1. Usage of Segways on BP system
2. Safety/History of incident reports in other communities
3. Review of ordinance-if we want to allow how does the ordinance need to be modified
4. Bike Path millage language/evaluate affect on millage proposal
5. Liability issues
6. Education
7. Information from adjoining municipalities
8. Timing

9. Regulations on use within the Township and others imposed by the business.

The board asked the sub-committee present a report at the July meeting.

Steggerda asked Daniel to provide a list to the sub-committee regarding other municipalities that have approved the use of Segway's.

Mr. Toscano departed from his conference call and left the meeting.

ART 11. REPORTS FROM BOARDS AND COMMISSIONS

- a) Places and Spaces Report from Planning Commission

Felix explained and recommended the board accept the report.

The board agreed to accept the report.

ART 12. STAFF REPORTS

- a) Consider Amending the Employee Handbook-Retiree Health Care/Coordination of Benefits and Survivors Insurance/Extended Dependent Health Care Coverage (attached are the Manager's recommendations regarding the amendments proposed)

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made by Hunsburger and supported by Keeter to to adopt the amendments. (4-1 Steggerda)

ART 13. PUBLIC COMMENT (4 MINUTES PER PERSON PLEASE)

Price opened the public comment period.

2 people spoke at the public comment period.

Price closed the public comment period.

ART 14. MANAGER'S REPORT

The manager commented on items he has worked on throughout the month.

ART 15. BOARD COMMENTS

The board commented on their meetings and interactions during the month.

ART 16. ADJOURN

**MOTION MADE; MOTION SUPPORTED; MOTION CARRIED:** A motion was made by Keeter and supported by Hunsburger to adjourn at 8:55pm (5-0).

Date: June 10, 2010

To: Park Township Board

RE: Agenda Item 11 a: Consider Amending the Employee Handbook for Health Care Insurance Issues

Retiree Health Care: This item was tabled during last month's meeting for some additional review. As we mentioned last month, during the past year or so, and particularly during the preparation of the FY 2010-2011 Budget, the issue of accounting for Other Post Employee Benefits (OPEB) was addressed. These benefits include those benefits that are granted to retirees but paid for by the Township. In our case, the only OPEB is the health insurance we provide to retirees. While we paid for this cost on an annual cash basis, recent federal accounting rules require us to account for the entire future liability, and make annual contributions to address this "un-met" liability. Both the funded (annual) and the unfunded liability are now required to be included within our annual financial statement.

At the present time our policy, as contained in our Employee Handbook, address retiree health care as follows:

*"Full-time elected or non-elected employees at Park Township with a minimum of 10 years of service and a minimum age of 62, or with a combined age and years of service totaling 80 and a minimum age of 55 are eligible for retirement health insurance. Retirement Health Insurance will not be available to an employee not employed by the township until at least age 55 or having Health Insurance available through another employer.*

*"The Township funded portion will be calculated at 3% of their applicable premium per year of service for primary coverage until eligible for Medicare at which time township funded portion will be calculated at 3% of supplemental coverage premium per year of service.*

In considering the cost of this benefit it becomes apparent that the Township could incur substantial future costs should this policy remain in effect. First of all, anyone "retiring" at age 62 would be eligible for township provided insurance for the three years between the retirement and that person's eligibility for Medicare. While this may seem somewhat reasonable, keep in mind that the township's contribution equals that person's number of years employed times 3. For example, a person with 20 years of service, retiring at 62, would be entitled to having 60% of the insurance premium paid for the next three years. Under current rates for a family of 2, that would equate to \$8,337 or more than \$25,000 over the course of the three years.

Should an employee retire under the "55" provision, the costs are even larger. Should we have an employee retire at 55 with 30 years of service, the cost to the township over the 10 year period prior to Medicare eligibility would equate to more than \$125,000 for a family of two, and that is with the rates currently in effect.

With that in mind, last month we recommended that we amend the policy to eliminate the "55" provision, to cap the township cost at 80%, raise the "employed until" age 55 limit to 62, and require that all employees move to Medicare at 65, whether retired or still employed.

Upon further review and from additional discussions with our employee benefit insurance consultants from HUB, we are now recommending a more restrictive policy whereby the township sponsored contribution will only kick in at age 65 and only apply to Medicare supplemental insurance.

The reason for this recommendation comes from our consultants and is caused by the small size of our group. In a reply to our questions regarding "standard practices" Caroly Hofstee responded with *"I would highly recommend that you only cover retirees post 65, and not cover early retirees. With a group your size it would be exceptionally difficult to place the health insurance for the active population with early retirees on the plan. Many carriers will not quote a group that has more than 10% of their group made up of early retirees. Therefore you would only be able to have one or two without exceeding this limit and making it nearly impossible for us to place coverage."*

With our group now standing 14, any number of early retirees over 1 puts the entire group at risk of not being able to be insured. At the very least, I suspect that prices would not be as competitive with such a very limited number of carriers willing to consider our group.

While one could ask "why act now" since the problem of early retirees will not affect us for several more years, or that the federal government's health care plans may supersede anything we approve anyway, I believe it best to make a change now so everyone will be informed well in advance of their impending retirement dates and can make changes or consider personal alternatives based on this change. Could the federal programs alter what we enact? Certainly. Could we combine with another larger group in the future that would allow early retiree health care supplements without penalty? Of course, and we will continue to research all available options. But again, I opt for knowing as long in advance as possible so as to not "surprise" anyone a few years down the road if we are forced to remain a small individual group, and face the prospect of no or very high cost insurance.

Therefore, this would amend the policy to read as follows:

*"Full-time employees at Park Township with a minimum of 10 years of service and a minimum age of 65 are eligible for a contribution toward a Medicare supplemental program. This contribution will not be available to an employee not employed by the township until at least age 65 or having Health Insurance available through another employer.*

*The Township funded portion for Medicare will be calculated at 3% of supplemental coverage premium per year of service. The Township share of retirement health insurance shall not exceed 80% of the monthly or annual premiums. Employees age 65 or older and who are eligible for Medicare shall be moved to Medicare insurance and the Township shall cover the cost of the Supplemental insurance, per the terms above."*

This will have the effect of removing a large portion of the potential OBEP costs. It also clarifies that anyone 65 or older must move to Medicare, thereby further reducing the Township's share of OBEP considerably.

**Coordination of Benefits and Survivors Insurance:** As part of discussions with our consultants, we also offer two additional recommendations for retiree health care and one additional for dependent care. The first deals with the issue of coordination of benefits should two or more retirees be from the same family and the other issue deals with continued benefits for the surviving spouse of a retiree. In the first case, we recommend the following language be approved: *"Should two retirees be within the same family and each be eligible for the Township contribution, the Township will cover one retiree per family as the subscriber and the additional retiree must be listed as a dependant."*

In the second case, we recommend the following: *"At the time a retiree receiving a Township contribution is deceased, the surviving spouse may continue receiving the township contribution for a period of 6 months. If permitted by the insurance plan in place at that time, the surviving spouse may continue the supplemental insurance coverage but will be required to pay the full cost of the premium."*

**Extended Dependent Health Care Coverage:** Regarding dependent care, recent federal changes have made it mandatory for dependents up to age 27 to be included in all health care plans. Dependents are broadly defined and do not have to be enrolled in college or remain unmarried, or even live in the same house. Therefore, we must offer the opportunity for these dependents to also be provided coverage under our plan. We can, however, charge the employee for the incremental cost for this coverage. Therefore we also recommend the following section be included in the Handbook:

*"If it becomes necessary to cover a dependent child post high school (if not continuing on to college) or college graduation up to the age limited by law, the employee shall be responsible for 100% of the additional cost to the township. This policy only applies to health care coverage and not other benefits provided to its employees by Park Township, including but not limited to dental and vision insurance."*

Manager's Recommendation: To concur with the various amendments to the Employee Handbook to include the new language for Retiree Health Insurance and Dependent Coverage, Coordination of Benefits, Survivors Benefits, and Extended Dependent Care.