

REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD NOVEMBER 19, 2018

On call of the roll, commissioners present were: Brandel, Ristow, Michaelis and Oppermann. Also present: Utility Manager Adler, Office Manager Statz, City Attorney Rogers and City Administrator Freitag. Absent was: Comm. Adams and Comm. Horn. The meeting began at 6:13 p.m.

PUBLIC PARTICIPATION

None

MINUTES

It was moved by Comm. Ristow and seconded by Comm. Oppermann to approve the open session minutes from the October 15, 2018 meeting. Motion carried on a voice vote. Comm. Michaelis abstained.

Comm. Brandel clarified that during the October 15, 2018 meeting's opt-out vote, he believed that the motion made for the opt-out was contingent upon City Administrator Freitag's review, as well, as legal review. He stated if he would have known that City Administrator Freitag's review was not part of the motion, he would not have voted in favor of it.

It was moved by Comm. Ristow and seconded by Comm. Oppermann to approve the closed session minutes from the October 15, 2018 meeting. Motion carried on a voice vote. Comm. Michaelis abstained.

City Attorney Rogers stated he would advise no minutes be taken for closed session meetings. He explained once the minutes are approved by the commission, they become discoverable by the public.

Comm. Ristow noted there wasn't much detail in the closed session minutes, but agreed with City Attorney Rogers.

Going forward, no closed session minutes will be taken.

EXPENDITURES

It was moved by Comm. Ristow and seconded by Comm. Michaelis to approve the payment of October's bills totaling \$1,207,794.95. On call of the roll, motion carried. (Oppermann – Aye, Ristow – Aye, Brandel – Aye, Michaelis - Aye)

RECONSIDERATION AND POSSIBLE ACTION ON 2019 HEALTH INSURANCE OPT-OUT POLICY

City Attorney Rogers reviewed language on the health insurance application that gives him the impression that an opt-out is allowed under the new health insurance plan. He cited the following sections:

D. Employees who decline coverage may elect coverage during the open-enrollment period, with coverage effective January 1 of the succeeding year. This only exception is the occurrence of qualifying events creating special enrollment opportunities.

H. (6) Annual It's Your Choice Open Enrollment period

If an employee's premium contribution is deducted on a post-tax basis, the employee may cancel coverage at any time throughout the calendar year. The cancellation will be effective the last day of the month in which the employer receives the application or a later date as specified on the cancellation notice. Voluntary cancellation of coverage does not provide the employee and dependents an opportunity for continuation or conversion of the group coverage, and under no circumstances is a partial month's premium refunded.

Comm. Ristow stated there were at least 1,200 participants in the health plan with Jefferson County and Dodge County alone. Between the two counties, there were 1,225 enrollees without Jefferson, Beaver Dam or Lake Mills. He stated opt-outs from Jefferson will not affect the enrollment minimum.

Comm. Oppermann stated the contract for health insurance is between the City of Jefferson and Dean.

Comm. Ristow stated the City is paying for opt-outs now.

Comm. Oppermann noted there is a misunderstanding and City Administrator Freitag can explain.

City Administrator Freitag commented he had talked about the opt-out with the Commission some time ago. In 2006, the City put in place an opt-out plan. The formula for payments was the cost of premiums minus deductions, divided by two. In April of 2006, City Administrator Freitag came to Jefferson and the opt-out policy was already in place. He stated that the practice of offering the opt-out continued into 2009. In 2010, the City moved to the State Health Insurance Plan through Employee Trust Funds (ETF). The state understood there may be collective bargaining agreements, but could not make the situation worse and needed to take steps over time to reduce the payments. He stated the City continues to phase out the opt-outs and does not allow anyone new to participate. Originally there were a dozen employees enrolled in the plan and today there are only two. City Administrator Freitag wasn't sure why the Utility discontinued the practice of paying the opt-out, he assumes it was due to Act 10.

Comm. Oppermann stated there was no double standard.

Comm. Ristow stated there was a double standard as some are allowed to participate and others are not. He stated on January 1, 2007 the opt-out practice started. There was an email from the State to City Administrator Freitag which indicated that all non-represented employees would no longer be able to receive an opt-out. Attorney Susan Love sent an email to City Administrator Freitag indicating that the opt-out was no longer allowed. City Administrator Freitag responded that, "The City intends to do something else." Comm. Ristow stated his response to Attorney Love indicates the Utility has the ability to have its own policy. In 2016, the Utilities Commission recommended that the Common Council pass a resolution to offer the opt-out and this got kickback from City Hall. Nothing has ever happened. Now that the opt-out is allowed, the City has missed several years of savings. He went on to say the City had an opt-out policy, but it was repealed. He was not sure how those payments could continue to be made. He stated the City should adopt a policy on the opt-out. Given that Jefferson County and Dodge County have at least 1,200 enrollees, there is no good reason not to offer the opt-out.

City Administrator Freitag stated there were no employees officially enrolled in the plan yet. He didn't think anyone could be certain of the numbers at this time. He explained the City has chosen to write in language allowing for an opt-out option, but wants to wait to see the numbers first. He went on to say the consortium community will talk about this in the Spring. Other decisions will be made by the consortium and those decisions will dictate the charges for insurance. For example, the consortium will decide if retirees are allowed to stay on the plan, more than likely this will not be allowed. City Administrator Freitag stated M3 would advise not allowing an opt-out option, however the City of Jefferson has not taken the step to write-in language not allowing this. January 1, 2020 would be the soonest an opt-out policy would be allowed.

Comm. Oppermann stated it was his understanding the Utilities Commission had discretion over the opt-out. He has now found out that the City will be the one to enter into the contract.

Comm. Ristow stated the Utilities Commission has the authority to get its own insurance and can set compensation that is not reviewable by the Common Council.

City Attorney Rogers ask Comm. Ristow if he wished to go out for bids for health insurance.

Comm. Ristow stated he did not want to do so, but the Utilities Commission could do so if it chose. He stated the opt-out began at the Utility and the City followed suit.

City Administrator Freitag stated there was opt-out language in agreements and contracts.

City Attorney Rogers stated he provided the Wisconsin Department of Justice investigators copies of these agreements and contracts and have not heard back from them. It assumes that means the agreements and contracts were satisfactory evidence for providing the opt-outs.

Comm. Ristow stated he didn't know how the opt-out payments could carry on when the City repealed the policy. Those payments should have stopped.

Comm. Oppermann asked City Attorney Rogers how the Department of Justice got involved.

City Attorney Rogers stated he was contacted by the Department of Justice because a complaint was submitted about the City of Jefferson's opt-out payments. They asked for documents proving the payments were allowable. He provided those documents to the investigators and did not hear back from them.

City Administrator Freitag stated there were employment agreements in place and the State is not going to supersede those agreements.

Comm. Brandel stated it made sense to him. He felt that if the "opt-out" language was removed from the argument it would be no different.

City Administrator Freitag stated the City will not offer payments to opt-out until at least 2020. The City intends to preserve its right to offer opt-outs to employees.

Comm. Brandel stated no one knows the number of participants until enrollment takes place. Next year, maybe the opt-out would be a good idea. He didn't have a problem with offering an opt-out program, but not until the participant numbers were finalized.

Utility Manager Adler stated the goal was to save money.

City Administrator Freitag stated the consortium will frown upon opt-outs. M3's suggestion was not to allow opt-outs. He would not be surprised if the consortium takes a stand with opt-outs and retirees. Those discussions will take place next year.

Comm. Ristow stated retirees are included in the plan per the e-mail.

City Administrator Freitag explained not all members allow it, but Jefferson will. The cost of the premiums is based on the group experience. Retirees are allowed to stay on the plan until they reach Medicare age.

Comm. Brandel stated other City employees will not be allowed to participate in an opt-out plan.

Comm. Ristow commented that there were two employees allowed to do so.

Comm. Brandel stated that those payments are made based on contracts in place. He went on to say Comm. Ristow thought he was smarter than everyone else and insisted on always being right. He stated Comm. Ristow was being very difficult about the issue.

Comm. Ristow stated there was no opt-out language in City Administrator Freitag's employment contract and suggested Comm. Brandel read the contract.

Comm. Brandel stated past practice can be used to determine contracts going forward.

City Attorney Rogers explained past practice can dictate future contracts, but employment contracts should be in writing.

Comm. Oppermann asked City Attorney Rogers what would happen if the motion to reconsider doesn't pass.

City Attorney Rogers stated that was a good question. He explained the City will control the health insurance contract and will dictate what will happen.

It was moved by Comm. Oppermann and seconded by Comm. Brandel to reconsider a vote on offering an opt-out incentive to utility staff. On call of the roll, motion carried. (Oppermann – Aye, Brandel – Aye, Michaelis – Aye, Ristow – Nay)

It was moved by Comm. Oppermann and seconded by Comm. Brandel not to allow an opt-out plan for utility employees in 2019. On call of the roll, the motion ended in a tie. (Ristow – Nay, Michaelis - Nay, Oppermann – Aye, Brandel – Aye)

Comm. Ristow stated that in the event of a tie, the original motion stands. City Attorney Rogers agreed.

Comm. Oppermann asked Comm. Ristow if the Utility was looking for a new health insurance plan.

Comm. Ristow stated he didn't feel that was the case. He explained employees can be compensated to not take the insurance.

Comm. Oppermann questioned if opt-out payments were included in the 2019 budget.

Office Manager Statz stated they were not. She budgeted for all staff to take the health insurance and if there were opt-outs it would be a savings for the Utility

Comm. Brandel asked City Attorney Rogers if this motion could be reconsidered again.

City Attorney Rogers stated it could.

Comm. Ristow stated he disagreed and believed that reconsideration of a motion could only happen once.

Comm. Oppermann asked Comm. Ristow if he was behind the complaint submitted to the Department of Justice.

Comm. Ristow stated he had no comment.

DISCUSSION AND POSSIBLE ACTION ON LANDLORD NOTICE FOR CUSTOMERS' UNPAID BALANCES

Office Manager Statz reviewed the changes made to the landlord notice.

Comm. Brandel thanked Office Manager Statz for making the requested changes and liked that the revised letter explained what a budget program was.

It was moved by Comm. Michaelis, seconded by Comm. Brandel to approve the proposed language on the landlord notice. Motion carried on a voice vote.

DISCUSSION AND POSSIBLE ACTION ON PROMOTION OF LINEMAN TO LINE FOREMAN

Utility Manager Adler explained that since the resignation of Line Foreman Aaron Rechlin, Nick Baumann has stepped in during the absence. Mr. Baumann has expressed interest in taking the Line Foreman position permanently. Utility Manager Adler recommended the promotion of Nick Baumann to Line Foreman. In addition, Mr. Baumann would be moved up to Step 5 on the matrix for Line Foreman. He would remain at Step 5 for the 2019 year, but will receive the new wage rate in January 1, 2019. He is also requesting that Mr. Baumann receive back pay at the new wage to October 29, 2018,

Comm. Oppermann stated in the future he would like personnel items to be considered in closed session. He was in favor of the promotion, but felt it was proper procedure to have the discussion in closed session.

Comm. Ristow pointed out that the notice given on the agenda states the Commission is able to go into closed session if needed.

City Attorney Rogers stated it was best practice to cite specific statutes before going into closed session.

Comm. Brandel stated Nick Baumann was a great guy. He came to the Utility as an apprentice and now has moved up to the lead position.

It was moved by Comm. Oppermann, seconded by Comm. Ristow to approve the promotion of Nick Baumann to Line Foreman and move his wage to step 5 on the pay matrix. He will remain at step 5 for the 2019 year, but will receive the 5% increase on January 1, 2019. Nick Baumann will receive back pay at the new wage effective October 29, 2018. On call of the roll, motion carried. (Oppermann – Aye, Ristow – Aye, Brandel – Aye, Michaelis - Aye)

DISCUSSION AND POSSIBLE ACTION ON ADVERTISING FOR JOURNEYMAN LINEMAN/APPRENTICE LINEMAN

Comm. Oppermann questioned where the Utility advertises for a position like this.

Utility Manager Adler listed the various locations, including MEUW, Journal Sentinel and WPPI. He explained that it is going to be hard to find a Journeyman Lineman, but that is what we will try for.

It was moved by Comm. Oppermann and seconded by Comm. Michaelis to advertise for a Journeyman Lineman/Apprentice Lineman. Motion carried on a voice vote.

DISCUSSION AND POSSIBLE ACTION ON THE 2019 BUDGET

Utility Manager Adler reviewed the 2019 capital projects included in the budget.

Office Manager Statz presented the budget to the commission. She explained that the budget includes the assumption that both electric and water usage will decrease by 1% in 2019. She indicated that most expense accounts were increased by 3% over 2018 expectations, but others were increased by 5% to account for the 3% shift in the pay matrix and the Lineman increase. Expectations for 2019 are that the electric utility will see a rate of return at 5.14% and the water utility will see a rate of return at 4.37%.

Comm. Michaelis questioned if we needed to go in for a 3% adjustment in rates for the water utility.

Office Manager Statz stated that at this time it is not necessary since our projected rate of returns are so close to the 5% that is authorized, but we will see how 2019 ends up and assess at that time.

Office Manager Statz explained that the budget included the 3% adjustment to the pay matrix, the insurance savings and an HSA contribution for 2020.

It was moved by Comm. Michaelis, seconded by Comm. Ristow to approve the 2019 budget. Motion carried on a voice vote.

DISCUSSION AND POSSIBLE ACTION ON COPY MACHINE LEASE

Office Manager Statz explained that the maintenance agreement on our copy machine will begin to increase at a rate of 12% to 15% in coming years. She explained that the utility purchased the copy machine in 2012. It has been explained to her that manufacturers stop making replacement parts for machines after seven years, so keeping the machine could be problematic in the future.

Office Manager Statz recommended that the utility enter into a lease for a new copy machine. There are three different copy machines and companies, DataTek LLC (Kyocera), Gordon Flesch (Canon) and Central Office Systems (Konica Monilta). She explained that Gordon Flesch's proposal was much higher than the other two companies. While the Utility has a long standing, positive relationship with Gordon Flesch, the proposal was just too high.

She was recommending that the Utility enter into a lease agreement with Central Office Systems. She explained that while she received positive feedback from customers about DataTek's service, she was concerned with the small size of the company, as it was only two people.

It was moved by Comm. Oppermann, seconded by Comm. Michaelis to approve the lease of a Konica Monilta machine with Central Office Systems. Motion carried on a voice vote.

DISCUSSION AND POSSIBLE ACTION TO ADVERTISE AND HIRE A PART-TIME CUSTOMER ACCOUNTS CLERK

Utility Manager Adler stated that he was requesting the hire of a part-time Customer Accounts Clerk. The COOP student that we had in our office resigned and there is now a staff shortage in the office.

Office Manager Statz explained she has been in contact with Cory Brummeyer, Business teacher at Jefferson High School, to try and get a replacement for our last COOP student. If Mr. Brummeyer is unable to find a replacement, she would like authorization to advertise and hire for a part-time Customer Accounts Clerk.

Comm. Ristow asked if there would be benefits with the position.

Office Manager Statz stated that she would watch the hours to ensure that the position was not working over the threshold where benefits would be required.

Comm. Brandel clarified that it was Office Manager Statz's intention to first try to fill the position with a COOP student before advertising to hire.

Office Manager Statz explained that was her intention. She would not advertise for the position unless the high school had no other options available.

It was moved by Comm. Michaelis, seconded by Comm. Ristow to authorize the Utility Manager to advertise and hire a part-time Customer Accounts Clerk, giving first consideration to a COOP student at the Jefferson High School. The starting wage would be at step 1 on the pay matrix. Motion carried on a voice vote.

COMMUNITY CONTRIBUTIONS – CHRISTMAS NEIGHBORS

It was moved by Comm. Oppermann, seconded by Comm. Michaelis to approve a contribution of \$500.00 to Christmas Neighbors. Motion carried on a voice vote. Comm. Ristow abstained.

COMMUNITY CONTRIBUTIONS – CLEAN SWEEP

It was moved by Comm. Michaelis, seconded by Comm. Ristow to approve a contribution of \$250.00 to Clean Sweep. Motion carried on a voice vote.

It was moved by Comm. Michaelis, seconded by Comm. Ristow to adjourn. Motion carried on a voice vote. The meeting ended at 7:35 p.m.