

**CHRISTIANSBURG TOWN COUNCIL
CHRISTIANSBURG, MONTGOMERY CO., VA.
WORK SESSION MINUTES
MARCH 7, 2023 – 6:00 P.M.**

A WORK SESSION OF THE CHRISTIANSBURG TOWN COUNCIL, MONTGOMERY COUNTY, CHRISTIANSBURG, VA. WAS HELD AT CHRISTIANSBURG TOWN HALL, 100 EAST MAIN STREET, CHRISTIANSBURG, VIRGINIA, ON MARCH 7, 2023 AT 6:00 P.M.

COUNCIL MEMBERS PRESENT: Mayor D. Michael Barber; Vice-Mayor Samuel M. Bishop; Johana Hicks; Tanya Hockett; Casey Jenkins; Henry Showalter; Tim Wilson. ABSENT: None.

ADMINISTRATION PRESENT: Town Manager Randy Wingfield; Assistant Town Manager Andrew Warren; Clerk of Council Tracy Heinline; Finance Director/Treasurer Valerie Tweedie; Human Resources Director Alicia Dials; Human Resources Generalist Danette Poole; Fire Chief Billy Hanks, Aquatics Director Terry Caldwell; Police Chief Mark Sisson, Assistant Police Chief Chris Ramsey

WORK SESSION

- I. Call to Order by Mayor Barber
- II. Discussion by Mayor and Town Council of retiree benefits

Mayor Barber addressed Town staff present and encouraged their input concerning benefits.

Human Resources Director Alicia Dials provided Council with an overview of the Town's current benefits for retirees. Mrs. Dials explained that the sick leave divestiture plan and the retirement health savings (RHS) plan were currently available for Town retirees in the VRS Plan 1 and Plan 2. She explained that under the sick leave divestiture those retiring with 5 consecutive years of service and full retirement would receive 25% of their sick leave up to a maximum of \$10,000. If those retirees were hired on or before 6/30/2011 with a minimum of 20 years of service to the Town, they would receive their total sick leave paid out in 120 monthly payments over a 10-year period upon retirement from the Town. Included in the current retiree benefits is the Town Sponsored Service Merit which requires employees retiring with a minimum of 20 years' service eligible for Retirement Health Savings (RHS) plan of \$10 a month for each year of service until the age of 65, then reducing to \$100 a month.

Mrs. Dials informed Council that she had reached out to other localities and found that a majority of those localities offered continued coverage of benefits to their employees and stated that offering retiree health coverage did not seem to increase overall costs. Mrs. Dials added that providing healthcare benefits comparable to other localities would help the Town stay competitive for retainage and recruitment of employees. She also noted that providing a retiree plan for Hybrid employees would be beneficial due to the amount of Hybrid employees continuing to increase.

Mrs. Dials proposed four benefit options for Town Council to consider:

Option 1: Retirees would be allowed to participate in the Town's group rates and pay the full monthly premium. Under this option there would be no direct cost to the Town but potential liability for high-cost claimants.

Option 2: Retirees enrolled in the VRS Hybrid Plan or the VRS Plan 1 or Plan 2 not participating in the Sick Leave Divestiture Plan would be allowed to remain on the Town's health insurance and would be eligible to receive a supplement of 1% for every year of service to the Town. Under this option the cost to the Town would estimate to \$9,047.04 plus potential liability for high-cost claimants. (Assumption of average 15 years of service and 8 retirees per year, all enrolling in single coverage, with current Key Care premiums).

Option 3a: Retirees that are eligible for and participating in the Sick Leave Divestiture Plan and/or the Town Sponsored Service Merit would be allowed to remain on the Town's health coverage as a retiree but would not be eligible for the tiered subsidies.

Option 3b: Retirees enrolled in the VRS Hybrid Plan or enrolled in the VRS Plan 1 or Plan 2 and not participating in the Sick Leave Divestiture Plan will be allowed to remain on the Town's health plan and will be eligible for the tiered subsidies based on consecutive years of service with the Town. The estimated annual cost to the Town would be approximately \$18,094.08 plus potential liability for high-cost claimants. (Assumption of average 15 years of service and 8 retirees per year, all enrolling in single coverage, with current Key Care premiums).

Option 4: Revision of the Town Sponsored Service Merit program to include employees retiring with an unreduced benefit after 10 years of service to the Town (rather than 20). Retirees would pay full cost for the group health plan but be eligible to receive monies in a RHS account. The estimated annual cost for the Town would be approximately \$14,400 plus potential liability for high-cost claimants (amount would decrease to \$9,600 after 10 years but would be an ongoing liability until retiree's death). (Assumption of average 15 years of service, 8 retirees per year and an average age of 55).

Finance Director Valerie Tweedie noted that currently the Town does not offer retiree benefits to Hybrid employees other than VRS and choosing option 3 would at least give those employees an option of benefits.

Councilwoman Hicks expressed concern that offering employees these options could encourage them to retire earlier than expected. Mrs. Dials expressed that she felt employees would appreciate the benefits since currently the Town is the only locality that does not offer a benefit. Mrs. Hicks inquired that if Council chose an option and then decided it was no longer working for the Town could it be reversed. Mr. Wingfield noted that it could be changed but it would need to be the next fiscal year.

Councilman Bishop expressed that he had brought the subject to Council due to employees currently having little benefits for employees, other than VRS, when they retire. He added that

ultimately this is not a mandatory requirement for employees, and they would have 30 days after retirement to make their decision.

Councilman Wilson expressed that he was in favor of providing benefits for retirees and would choose option #3. Mr. Wilson felt that employees would be encouraged to work for the Town longer to receive more benefits. He added that he would like to see appointed positions with the Town be included. Mayor Barber agreed and expressed that he would like to see Council consider the most popular option proposed for appointed officers.

Chief of Police Mark Sisson expressed that no option provided would impact him as he would choose the Sick Leave Divestiture but felt that the Town needed to look at future retention and hiring personnel by providing one of the proposed options to employees. Mr. Sisson added that it was currently difficult to retain individuals in the Police Department when there are no incentives to stay until retirement.

Councilwoman Hicks expressed concern that health insurance rates could potentially rise if the Town offered any of the provided options. Mrs. Hicks added that she felt employees were looking at what the Town offers presently and not their future needs. Mrs. Dials agreed that entry level individuals looked at pay for incentive but felt that seasoned and higher-level entry employees were looking at long-term benefits. Mrs. Hicks noted that she favored option #1 due to it being an option that is no cost to the Town.

Councilman Showalter agreed that option 3 was a good choice for retirees and the Town.

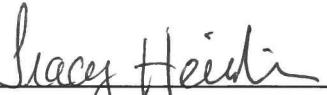
Mayor Barber agreed with option 3 and expressed that the Town was on track for a good year and at some point, the Town would want to set aside funds to help offset the cost of insurance.

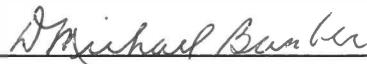
Councilman Showalter asked what the estimate was for high-cost claimants. Mrs. Tweedie answered that the cost was \$125,000 and added that high-cost claimants differ every year but typically there is one or two a year. She included that the cost of insurance is increasing and would continue to and when medical costs increase, benefit costs increase.

Mayor Barber asked for a general head nod from Council to approve option 3 of the proposed retiree benefits. Council agreed upon option 3 including appointed officer benefits regardless of tenure.

Mayor Barber expressed concern that fire and rescue volunteers struggled with receiving worker's compensation when hurt on the jobsite. Fire Chief Billy Hanks suggested the Town offer a supplement insurance like AFLAC to help the employee offset any costs while they are out due to injury. Councilman Showalter suggested a cap on volunteer/employee minimum hours worked in order to receive further benefits. Mrs. Dials was asked to send estimated costs to Council for volunteers and part-time employees from the fire, rescue, and police departments.

III. The work session was adjournment at 6:54 p.m.


Tracy Heinlein, Clerk of Council


D. Michael Barber, Mayor