

JOHNSON SELECTBOARD-VILLAGE TRUSTEE MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
MONDAY, DECEMBER 5, 2017

Present:

Selectboard Members: Mike Dunham, Nat Kinney, Doug Molde, Kyle Nuse, Eric Osgood

Trustees: David Goddette, Scott Meyer, Walter Pomroy, Gordy Smith, Bob Sweetser (by phone)

Others: Brian Story, Meredith Birkett, Rosemary Audibert, Anne Mullins, Raymond Gilcris

Note: All votes taken are unanimous unless otherwise noted.

1. *Call to Order, Changes to Agenda*

Eric called the meeting to order for the selectboard at 7:00. He asked to add discussion of ten cents on the Grand List and the fire department contract. Gordy called the meeting to order for the trustees at 7:00

2. *East Johnson Sewer Line Repairs & Analysis*

Meredith said last week the village had to make repairs on the pump station for the East Johnson sewer line. The pumps appear to be okay but one controller unit was malfunctioning. An electrician came to make repairs. The village doesn't have the bill from the electrician yet but she anticipates the cost of repairs being around \$1000-1500. The village does normal maintenance on the line but this is beyond normal maintenance. Rosemary indicated to Meredith that in the past there has been some sharing of cost between the town and village. Village staff is looking for guidance on how to bill out the cost.

Eric said he learned from Rosemary that around the time East Johnson residents finished paying for the line a pump went bad and there was fairly significant cost for that. The town added the cost to the residents' annual payments so they reimbursed the town. If the town accepts any of the cost of the infrastructure repair we probably would want to pass it along to the users and not tax all Johnson residents for a benefit only a few get.

Bob said the agreement was that once the line was paid for it would automatically go to the village and expenses would be paid for as normal. Eric said he thinks that is correct. It's just that the town hasn't yet transferred it over to the village. Bob asked why. Eric said that is a good question. Bob said he thinks it should be turned over to the village.

Walter said it is his understanding that the line would be transferred to the village and become a village responsibility. The paperwork just hasn't been done. Since the note was paid for by the town the village has been collecting all the revenue. He just looks at it as an addition to village infrastructure that was paid for in a unique way but everyone agreed up front that it would become village property and the customers have been paying the village. Some maintenance has to be done and the customers have been paying into the pot. He feels it is the village's responsibility. At some point we should make sure the paperwork is caught up with what was agreed to. Bob said he thinks Walter is right.

Gordy said, looking at it from the village ratepayer point of view, before the village takes it over he would like to have an analysis by an engineer to see what the village is taking because it could have a huge impact on future use or improvements and all village sewer

payers will be paying for it. He would like to see if it is in good shape. The trustee board needs guidance on budgeting for the sewer department.

Nat said he lives in East Johnson and he has been paying the Village of Johnson every month for sewer service. He would think that the money East Johnson customers have been paying in has been going to maintenance on other parts of the line and now it is time for repairs to their part. That is fair.

Scott said it was his understanding from the last trustee meeting that the trustees wanted to review that sewer line to make sure everything is okay with it. If it was put in correctly and there are no issues he is ready to move forward with transferring ownership but until that review is done he would not be quick to accept it. The trustees discussed this at the last trustee meeting and he thought everyone was in agreement. As far as the work on the lift station, he doesn't see why the village can't pay for that. They have been making money off it and he thinks it is their responsibility. He doesn't want to accept responsibility for the line, not knowing how it was done. Rumor has it that there may even be a sewer line going through someone's foundation. Bob said the line didn't go through anyone's foundation. Scott said if that is right, the engineering study will be positive and the village can take it. There have been cases in the village where contractors have not done good work and village residents have paid for it. He is just protecting village ratepayers.

Mike read from the minutes of the November 13 trustee meeting: "Walter said he understands that the history was that the town was going to put in the line and pay off the loan and as soon as it was paid off we would accept it." Walter probably keeps track of more things than anyone else. That is also Mike's sense from when he was a village trustee. He agrees with Bob that this line should have been taken over a long time ago and if it had been taken over when it should have been we wouldn't be talking about this right now. It would have been a newer system at the time of the transfer, without a study being done about whether the village wants to take it. As far as he is concerned a deal is a deal and the village should already own it.

Bob said if the line has worked for over 30 years it seems it was put in well. Mike agreed.

Walter said a deal was made and when he hears the suggestion to do a study before accepting the line, he feels that is contrary to the deal that was made. He agrees with Mike.

Dave said he is trying to look at it from both angles. He would want to have a piece of property inspected before buying it. He is sure it is in good working order but he thinks it makes sense to inspect something before buying it.

Walter said he would look at this as a contract for deed. The town paid for it and when the last payment was made the deed should have been transferred. The original inspection was done at the point when the transfer should have happened. At that point all that needed to be done was paperwork and that is what did not get done. It was low priority. It should have been done, the village should have accepted it and this should be a done deal.

Bob said that is exactly what was agreed to. We weren't going to put it in unless the village would accept it when it was done and they agreed to accept it.

Mike said the village can inspect it but it should be the village's anyway and it should have been taken ten years ago. The bottom line is that it is supposed to be the village's.

Kyle asked, if a study is done and it shows additional work needs to be done, then what?

Mike said the village can do a study if they want to but he doesn't think the town should have any liability.

Nat said as a ratepayer on that sewer line, he paid the initial bond with his neighbors and he has been paying his utility bill. The person who owned the house before him when the line was put in paid his utility bill. The village has been collecting from them all this time. To ask him as a Johnson town resident to pay again is very frustrating to him. Walter said he would say Nat would have grounds to sue the village.

Gordy said at the trustee meeting the trustees had a discussion and a majority wanted something done before the village took it over. We have no written evidence of the agreement that was made.

Doug asked, if the village has the line inspected and then decides not to proceed with taking it over, can the town charge? What is the town's role at that point? Where is the village if they don't take the line over? Where are the people who are on the line? Kyle said that was her question.

Walter moved that the village assume all responsibility for the maintenance and repair of the East Johnson Sewer Line from this point forward as if the village owned it and Meredith and Brian be directed to take care of the paperwork to transfer ownership of the line to the village as soon as possible, seconded by Bob. A roll call vote was taken as Bob was participating by phone. **The motion passed 3-2 with Walter, Bob, and Dave voting in favor and Scott and Gordy opposed.**

The selectboard authorized Brian to take the necessary action to transfer the line to the village.

3. Joint Employee Insurance Contributions

Meredith gave the board some information she and Brian had compiled – the cost of living increase (2%); the cost to the town and village for several salary adjustment options (1%, 2%, 3%, and 4%), not including overtime; and 4 scenarios for health insurance, comparing the increased employee contribution to what their salary increase would be under each of the salary adjustment options, to show in which circumstances employees would be better off and in which they would be worse off.

Scenario 1 is to keep the employer contribution the same: 94.5% of the Blue Cross/Blue Shield Gold Plan. Scenario 2 is keeping the employer payment the same in terms of the dollar figure. Scenario 3 is keeping the same dollar amount for the employee contribution.

Scenario 4 splits the health insurance cost increase between the employer and the employee. There will be about a 9% increase for Blue Cross/Blue Shield. Under Scenarios 2 and 4 employees would need a salary increase higher than 2% in order not to be worse off.

Brian said one thing not included is the effect of the 2% increase in the cost of living. Because of that we can expect that even if an employee took home the same dollar amount they had previously they would have less buying power with those dollars.

Eric asked if this assumes each employee is using the same plan. Brian said yes. It assumes all are on Blue Cross/Blue Shield and keeping the same type of plan (single, 2-person or family.)

Brian said in Scenario 1 where we continue to pay 94.5%, the increase affects the employer and the employee evenly. Both see their contribution raised by about 9%. When we stay at the same dollar level for the employer contribution, the employee contribution rises by 98%, effectively doubling their contribution. In Scenario 3, where the dollar contribution by the employee remains the same and we absorb the entire increase, we see a 9.5% increase. There is a big difference between Scenarios 2 and 3. We have a greater capacity to absorb increased cost than the employees. For Scenario 4 he thinks the employee cost increases about 20% and the employer cost only increases about 9.2%.

Walter said he came to this meeting wanting to see Scenario 4 accomplished – a 50-50 sharing of the increase. That is what we have done the last 2 years. Unfortunately this year the numbers are huge, but from the standpoint of consistency in terms of trying to manage costs, that is fair to all involved. He feels we should try to keep all increases divided 50-50. He was going to suggest giving employees a 2% salary increase, so all employees would walk out ahead of the game. He thinks this is the fairest way.

Gordy said he agrees with Walter. Splitting the healthcare increase is what goes on in most places. He agrees as long as the employees don't take home less than they do now.

Anne said even at a 3% raise she is barely breaking even. Walter said she is reading it wrong. If her salary goes up 2% she would come out about \$280 on the positive side. Anne said no, because now she is on the high deductible plan. She wants to switch but if it will cost her \$1442 to do it, then she is barely breaking even at 3%. Walter said the \$1442 includes both the increase and what she is already paying. Anne said she is not paying anything now. She has the worst insurance. Walter said she will get the money one way or another – in her HSA or in her salary or in health insurance. If she is not paying \$1442 for health insurance she is getting it another way. Anne said she has to take the high deductible insurance because she can't afford better insurance because she hasn't had a raise in 10 years. She wants to make the point that she is not getting ahead. She keeps going backwards. When she came here her insurance was paid for. That is why she came here. That was a great benefit to her. It is no longer a great benefit. Every time she goes to the doctor she has to pay because she is on the high deductible plan.

Mike said the employer contribution of 94.5% of the Gold plan is very generous compared to a lot of companies today. The whole package is extremely generous. He suggested talking to other people in the community about what they are paying for healthcare.

Anne said when she came to work here the health insurance was a great benefit. It isn't anymore. Mike said when healthcare was \$5K a year people could cover it. Now it's up to \$20K a year. Anne said that is not the employees' fault. Mike and Walter said it is not the boards' fault either.

Eric said when we make healthcare adjustments we always reference a specific plan and usually try to make sure the employee is not harmed to any great extent, but what plan any employee picks is their own choosing. Some have taken the Platinum plan. We still only pay a certain amt and base raises on that plan. If someone takes the Platinum plan they make up the difference between Gold and Platinum. They probably don't realize any benefit from any raise we give them because their plan is so much more expensive. On the converse side, if an employee takes the Bronze or high deductible plan they are saving costs for themselves and they realize more increase in their pay raise. We can't look at every employee and what plan they take and adjust their salaries individually.

Ray pointed out that insurance increases take effect the first of the year but town employees' pay raises don't take effect until July 1.

Walter moved to change the employer health insurance contribution to 91% of the Blue Cross/Blue Shield Gold Plan, seconded by Scott.

Some board members said they would like to discuss salary increases before voting. Eric said that could be part of the discussion on this motion.

Walter said he would recommend a 2% salary increase.

Doug moved to change the employer health insurance contribution to 91% of the Blue Cross/Blue Shield Gold Plan, seconded by Mike.

Dave asked if we are talking about a salary increase and a separate cost of living increase or just one increase. Mike said it is just one increase.

Meredith said she and Brian provided the federal cost of living increase as a reference point. It was 2%.

Anne said employees get a cost of living increase that doesn't really cover the cost of living. But she hasn't had a raise in 10 years. Every year Duncan would look at it and say she was at the average salary, but she doesn't consider herself an average employee. She feels she should be getting more than she is getting. None the employees are average, so why treat them as average? She feels unappreciated every year. The trustees always make sure the electric department employees' pay is as high as they can get it. Why are other employees any different? The office employees are the ones people see when they walk in the door.

People who come in get the best service. People love to come to our office. It is because of them and how they treat people. Shouldn't that be taken into account? To her, a cost of living increase is not a raise. The only people who make out on the 2% are the people already making the most. She could have made more money working somewhere else. She gives and gives and feels like she is getting nothing in return. The better you treat your employees the better they will do for you. The town and village are spending money on other things the townspeople don't care about. They care about roads and schools. They don't care about industrial parks or studies for this or that. She thinks the townspeople would rather the employees get a raise than spend money on some study that amounts to nothing.

Gordy said we have done salary surveys. If we did not have the electric department, a lot of employees would not be getting as much money. With the linemen as a benchmark, wages come up for other employees.

Anne said she disagrees. The boys all got a huge raise and office employees got nothing.

Eric said the boards are employers and also elected officials. To some degree they serve two masters. They try to be fair to employees and treat them well. We have always done a survey through VLCT of communities the same size as Johnson to see what they are paying and what their benefits are in order to be competitive. We have always tried to be at or above average salary and benefits packages. As elected officials the boards serve the voters. They are concerned about their taxes and we have to be responsible with their money. The boards weigh what taxpayers can pay and treating employees fairly.

Rosemary said from 2009 to 2017 there has only been an 8% increase in healthcare costs to the employer and employees have much higher deductibles and higher out of pocket expenses than back in 2007.

Brian said that was the point he was trying to make earlier. The effect of increases on the employer is much smaller than the effect on employees. When we split the increase it makes the employee share increase much higher than our share. We will experience less than half a percent increase in our contribution while employees will see about a 30-35% increase in what they are paying. We have the capacity as an employer to absorb much more than employees do. He thinks that is what Anne is saying. The purchasing power employees have is being decreased because we are shifting cost to the employees.

Mike said that's everywhere. We are not an isolated case. He understands Montpelier is looking into a major increase in property taxes. Increases in property taxes and healthcare are a burden on taxpayers.

Doug said we have compared the ability to carry increases by the municipality and the employee. But taxpayers are absorbing much greater percentage increases than our employees are. Our employees are doing better than many citizens in our community.

Walter said we had a major healthcare overhaul – Obamacare – since 2008. You can't compare apples to oranges. There was a major change during that timeframe. We are

forgetting we are also taxpayers' representatives. We are looking after their money, trying to manage it. When he looks at these numbers he sees that the increase in the town's contribution increases his taxes about 1 cent. Our taxpayers, the people who are paying these salaries, are probably in worse shape than our employees in terms of their ability to pay. He thinks Scenario 4 is about as fair as we can be. The taxpayers are going to be the ones who are the biggest losers in all this. He is trying to minimize that as best he can. He feels Scenario 4 does that the best for all 3 parties. Mike agreed.

Brian said Scenario 4 is close to what comparable towns do. In a survey provided by VLCT, in towns with similar demographics their average and median were both 90%. Covering 90% of the Gold plan appears comparable to other communities.

The trustee board motion was passed. The selectboard motion was passed.

4. ***Joint Employee Compensation***

Walter moved to increase pay for joint employees by 2%, seconded by Scott.

Doug moved to increase pay for joint employees by 2%, seconded by Kyle.

Brian said it was helpful to him to have Anne and Ray as part of this conversation. It is difficult sometimes to serve the board and represent employees at the same time. He would like to advocate for our employees to see a 3% increase this year, given the increased share of their healthcare they will have along with the 2% increase in the cost of living identified by the Bureau of Labor Statistics. He thinks 2% leaves them with less buying power than they had in the previous year.

Meredith said we have heard similar sentiments to Anne's from other staff who work here. What Anne said is true. People love coming in to the office. Two percent is a baseline. With health insurance, depending on what they choose a lot of employees will be taking home less. It's about \$6K for the village to go from 2% to 3%. That is spread across 4 budgets (general, electric, water and sewer.) It would not be a significant hit to any one budget.

Eric said he agreed with the way we went on health benefits because the precedent had been set for a few years. Scenario 1 would have been about a \$7K increase to the town. Scenario 4 he thinks is about a \$3K increase. The impact to the town of a 2% increase is about \$8K. If we go to 3% it's about \$12K. He asked, what about 2.5%?

Scott said the way he is looking at it, everyone who lives in this town works hard. A lot of people don't have health insurance and don't get salary increases. These are the people who pay for our staff. We can't forget we are public servants. When the village or town takes on an expense, it's the taxpayers who are taking on the expense. He thinks Walter's comments about 2% were pretty solid. Next year if things are looking better in the economy he would love to see bigger increases. Employees who are overachieving should be rewarded but that should be done to that employee. He doesn't know if a blanket increase for everyone is fair. He doesn't know if we have merit increases, but that is something an employee could talk about with their manager. He worries about people on fixed incomes looking at these

increases. A lot of people are short on money in this community. We are one of the poorest towns in Lamoille County. We can't forget that.

Mike said he thinks we treat our employees very fairly. For example, they get two breaks a day. He never worked for any company where he got two breaks in an 8 hour day. Sometimes people have to look at the whole big picture. If we translate the two breaks a day into a dollar figure, that is part of their compensation package. He agrees with Scott. Scott showed him the state pays only 80% of healthcare for its employees. Gordy said he thinks GMP and VEC pay an 80% employer contribution. Their employees get more per hour but they pay more for health insurance. Mike said when he first went to work for Morrisville Water & Light in 1977 they had the Cadillac of all plans. It was 100% paid for. As time went on they had to pay for it. Our employees are no different from anyone else.

Nat said he favors a 3% increase for the reasons stated previously. It is a small amount of money in our budget to make our employees feel a little rewarded and appreciated. He thinks we get that money back in productivity when we keep our workers happy.

Doug said Rosemary hardly ever says anything, so he is inclined to change his tune based on her comments. He wants to see what employees are really making, which isn't shown here. He thinks our employees as a set are well compensated but he thinks they are not keeping up with where they were. He had argued that they should be compared to people in the community and what they are making but he thinks our taxpayers benefit by having good employees and good service. At the moment he is leaning towards 3%.

Doug and Kyle accepted the friendly amendment offered by Nat to change the increase from 2% to 3%.

The trustee motion was passed.

Nat asked what happens if the two boards pass different motions. Doug said this is only for the 4 joint employees. Eric said historically the boards have given the same increases to all employees. He said the two boards have to come to agreement at the end of the day.

The selectboard motion was passed.

Scott moved to increase pay for joint employees by 2.5%, seconded by Bob.

Nat moved to increase pay for joint employees by 2.5%, seconded by Doug.

The trustee motion failed.

The selectboard motion was passed.

Walter said last year the cost of living increase was 1.6% and we gave employees 2% so they got 4% above cost of living. This year we are giving them 2% and the cost of living increase is 2%, so they got an excess raise last year. He is happy with a 2% increase this year.

Mike said the perception is that they are not actually getting a raise.

Gordy said most in the community feel fortunate if they get a 2% raise. He doesn't think he could look taxpayers in the face if we gave a 2.5% to 3% raise.

Dave said he has been thinking hard about it. He does value our employees. He thinks they do a wonderful job. But he is thinking about the whole compensation package, not just salary or insurance. Our employees are compensated well when we look at the entire package. That is how he is looking at this. He is also looking at this as a taxpayer and someone who pays for his insurance.

Mike said he agrees with Dave. Morrisville Water & Light used to give employees an annual breakdown of their actual wage, including time off, etc. Do we give our employees anything like that? Eric said we have in the past. Mike said he thinks they should receive it every year. When all benefits are put in one spot the total compensation amount can surprise you. If an employee made \$40K a year total compensation could come out to \$80K a year. How many people in our community are making that much, even with benefits? It is true our employees are well compensated.

Brian said he thinks our employees are very well compensated and he thinks they know it. He thinks they are asking for more because they are looking out for their personal interest, as they should. When we are comparing our employees to the rest of the community he feels comfortable telling people our employees are well compensated and we are happy with them and proud of them. It is not bad for us to be leaders in the community. We would do better to encourage other people to be lifted up than to lower our employees. We can't have a direct effect on anyone else's compensation but we will be hiring employees in the next few years because we will have some retirements. If we are taking the best people in our community that will encourage other employers to offer better compensation.

Doug said he thinks our employees are not only looking out for their interest, they have come with information we don't have about their budget and what they can expect. He feels to say they are lobbying in their own interest is somewhat diminishing. They are saying they are not making it well. We are not moving them far enough forward so they can say they are doing better.

Eric said it is typically hard to get an opinion out of Rosemary. When Rosemary spoke, that held a lot of weight. She is on the front lines every day.

Rosemary said she is on the Platinum insurance plan and her out of pocket expenses are high. Even with the very best insurance employees can get there are a lot of out of pocket expenses employees didn't have back in 2007. She had a \$100 deductible and now she has an \$800 deductible, plus \$2600 total out of pocket expenses she didn't use to have. It adds up.

Eric said the village voted for 2% and the town voted for 2.5%. We are at impasse. We have to come to agreement. Gordy said we don't have to come to agreement but if we don't it makes a lot more work for Rosemary.

Bob said he thinks the trustees should agree to the other half percent. If employees are happier we will get more out of them.

Rosemary said a lot of employees are complaining about their total out of pocket expenses.

Mike said he thinks the increase should be equal for the town and the village. It doesn't set well with employees if some get different increases.

Scott said he encourages the other trustees to make the increase 2.5% with an agreement that next year we actually have a pay chart that shows overall compensation, as Mike mentioned, so we are a little more educated about what we are doing. He would also like to see the average income for a family in Johnson. He is seeing numbers from \$32K to \$51K a year from different websites. He knows there are people on fixed incomes struggling to make ends meet. They have lived their whole lives here. He feels like he is doing them a disservice going into this without full information on what total compensation is. He thinks it would be beneficial for the town and village to give merit increases to employees who are doing exceptional work.

Scott moved and Dave seconded to increase pay for joint employees by 2.5% provided that next year the boards are provided with overall compensation per hour including the value of benefits and time off and the most recent census figures on average income for a family in Johnson.

Eric said he thinks it has been a few years since we did a salary survey through VLCT. Gordy said in the past he thinks comparisons were done with municipal electrics. He would also like to see comparison with some regular towns because of what he said earlier. Walter said we have looked at this from an electric utility standpoint. If we start comparing to municipals, employees are overpaid. Ultimately he is comfortable with what we are paying, with all the benefits. For the sake of a compromise he will probably vote yes.

Dave said he believes our employees are well compensated but he understands the financial stresses they are under. We are all seeing similar stresses. In the spirit of compromise he is willing to vote yes on 2.5% so we can move forward.

The motion was passed.

5. *Ten Cents on Grand List and Fire Department Contract*

Eric said the selectboard will need the fire department and ten cent numbers soon. The town is looking at significant increases for NEMS and the sheriff's department. This will be a difficult budget.

Scott said he noticed Roger Marcoux had mentioned perhaps having a study done of the area on Route 15 near Nadeau's where there was recently a fatal accident. His wife had an

accident there 6 or 7 years ago and she fought to get the speed limit lowered to 40. AOT was reluctant even though there had been previous fatalities. Mark Woodward and others put pressure on them and it was lowered from 50 to 40. Getting the speed limit dropped 10 miles an hour was a long, hard fight.

6. *Adjourn*

Walter moved to adjourn the trustee meeting, Dave seconded, the motion was passed and the trustees adjourned at 8:34.

It was moved and seconded to adjourn the selectboard meeting, the motion was passed and the selectboard adjourned at 8:34.

Minutes submitted by Donna Griffiths

UNAPPROVED