



## **UNIFIED FIRE AUTHORITY BOARD COMPENSATION & BENEFITS COMMITTEE MINUTES**

Friday, February 16, 2018 at 2:00 p.m.

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### In Attendance:

- |                       |                                      |
|-----------------------|--------------------------------------|
| ✓ Chair Dahle         | ✓ CFO Hill                           |
| ✓ Chief Petersen      | ✓ IAFF Local 1696 – Cliff Burningham |
| ✓ Councilmember Bush  | ✓ Arriann Woolf                      |
| ✓ Mayor Hale          | ✓ Calogero Ricotta                   |
| ✓ Mayor Overson       | ✓ Kate Turnbaugh                     |
| ✓ Councilmember Bowen | ✓ Talsan Schulzke                    |
| ✓ AC Ziolkowski       | ✓ Michelle Morse – AJG               |
| ✓ AC Watson           | ✓ Jake Turley – AJG                  |
| ✓ AC Higgs            | ✓ Clerk Roper                        |
| ✓ AC Andrus           |                                      |
| ✓ CLO Roberts         |                                      |

### Absent:

- ✗ Councilmember Ferguson
- ✗ Councilmember Stewart

Call to Order – Chair Dahle 2:02pm

### Public Comment

No Public Comments

### November 17, 2017 Minute Approval

Motion to approve November 17, 2017 meeting minutes by Mayor Peterson, 2<sup>nd</sup> Bush, all approved

Chair Dahle stated he met with Jeremy Robertson & Cliff Burningham of IAFF local 1696 to discuss UFA being in the top 3<sup>rd</sup> or #3. The benchmark that was established based on looking at different agencies in the market. The Board over the last 3 years has done the best they can to be aggressive in the market and move UFA up in comparison to other agencies. Being the largest fire agency in the state we want to be competitive to the other fire agencies in the state.

### Review of the Wage Comparable Tables

Chief Petersen commented on COLA and merit. We want to be a destination department and hold on to our employees. There needs to be value in the message to our firefighters. As the largest fire department in the state there is value to the statement of being #3 but there needs to be a Board decision on where we want to be. Our attraction for new hires would be better if we can bring the wage up.

Cliff Burningham – Thanked Mayor Dahle for the ongoing support and relationship. Burningham has been working with Human Resources on the new format. In past looked at wages only, but there is more to it than benefits package. In 2004 UFA was only compared to Salt Lake County. Would like to see us at the #3 spot or within the top 3. Realizes that every increase to salaries is an increase to each city that is supported.

Cal Ricotta – Been working on the document for the past 2.5 weeks looking at 15 comparable agencies. Reviewed document handed out. Entry firefighter and paramedic are the only two ways into our agency. Reviewed the entry base salary, bonus or longevity, VEBA contributions (retirement benefits) and deferred comp totals. There are some situations where there is specialty pay. Averaged the 15 agencies then showed how we related to the average.

Mayor Peterson asked what the percentages are for each category (fire fighter, specialty & paramedic). Arri Woolf discussed the differences of the numbers of each employee in each category. Cal Ricotta stated that the largest number of employees are Paramedics. Chief Petersen - if senior Firefighter's are increased, it increases all Firefighter's. Specialty make up a small percentage of employees. Arri provided the number of employees in each category. Mayor Peterson asked if the BC's showing were at base salary, Arri stated no, this is the max salary, there is no base salary. Cal stated that data was obtained from TechNet, which allows us to compare to other agencies. Cal and Arri also called and vetted with each HR department at all agencies. Cal – if anyone would like additional back up data, would be happy to provide it. Mayor Dahle - there has been a lot of progress made in moving up in comparison to other agencies since he has joined the board. Would like to provide a recommendation to the Finance Committee in April. Mayor Peterson stated it has been presented very well and great data.

#### Reviewed the Benefits and Compensation concepts and cost worksheet for FY18/19 Budget

Mayor Dahle and Chief Petersen reviewed the handout with a recommendation to pass to Finance. Wants to start with a realistic target with consideration of normal inflation rates. Health insurance costs have been relatively low. Reviewed projections on health insurance and the cost that would incur to the member fees.

CFO Hill discussed how merit adjustments affect the career ladder. Chief Petersen - it is tough to capture the exact impact of that budget. Mayor Peterson asked if it is merit based or longevity. Chief Petersen – it goes from merit to performance to longevity. There are only a limited number of promotions that can happen within someone's career. Once they get to step 13, will see no further adjustments in pay. Chief Petersen – 12-year Firefighter's are a valuable tool for us.

Chair Dahle - would rather know number to increase now to present rather than present and be told it can't be done. Chief Petersen – will review budget, go to Finance ask what their target is and then go back to the budget to work towards that.

Mayor Peterson – What are Labor's priorities?

Chief Petersen – the list was generated with consideration to the conversation with labor and what their priorities are.

Chair Dahle – will give overview at Board meeting on Tuesday.

Chief Petersen – Tier II sworn needs to be discussed. 85% to 90% confident that we can meet this. Has not been vetted with legal yet, needs to be validated first. Goal for Tier II Firefighter's to get off engine by the time they reach 55 as it's a very physical job. There are 57 Tier II sworn employees. One-time money not annualized. Would help those employees feel caught up and able to get off engine by 55.

Chair Dahle – gives a great way to build recommendations for the Finance committee and provide Chief with the priorities to go to Finance. Can review at meeting in March.

Burningham – Reviewed the historical performance sheet handed out. The top 4-6 items on the sheet are very important for a healthy department. Went through big change a few years back switching health agencies from PEHP to Select Health. Would prefer not to switch carriers every few years. Key items are Tier I which is cost that is passed through from the state; career ladder, which is a template for an employee's career movement. Labor is invested to coming back for further discussions.

Chair Dahle – A 4% to 5% increase to the budget of UFA will have a huge impact to the member cities. Will be very important for labor to weigh in on their priorities with regards to the pay piece. For many years there was no increase to the COLA and/or merit increases which put UFA behind in the market.

CFO Hill – Part of the reason UFSA was able to go so long with no tax increase was because of the years with no COLA and/or merit.

Update from Gallagher Benefits regarding current health benefit utilization and forecast for 18-19 renewal  
Michelle Morse & Jake Turley presented. Introduced themselves with history of working with UFA.

Michelle Morse – Reviewed handout. Two healthcare plans listed, only difference is the network.

Chair Dahle – What data pool is used to account for the 11.8% increase to benefits.

Michelle Morse – Reviewed the 2 plans being offered that account for the potential increase as well as the HRA (Health Reimbursement Arrangement).

Chair Dahle – is there a hard cost to UFA for the HRA benefit?

Jake Turley – Yes, \$170K annually

Cal - It was projected that 30% of workforce would only hit the deductible which is why we took the HRA \$170K cost.

Michelle Morse – Insurance companies will look at a rolling 12 months to make a determination of estimated cost adjustments. Gross claims went up approximately 9% over the last year.

Mayor Hale – is there an average age on the reports, was there an average age increase that accounted for any additional costs?

Jake Turley - not on the documents provided but they do have it and can provide it. There is an 8%-9% average cost increase for healthcare annually. Do not expect renewal to come in above the original estimate of 11.8%.

Chair Dahle – Is there any profit for the insurance companies?

Jake Turley – assuming there is no profit in their fixed costs. Select Health is known for having the lowest fixed costs. Fixed cost are going up 2% going out of the gate.

Chair Dahle – when can we expect to receive the renewal number.

Michelle Morse – in 2 -3 weeks.

Chair Dahle – historically where do they come in at, can you bring them down?

Michelle Morse – has a good feeling it will come in below the 11.8% projected.

Chair Dahle – Looking to have a Compensation and Benefits meeting at end of March before the Finance Committee meets the first week of April.

Michele Morse – reviewed renewal history.

Chair Dahle – Feels employees like the current plan, there have been no major issues so there is no push to change.

Councilmember Bowen – Would hate to see a switch of plans.

Michelle Morse – Loss ratio with PEHP was not good which caused increases 14%. Select Health came back with a 2% increase.

Cal – Will look at all options, carriers, etc.

Mayor Peterson – as a committee what options do we have?

Cal – will look at all options not just health.

Arri – options are given, such as if we change the deductible and then we pick what works best for UFA.

Chair Dahle – have we looked at all options, such as a high deductible HSA plan.

Cal – have looked at that as an option.

Michele Morse – current plan is under the benchmark.

Chief Petersen – would like comments from members for guidance, we are going to meet to build budget with each

Mayor Peterson – very impressed with analyses and data and well presented.

Mayor Hale – insurance one of the most complex items on budget, making lifestyle and safety decisions, industry broad spectrum – government / cities – who’s going to be paying for this is a consideration, conservative, economy of city. Unions and management working with their people. More data we have the more it can be tweaked to work the best.

Mayor Overson – has been a lot of data and information. Needs to process. Confident that as she has questions, there are people that can assist.

Councilmember Bush – appreciates how it’s been put together, can follow along easily.

Councilmember Bowen – very impressed. Has had some personal issues with PEHP.

Chair Dahle – Very happy to have the support of the committee. Will help understand how the budget is formulated. Will depend on the final number received from Gallagher. Have really good tools to work with to allow us to get to those numbers. Looking at 5 year trending in medical, been able to take savings and put into COLA. Would like to see being as aggressive as we can on the COLA piece. Will be difficult based on what we have seen.

Chair Dahle – looking to meet in 3<sup>rd</sup> week of March, and hope to get numbers from Gallagher by then. Go back to your city to see where you can be financially.

Silvestrini – please be considerate of residents that just received the tax increase.

Chief Petersen – Will present to the Board the Top 3<sup>rd</sup> or #3 next week. Consensus or vote to add to the consent agenda?

Mayor Peterson – should be a fresh discussion

Chair Dahle – should it be a discussion first?

Mayor Peterson – should be discussion then go to vote at the next board meeting.

Chief Petersen – will put on agenda to introduce, allow time for labor to share and put together messaging for our staff. Excellent work by all staff and brokers.

Possible Closed Session

None Required

Adjournment at 3:44pm

Motion by Mayor Peterson, 2<sup>nd</sup> by Councilmember Bush, all approved