



### Notice of Open Meeting

Date Posted: November 9, 2010

Time: 11:30 AM

Notice is hereby given that the Board of Aldermen will meet in special session at **6:30 p.m., Wednesday, November 10, 2010** at City Hall, 1000 City Parkway, Osage Beach, Missouri, to discuss and act on the matters on the following agenda:

#### 2011 Budget Review:

- Revenues
- Planning
- Human Resources
- City Administrator
- Economic Development
- Mayor and Board
- City Clerk
- Municipal Court
- Overhead
- Collector
- Finance
- CIT
- TIF

Representatives of the news media may obtain copies of this notice by contacting:

Diann Warner, City Clerk

1000 City Parkway

Osage Beach, MO 65065

(573) 302-2000

If any member of the public requires a specific accommodation as addressed by the Americans with Disabilities Act, please contact the City Clerk's office forty-eight (48) hours in advance of the meeting at (573) 302-2000.

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CITY OF OSAGE BEACH  
BOARD OF ALDERMEN MEETING

1000 City Parkway  
Osage Beach, MO 65065  
573/302-2000 FAX  
573/302-0528  
email [www.osagebeach.org](http://www.osagebeach.org)

TENTATIVE AGENDA  
SPECIAL MEETING  
November 10, 2010 – 6:30 P.M.

BUDGET WORK SESSION:

Call to Order  
Roll Call

- Revenues
- Planning
- Human Resources
- City Administrator
- Economic Development
- Mayor and Board
- City Clerk
- Municipal Court
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ADJOURN

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF ALDERMEN  
OF THE CITY OF OSAGE BEACH, MISSOURI

November 10, 2010

The Board of Aldermen of the City of Osage Beach, Missouri, met for a special meeting on Wednesday, November 10, 2010 at 6:30 p.m. at City Hall. The following were present: Mayor Penny Lyons, Alderman Lois Farmer, Alderman David Gasper, Alderman Steve Kahrs, Alderman John Olivarri, Alderman Ron Schmitt and Alderman Kevin Rucker. Others present were City Administrator Nancy Viselli, Assistant City Administrator Jeana Albertson, City Treasurer Karri Bell, City Planner Cary Patterson, Human Resource Specialist Cindy Leigh, and City Clerk Diann Warner.

**2011 Budget Discussion.**

**Planning Department.**

Upon a question from Alderman Rucker about Tiger files, City Planner Cary Patterson explained that the City has updates through the USGS and the City has a GIS system and maintains it. He said he has never received a request for Tiger file updates. Mr. Patterson explained that there is an increase in Animal Control because there is an increase in the number of animals taken to the shelter. A hand held launcher is being requested because there is a problem with dogs running into traffic when the officer is trying to contain them.

**Revenues.**

Consensus was that there should be an amount in reserves for six months operating expenses. Mayor Lyons explained that a great deal of money was spent on the construction of City Hall and the Park. She said that the City made a commitment to fund the Park and the amount in reserves has decreased because of it. Assistant City Administrator Jeana Albertson had figures going back to the year 2000, and there will be 5.3 months of operating expenses in the general fund at the end of 2011.

Discussion followed on the revenues and the amount needed. Assistant City Administrator Jeana Albertson said that the projections are based on historical data and there will be additional revenues when the General Obligation Bonds are paid off.

Alderman Rucker moved to project the revenues for 2011 at \$4.1 million. Alderman Kahrs seconded the motion.

City Administrator Nancy Viselli said that the general fund would have a balanced budget if we did not have to subsidize the ambulance fund. She added that both the Grand Glaize Airport and Lee C. Fine Airport would be self supporting in 2011. City Administrator Viselli said that without a tax, she did not know how general fund could continue to support the ambulance service. She said general fund subsidizes the two airports and the ambulance service at a cost of over \$730,000.

The motion to project the 2011 revenues at \$4.1 million was voted on and passed with Alderman Farmer and Alderman Olivarri expressing negative votes.

Revenues in different departments were reviewed.

**Human Resources.**

Human Resources Specialist Cindy Leigh introduced a new health care plan for the Board to consider that will cut costs in 2011 by \$40,029 and by \$80,057 for future years. The health insurance recommendation would create significant cost savings to the City, have a low monetary impact to employees, increase health care consumerism and the City would remain competitive as an employer.

The recommendation is to change the health insurance base from Plan A to a High Deductible Health Plan (HDHP) with a Health Savings Account with an option for employees to buy up to Plan A or Plan B. The change would be effective July 1, 2011. The recommendation also includes a change to appointees' health insurance to be the same as employees which would be a savings of \$18,260 for six months and changing to an HDHP would add an additional \$2,722 to the 2011 budget for appointees only. Future budgets would reflect a savings of \$41,964 for appointees.

Mrs. Leigh said that changing to the HDHP and changing appointees would reflect an annual savings of \$122,021 for 12 months or \$61,011 for 2011. She said that the City would contribute \$1,200 to a health savings account and the employee is allowed to contribute up to \$6,050 per year in the HSA. MPR will come in the spring to meet with employees to explain the program.

Alderman Rucker moved to approve the High Deductible Health plan effective July 1, 2011. Alderman Olivarri seconded the motion which was voted on and passed.

Discussion followed on employee compensation and benefits. The 2011 budget includes merit increases based on the current pay plan. The increase is 2.42% over 2010 actuals which \$107,357 City wide (\$74,436 from the general fund). The average merit increase projected in 2011 is \$1,354 compared to \$1,455 in 2010.

Alderman Kahrs moved to freeze salaries at the 2010 level. Alderman Schmitt seconded the motion. Alderman Schmitt said that the military and Social Security has not had a raise in two years and City employees are the best paid in the area. Alderman Rucker said that there is a downward trend and maintaining salaries the same as in 2010 is justified. Alderman Gasper disagreed and stated that the increase to general fund would only be \$74,000 and if the transfer problem was solved the Board would not be having this type of discussion.

The motion to freeze salaries at the 2010 level was voted on and passed with Alderman Farmer, Alderman Gasper and Alderman Olivarri expressing negative votes. The vote resulted in a tie, therefore, Mayor Lyons voted in the affirmative to break the tie.

Mayor Lyons announced that she can see both sides; however she will readdress and reconsider the issue in 3 to 6 months if revenues come in as expected.

Alderman Rucker asked Human Resources Specialist Cindy Leigh to look into self insurance for short term disability. He also questioned whether employees would still be able to opt out of the health insurance plan when the new plan becomes effective. City Administrator Viselli responded in the affirmative and stated that employees may opt out if they show proof of other insurance.

In response to a question by Alderman Olivarri, Cindy Leigh said the line item for the Employee Appreciation Dinner was deleted from the 2011 budget which accounted for the decrease in the employee program line item.

**City Administrator.**

A question arose about the vehicle allowance for the City Administrator and whether she received the IRS rate per mile. City Administrator Nancy Viselli responded in the negative but stated that employees who travel get the IRS rate.

**Economic Development.**

The line item for holiday display is to put up and take down the snow flakes and replace them with the welcome banners. The newsletter is produced quarterly however Assistant City Administrator Albertson said that with the new website, mailing the newsletter may eventually be discontinued and it would be emailed to citizens and others requesting it.

**Mayor and Board.**

It was noted that the MML Conference will be held in Kansas City next fall so no funds were budgeted to attend. The appreciation dinner for volunteers is included in the public relations line item. Alderman Rucker moved to reduce the public relations line item to \$7,000. Alderman Kahrs seconded the motion which was voted on and unanimously passed.

**City Clerk.**

The line item for codification includes maintenance of the Code of Ordinances on the City's website.

**Municipal Court.**

There were no comments on this budget.

**Overhead.**

City Administrator Viselli said that no money is spent from the contingency line item without Board approval. Mayor Lyons said she may be requesting funds from the contingency line item if LOCLG asks for an increase in membership dues based upon population.

Assistant City Administrator Jeana Albertson said that the insurance budget was underbudgeted partly due to the Osage Beach City Park. City Treasurer Karri Bell explained that she had proposed \$8,000 in the budget for a consultant to bid out the City's insurance, however, forms are being completed and Naught-Naught will send them out for quotes from different companies. The City is self insured for unemployment compensation and the amount depends on the number of employees who leave employment with the City.

**Collector.**

There were no comments concerning this budget.

**Finance.**

There were no comments concerning this budget.

**CIT.**

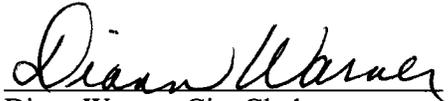
These funds are restricted along with accumulated interest and are deposited in the combined water and sewer fund. Assistant City Administrator Albertson said these numbers would also decrease based on the earlier vote to reduce revenues.

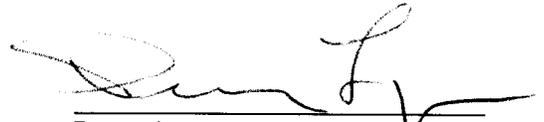
**TIF.**

It was noted that the expenses are higher than the revenues. City Treasurer Karri Bell said there is less fluctuation in the TIF area than Citywide. She added that the starting balance may be more in the UMB account, however the semi-annual report shows more than these numbers. City Treasurer Bell said it would help if the developer would release the property taxes.

Discussion followed on the roads in the Transportation Development District. City Administrator Viselli contacted the attorney to let him know the roads in the TDD are in terrible condition. Mayor Lyons said there is very little oversight in a TDD. It was noted that Lowes is in the TIF but not in the TDD.

There being no further business to come before the Board of Aldermen, the meeting adjourned at 8:30 p.m.

  
Diann Warner, City Clerk

  
Penny Lyons, Mayor



## MEMORANDUM

**TO:** Mayor and Board of Aldermen  
City Administrator

**DATE:** November 10, 2010

**FROM:** Cindy Leigh  
Human Resources Specialist

**SUBJECT:** 2011 Health Insurance Recommendation

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This memorandum outlines a health insurance recommendation that meets the following four criteria:

- Significant Cost Savings to City
- Low monetary impact to employees
- Increase health care consumerism
- Remain competitive as an employer

To summarize the attachment it is recommended that the City change its health insurance base plan from Plan A to a High Deductible Health Plan (HDHP) with a Health Savings Account. Employees would have an option to buy-up to Plan A or Plan B. The change would be effective July 1, 2011. The savings to the 2011 budget would be \$40,029. Future budgets would reflect a savings of \$80,057.

This recommendation includes changing Appointees' health insurance to be the same as employees. The current 2011 budget reflects this change and includes a savings of \$18,260 (6 months). Changing to an HDHP will add an additional \$2,722 to the 2011 budget for appointees only. Future budgets would reflect a savings of \$41,964 for appointees.

In total changing to the HDHP and changing appointees will reflect an annual savings of \$122,021 (12 months) or \$61,011 for 2011.

The attachments provide comparative information regarding the current health insurance options versus the recommended options.

Attachments

2010 Current Breakdown Current distribution of plan levels	Employee Only (A/B) 34	Employee w/ Spouse or Child(ren) (A/B) 37(3/34)	Employee w/Family (A/B) 22 (8/14)	Total Monthly Cost
<b>Plan A Monthly Premium</b>				
City's Monthly Contribution	\$486	\$1118/\$883	\$1312/\$1037	
Employee Monthly Contribution	\$486	\$899/\$883	\$899	
	\$0	\$219/0	\$413/\$138	
<b>Plan B Monthly Premium</b>				
City's Monthly Contribution	\$384	\$883	\$1,037	
Employee Monthly Contribution	N/A	\$883	\$899	
	N/A	\$0	\$138	
<b>HDHP Monthly Premium</b>				
	\$329	\$757	\$833	
	Not offered	Not offered	Not offered	
<b>2011 Projection Breakdown (includes 10% increase over 2010 Current distribution of plan levels</b>				
<b>Based on Current Distribution</b>				
<b>Plan A/B Monthly Premium</b>				
City's Monthly Contribution	\$535	\$1,230/\$971	\$1,443/\$1,141	
Employee Monthly Contribution	\$535	989/971	989	
City's Monthly Cost	\$0	241/0	454/152	
	\$18,190	\$35,981	\$21,758	\$75,929
<b>HDHP Monthly Premium</b>				
Employee Monthly Contribution	\$362	\$833	\$916	
City' HSA Contribution Amount	N/A	\$20	\$40	
City's Total Monthly Contribution	\$50	\$100	\$100	
City's Monthly Cost	\$412	\$913	\$976	
	\$14,005	\$33,781	\$21,472	\$69,258
<b>Plan B Monthly Buy Up</b>				
City's Monthly Contribution	\$422	\$971	\$1,141	
Employee Monthly Contribution	\$412	\$913	\$976	
Employee Bi-Weekly Contribution	\$10	\$58	\$165	
	\$5.00	\$29.00	\$82.50	
<b>Plan A Monthly Buy Up</b>				
City's Monthly Contribution	\$535	\$1,230	\$1,443	
Employee Monthly Contribution	\$412	\$913	\$976	
Employee Bi-Weekly Contribution	\$123	\$317	\$467	
	\$61.30	\$158.50	\$233.50	

**Annual Savings**

<b>Monthly savings changing from current options to HDHP</b>					
Times 12 months	\$4,185	\$2,200	\$286		\$80,057
	\$50,225	\$26,400	\$3,432		
<b>Savings changing Appointee health insurance to same as employee</b>					
2011 Projected Plan A	Appointee (SC/Family)	Employee (SC/Family)	Monthly Difference (SC/Family)		
1 appointee w/spouse	\$1,230/\$1,443	\$913/\$913	\$317/\$530	\$3,804	
6 appointees w/family			3180	\$38,160	
				<b>\$41,964</b>	
<b>Total Projected Annual Savings</b>					<b>\$122,021</b>

	Plan A	Plan B	HDHP
	EO/ESC/Family*	EO/ESC/Family*	EO/ESC/Family*
Monthly Premium	\$535/\$1,230/\$1,443	\$422/\$971/\$1,141	\$363/\$833/\$916
City's Monthly Contribution	\$535/\$989/\$989	\$422/\$989/\$989	\$363/\$833/\$916
Employee's Monthly Contribution	0/\$241/\$454	0/\$50/\$160	0/\$20/\$40
FSA City's Monthly Contribution	\$20.84	\$20.84	\$20.84
HSA Monthly Contribution from MPR	N/A	N/A	\$25/\$50/\$50
HSA Monthly Contribution by City	N/A	N/A	\$50/\$100/\$100
Possible HSA Annual Total	N/A	N/A	\$1150/\$2,050/\$2,050
In-Network Deductible	\$500/\$1,500/\$1,500	\$750/\$2,250/\$2,250	\$1,500/\$3,000/\$3,000
Co-Insurance	10%	20%	20%
(% paid after ded is met up to OOP Max.)			
In-Network Out-of-Pocket Maximum	\$2,000/\$4,500/\$4,500	\$3,250/\$7,250/\$7,250	\$3,000/\$6,000/\$6,000
	Co-pays (including pharmacy) are not included in OOP Max.		
Co-Pays			
Primary Care Physicians	\$20	\$25	subject to deductible
Specialists	\$40	\$50	and co-insurance
Emergency Room	\$75 copay + 10% after ded	\$75 copay + 20% after ded	
Urgent Care	\$40	\$50	
Hospital	\$250 copay + 10% after ded	\$300 copay + 20% after ded	
Chiropractic	\$40	\$50	
Preventive Care	100% in network	100% in network	100% in network
Vision - annual exam	\$10 copay	\$10 copay	\$10 copay
Vision - materials	\$15 copay	\$15 copay	Discount for materials
<b>Pharmacy</b>			
Retail Pharmacy - 30 days	Level 1 - 25% up to \$50 cap Level 2 - 4% up to \$100 cap Level 3 - 50% up to \$150 cap Level 4 - 50% up to \$200 cap Annual Max \$1,500	Level 1 - 35% up to \$50 cap Level 2 - 45% up to \$100 cap Level 3 - 50% up to \$150 cap Level 4 - 50% up to \$200 cap Annual Max - \$2,000	Subject to deductible and co-insurance. You will pay a discounted price for all medications obtained at a participating pharmacy.
Mail Pharmacy - 90 days	Level 1 - \$16 Level 2 - \$40 Level 3 - \$80 Level 4 - N/A Annual Max - N/A	Level 1 - \$20 Level 2 - \$60 Level 3 - \$100 Level 4 - N/A Annual Max - N/A	Subject to deductible and co-insurance.



## MEMORANDUM

**TO:** Mayor and Board of Aldermen  
City Administrator

**DATE:** November 10, 2010

**FROM:** Cindy Leigh  
Human Resources Specialist

**SUBJECT:** Compensation and Benefits

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The 2011 budget includes merit increases based on the current pay plan philosophy (attached). This increase is 2.42% over 2010 actuals which is \$107,357 city wide (\$74,436 general fund).

When the pay plan was implemented in 2002 it provided the City a tool to acquire and keep the best employees. However in the past nine years local employers have increased pay and benefits to be more competitive. Camden County and Lake Ozark have increased salaries for police officers/deputies and communications officers that meets or exceeds the City's. While benefit packages differ the cost to the employers are comparable. Attached is a list of employers and the current benefits they offer to full time employees. Employee turnover costs can be expensive (for a police officer approximately \$8,500).

The pay plan along with the merit matrix is accomplishing the original objective: to pay employees market value of the position and lowering salary costs. The following two comparisons are based on all merit increases being effective January 1.

The average merit increase projected in 2011 is \$1,354 compared to \$1,455 in 2010.

Merit Increase History:	2011 – 3.4%
	2010 – 3.7%
	2009 – 3.9%
	2008 – 3.9% - Merit Matrix Implemented
	2007 – 4.7%
	2006 – 4.7%

Attachments

## Pay Plan Philosophy

The Pay Plan was adopted by the Board of Aldermen July 2, 2002 and implemented July 13, 2002. Section 125.050 of the Personnel Rules and Regulations outlines Pay and Compensation.

The objectives of the system are as follows:

- To maintain pay structures that are competitive with labor markets from which employees are recruited and is reflective of the values and goals of the City.
- To ensure the most effective and efficient use of the City's financial resources.
- To provide a rational basis for making pay decisions eliminating arbitrary salary assignments, thereby establishing and ensuring internal fairness and equity.

The ordinance outlines the steps to be taken to ensure the above objectives are met as follows:

- Preparation of Plan
- Maintenance of Classification and Compensation Plan
- Assessment of New Position
- Reassessment of Existing Positions
- Periodic Position Review – every position is reviewed by the pay plan consultant every four years.
- Annual Review of Pay Structure

Employer	Health	Dental	Vision	STD	LTD	Life	Vacation	Holidays	Personal	Sick	Retirement
City of Osage Beach	X	X	X	X		X	X	X	X		401 - 6%
Allied Waste	X	X	X	X	X	X	X	X		X	Stock/401 match 15-19%
Camden County	X	X	X				X	X			LAGERS/CERF 6.63% match
Camdenton School District	X	X	X			X	X	X	X	X	6.63% match
Central Bank	X	X	X	X	X	X	X	X		X	Pension 100%/ 401 6% match
City of Camdenton	X	X				X	X	X		X	LAGERS 11%
City of Eldon	X	X	X			X	X	X		X	LAGERS 7.6%
Home Depot	X	X	X	X	X	X	X	X			Stock/401 match 401 6% match/ stock options
HyVee	X	X	X	X	X	X	X	X			401 3% match
Keiper	X	X				X	X	X			4% match
Lake Regional	X	X	X			X	X	X	X		1/3 Stock/401 5% match
Lowe's	X	X	X	X	X	X	X	X		X	
Modine	X	X				X	X	X			
Osage Beach Health Care	X	X	X	X		X	X				401 2.5% match
Speedline Technologies	X	X		X	X	X	X	X		X	3-5% match
TanTarA	X	X	X	X	X			X	PTO based on service		
Walmart	X	X	X		X	X	X	X	X		Stock/401 match