

CITY OF CHARLEVOIX  
SPECIAL CITY COUNCIL MEETING MINUTES  
Monday, August 29, 2011 — 7:00 p.m.  
210 State Street, City Hall, Council Chambers, Charlevoix, MI

The meeting was called to order at 7:00 p.m. by Mayor Norman Carlson

**I. Pledge of Allegiance**

**II. Roll Call of Members Present**

Mayor: Norman L. Carlson, Jr.  
City Manager: Rob Straebel  
City Clerk: Stephanie C. Brown, Deputy Clerk  
Members Present: Councilmembers Shane Cole, Lyle Gennett, Dennis Kusina, Jill Picha, and Greg Stevens  
Members Absent: Councilmember Bryan Vollmer

**III. Inquiry Regarding Possible Conflicts of Interest**

None.

**IV. Requests, Petitions and Communications and Actions Thereon**

**A. Discussion Regarding Senate Bill 7 – A Bill Limiting Expenditures for Medical Benefit Plans**

City Manager Rob Straebel presented the item and answered questions from Council. The City of Charlevoix will be starting open enrollment for health insurance coverage on August 31, 2011. As of this date, the State Senate and House have approved Senate Bill 7 (SB 7) and it is on the governor's desk for signing. This bill provides three options for cities to consider, all impacting how much the City and employees will be paying for employee health care. This special meeting is to solidify how Council would like to implement SB 7 and, as a result, determine the rates that will be paid by employees, before employees sign up for health care for the coming year.

Council asked for and received clarification on differences in Point of Service (POS) and Health Savings Account (HSA) rates.

The Mayor opened the item to public comment at 7:10 p.m.

Employee and Union Steward Kelly Bradley spoke on behalf of union employees, asking Council to consider Option 3, to opt out of implementation of the State Law and allow employees to retain the same caps in place now. This would put off increasing expenses to employees for a year, giving time to see what the fallout of the bills impact will be. Many employees cannot afford the additional expense caused by the combined lowered caps and increase in health care cost.

Employee Scott Blanchard reminded Council that a large percentage of employees work for enterprise/revenue earning departments. These departments do not use property tax dollars to pay employees' wages or fringes.

Mayor Carlson thanked the employees for their efforts over the last several years to keep health care costs down.

Employee Joe Niswander reminded Council that, over the last several years, employees have taken lower pay increases to help cover increasing costs of health care.

Employee Scott Hankins reminded Council that City employees work for a municipality as civil servants and have taken these jobs because they are good jobs with a decent retirement. Employees do not make the same amount of money as people in the private sector and are taking hits with low or no wage increases, reductions to retirement plans, and now significant increases in health care costs. Lansing may have serious budget issues, but they have no business telling the City of Charlevoix what to offer as compensation or micromanaging our municipality. Officer Hankins asked Council to consider Option 3, which allows Council to opt out of SB 7 implementation. Finally, Hankins noted that money taken out of employees' pockets is less money spent in our community.

City Treasurer Brandi stated that the impact of the bill (regardless of which option is chosen) will be different on the various groups of employees, since POLC is currently without a contract and in negotiations, CWA's contract is in effect until March 31, 2012, and non-union employees do not have the constraints or protections of a contract.

Mayor Carlson asked for clarification on the impact of union negotiations when taking Option 3, Opt-out. After September 15, new contracts will be required to have wording that both allows and requires the implementation (option 1, 2, or 3) of SB 7 on an annual basis. Mayor Carlson briefly reviewed the impact of the three options on employees, using the family rate as an example, and concluded that Option 2, 80/20 would be the most costly to employees and Option 3, Opt-Out would be the least costly to employees.

Council member Gennett stated that he feels the employees have worked hard at keeping health care costs down and Council owes it to the employees to keep costs down as much as possible. Council members Stevens and Cole agreed.

Council member Kusina asked for clarification on additional costs. City Treasurer stated that, with the increase in health care costs taken into account, if the caps stay the same it will cost the City approximately \$12,000 more to stay on the City-imposed caps instead of implementing the State-imposed caps. Council member Kusina feels it is inappropriate for the State to regulate how the City handles its budget.

Council member Stevens said that he came to the meeting unsure how he would vote, but that looking at the audience he recognizes that the City has a group of hard-working, dedicated employees.

Motion by Councilmember Picha, second by Councilmember Gennett, to approve Senate Bill 7's Option 3, [Section 8], Exempting the City of Charlevoix from the requirements of this act for the forthcoming year, contingent upon the governor's signature of this legislation.

Yeas: Cole, Gennett, Kusina, Picha, Stevens  
Nays: None.  
Absent: Vollmer

2/3 MAJORITY VOTE REQUIRED. MOTION PASSES.

V. **Audience - Non-agenda Input (written requests take precedent)**  
None.

VI. **Adjourn**  
The Mayor stated if there were no objections, the meeting would adjourn. There were no objections. Meeting adjourned at 7:51 p.m.

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Stephanie C. Brown Deputy City Clerk

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Norman L. Carlson, Jr. Mayor

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Carol A. Ochs City Clerk