

CITY OF DUNWOODY
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www.dunwoodyga.gov

MEMORANDUM

To: Warren Hutmacher, City Manager
From: Roma Rowland, Director of Human Resources
Date: January 23, 2009
Subject: Authorization for the City Manager to establish a comprehensive benefits plan for the City of Dunwoody

Staff Recommendation:

Staff recommends that the City Manager establish the proposed comprehensive benefits plan for the employees of the City of Dunwoody.

Background:

The City of Dunwoody will establish a comprehensive benefits program for City of Dunwoody employees. As a general recruiting strategy to attract the best employees, it is imperative to design an attractive, competitive benefits package, while remaining fiscally responsible to the citizens.

Discussion:

An analysis of what other cities are doing in surrounding areas was done and staff closely examined what each vendor could do in providing not only the best rates and product, but also the best in customer service. By utilizing different vendors to provide different benefits, the City will be able to maximize their strengths and ability to remain competitive, and provide the best services to the employees of the City.

Alternatives:

The City of Dunwoody will continue to attempt to convince quality employees to leave their current employer and benefits, without being able to demonstrate a competitive package with the City.

Financial Impact:

The benefits package presented is well within the adopted budget. A comprehensive benefits package is a critical component of the Police staffing path. Delay in adopting a package or failure to adopt a competitive, well rounded benefits package jeopardizes the City's ability to staff the Police Department by April 1st, which will result in additional payment to DeKalb County of \$430,000 per month.

Attachments:

Attached are the four (4) components of the City's Benefit package described as: 1) Medical Plan, 2) Dental, Vision & Flexible Spending Accounts 3) Life AD&D and Disability Insurance and 4) City of Dunwoody Retirement Plan.

Medical Plans Summary:

To develop employee benefit solutions for The City of Dunwoody, the brokerage firm selected by the City, Bryant Wharton, used benchmarking data from a client base of local municipalities to recommend benefit plan options that are competitive in the marketplace. Benchmarking data included cities such as the City of Sandy Springs, the City of Roswell, and the City of Alpharetta, to name a few. This summary information was reviewed with the City Staff with recommendations of various plan options aligned with the City's goal to offer benefits similar in value to neighboring municipalities, and the need to select benefit plans that are priced competitively and provide great value to City employees.

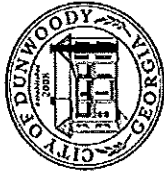
The Staff recommends Blue Cross Blue Shield of Georgia as the preferred medical insurance carrier for the City of Dunwoody based on their:

- Deep experience working with local municipalities,
- Brand name recognition and the respect the brand generates throughout the community, and
- Large open access network of physicians that does not require City employees to elect a primary care physician or obtain referrals to see a specialist.

Additionally, it has been the experience that Blue Cross consistently processes claims timely and correctly, and provides some of the best customer service tools accessible via phone and web.

In order to remain competitive the City will cover 100% of the cost of employee coverage for medical benefits. The City will cover 90% of the cost for dependent coverage for the HMO and POS coverage and 80% of the cost for PPO coverage.

However, should an employee decide to opt out of the insurance the City will have a provision whereas in exchange for insurance coverage employees will receive \$400.00 of taxable compensation per month. The election period to participate in this program is within the first 30 days of employment. If circumstances should change, the option of insurance coverage through the City of Dunwoody will be offered during the enrollment period each year. Employees may also re-apply for insurance through Dunwoody if the coverage is lost due to a qualifying event as determined by the Department of Labor.



Medical Plans

Medical Plans	
Blue Cross Blue Shield HMO 3005 AX	Blue Cross Blue Shield POS 2007 AX
Deductible Ind. \$500 Family \$1,500 Office Copay \$25 Primary \$35 Specialist \$35 Coinsurance % 100% Hospitalization- Inpatient Covered at 100% Hospitalization-Outpatient \$100 Copay Out of Pocket Limit \$500 (Ded + Coinsurance) \$1,500 Emergency Room \$100 Copay Lifetime Maximum Unlimited RX Generic/Preferred/Non-Preferred \$20 / \$35 / \$60	Deductible Ind. \$500 Family \$1,500 Office Copay \$25 Primary \$35 Specialist \$35 Coinsurance % 100% Hospitalization- Inpatient 100% After Deductible Hospitalization-Outpatient \$100 Copay Out of Pocket Limit \$500 (Ded + Coinsurance) \$1,500 Emergency Room \$100 Copay Lifetime Maximum Unlimited RX Generic/Preferred/Non-Preferred \$20 / \$35 / \$60
HMO 3005 AX* Employee \$381.41 Employee + Spouse \$762.83 Employee + Child (ren) \$724.69 Family \$1,144.24	POS 2007 AX* Employee \$396.72 Employee + Spouse \$793.46 Employee + Child (ren) \$753.78 Family \$1,190.18
PPO 1503 Employee \$487.50 Employee + Spouse \$975.01 Employee + Child (ren) \$926.25 Family \$1,462.51	PPO 1503 Employee \$500 Employee + Spouse \$1,500 Office Copay \$25 Primary \$25 Specialist \$25 Coinsurance % 80% Hospitalization- Inpatient 80%, After Deductible Hospitalization-Outpatient 80%, After Deductible Out of Pocket Limit \$2,500 (Ded + Coinsurance) \$7,500 Emergency Room \$100 Copay Lifetime Maximum \$5,000,000 RX Generic/Preferred/Non-Preferred \$20 / \$35 / \$60

*Rates contingent upon medical underwriting and census changes.

Sample Cost Sharing**	
HMO 3005 AX	POS 2007 AX
Employee 5 Employee + Spouse 2 Employee + Child (ren) 1 Family 7 Total Monthly Premium \$12,167.08 Total Combined Monthly Premium \$39,914.06 Total Combined Annual Premium \$478,968.72	Employee 6 Employee + Spouse 4 Employee + Child (ren) 2 Family 8 Total Monthly Premium \$16,583.16 Total Combined Monthly Premium \$39,914.06 Total Combined Annual Premium \$478,968.72
100% Single / 90% Dependents \$11,141.08 \$1,026.00	100% Single / 90% Dependents \$15,162.88 \$1,420.28
Total Monthly City of Dunwoody Cost \$35,430.01 Total Annual City of Dunwoody Cost \$425,160.11	100% Single / 80% Dependents \$9,126.06 \$2,037.76

** Assumes 45 employees

Dental, Vision, and Flexible Spending Accounts Summary:

Bryant Wharton also researched plan alternatives for dental, life, disability, and vision insurance and selected insurance carriers and plans that are competitive with other local municipalities.

The Staff recommends Standard Insurance Company as the preferred dental insurance carrier with a PPO plan provision. In order to remain competitive the City will cover 100% of the cost of employee coverage for medical benefits. The City will cover 50% of the cost for dependent coverage.

The Staff recommends offering an employee assistance program to provide City employees with access to resources qualified to assist with issues ranging from family problems and addiction to financial stress and dependent care, to name a few.

Bryant Wharton is implementing a health flexible spending arrangement (FSA) to help City employees better manage their health care expenses by providing the opportunity to make pre-tax payroll contributions to their FSA and use those funds to pay for qualified health expenses using that pre-tax money. Employees benefit both through the tax savings, and by having a tool that they can use to budget for health expenses throughout the year. There are no fees that will be incurred by the City to manage this plan.

Life / AD&D and Disability Insurance

The Staff recommends Standard Insurance Company plan that includes an additional life insurance benefit for police staff. This unique plan feature is only available to municipalities, and ensures the competitiveness of the City's life benefits.

CITY OF DUNWOODY RETIREMENT PROGRAM

The City recommends providing its employees a comprehensive retirement program consisting of a 457, a 401(a) plan, and a social security account.

The 457 plan allows for employees to defer part of their pay on a tax-deferred basis into the investment of their choice. The second plan provides for a contribution on behalf of the City to each employee to save for retirement. Currently, this contribution is 10% of pay. The City will also contribute the social security withholding amount (6.2% for 2009) for each eligible employee into the investment of their choice. The plan allows each participant to select investments based upon individual risk tolerance. We have several Lifetime portfolios which ensure a proper investment mix.

Principal Financial Group, a leader in Retirement Programs, provides administration for the City's plan. David Griffin, of National Retirement Partners, will provide employee education and third party investment monitoring on a quarterly basis. The cost of setting up the plans with Principal will be a one time set up fee of \$1000.00

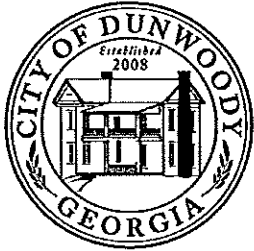
Here are a few highlights about the plan:

Entry Requirements:

Age 21 or older
Service requirement is 30 days
Monthly entry date

Vesting Percentage:
100% vested after 6 months of service

Plan Distributions: Benefits are payable at:
Retirement (Age 60)
Early Retirement (Age 55 and 5 years of service)
Death
Termination of employment



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MEMORANDUM

To: Warren Hutmacher, City Manager
From: Roma Rowland, Director of Human Resources
Date: January 23, 2009
Subject: Authorization for the City Manager to establish a supplemental benefits package for the City of Dunwoody

Staff Recommendation:

Staff recommends that the City Manager establish the proposed supplemental benefit package for the employees of the City of Dunwoody.

Background:

The City of Dunwoody will establish a supplemental benefit package for City of Dunwoody employees. As a general recruiting strategy to attract the best employees, it is imperative to design an attractive, competitive supplemental benefit package, while remaining fiscally responsible to the citizens.

Financial Impact:

The supplemental benefit package presented is within the total budget for benefits.

Attachments:

Supplemental component of the City's Benefit package.

Supplemental Benefits

Tuition Reimbursement

Staff recommends the City offer tuition reimbursement for up to \$2,000 a year per individual. The City would establish a tuition reimbursement policy which would only pay for a grade of C or higher and would require repayment if the person does not remain employed by the City for one year after reimbursement.

Housing Stipend

Staff recommends a monthly housing allowance for any City employee who lives within the jurisdiction to encourage staff, with particular emphasis on police, to live within the Dunwoody city limits. The allowance would be \$300 a month, paid for up to 36 months.

Gym Membership

Staff recommends the City offer a gym membership at a location where the City has negotiated favorable rates. Employees must opt in for this benefit.

Signing Bonus

Staff recommends a signing bonus of \$2,000 for police officers, payable 90 days after employment starts. The bonus would have to be paid back if the officer leaves prior to completing two (2) years of service.