

**MINUTES
EAGAR TOWN COUNCIL
WORK SESSION
November 13, 2007
6:00 P.M.**

Mayor Gloria Eagar called the meeting to order and welcomed those present. Mayor Eagar said to let the record show that all Council members were present.

COUNCIL PRESENT: Gloria Eagar, Mayor
Vicente Ordonez
Byron Smith
Kim Holaway
James Nelson
Sue Chacon
Gary Finch

STAFF PRESENT: Bill Greenwood, Town Manager
Rick Pinckard, Finance Administrator
Bruce Ray, Director of Community Development
Elwin Browning, Public Works Administrator
Ladonna Tafoya, Events, Recreation and Tourism Director
Mike Hogan, Chief of Police
Doug Brown, Counsel
Marion Wiltbank, Assistant Clerk

Tami Castillo, Public Works Office Manager
Zona Gilliam, Police Department Office Manager
Mary Nuttall, Fire Department Administrative Assistant
Jeff LaRue, Public Works Crew
Lou Carnright, Project Management
John Shupe, Public Works Crew
Trisha Sloan, Police Department Records Clerk
Mike Sweetser, Police Dept. School Resource Officer
Ronda Slade, Water Department Receptionist

ITEM #1: DISCUSSION AND CONSIDERATION OF INDIVIDUAL COVERAGE, DEPENDENT COVERAGE, IN LIEU PAYMENTS, SECTION 125 PROGRAMS FOR EMPLOYEES

Mayor Gloria Eagar said that if the Council makes any major changes it would take effect in the new fiscal year starting in July.

Councilor James Nelson said that the Council needed to make changes as it is issued as income now. The money needs to be put into a cafeteria plan that is not issued as income to the employee. Councilor Vicente Ordonez said the items be address separately and check on legal options and issues and how to deal with them - equal work for equal pay. Mayor Gloria Eagar said that we needed more in-depth information on it before a decision is made.

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Town Manager Bill Greenwood told Council that when talking with tax people, money could be paid into the plan, the 90% into a Section 125; there is a list it can be used on. For example, the spouse (who does not work for the Town) his/her insurance premium can come out of this Section 125 Plan, so it would not be a net loss. This would be legal, fair and take care of the tax issue. It would be legal as much as possible and the retirement issue goes away, as it won't be compensation.

Councilor Gary Finch did not want Council to take away the money in lieu and push any employees into bankruptcy. Councilor James Nelson said to have Town Manager Bill Greenwood sit down with each employee and talk with him or her and find out how it will affect him or her.

Officer Mike Sweetser asked Town Manager Bill Greenwood, that if employees take the Section 125 plan, would it put them into a different tax bracket. Mr. Greenwood said that the Town needed to go over Section 125 better with all employees so they would understand the plan. Officer Sweetser said it would benefit him but he didn't know about the other employees. Mr. Greenwood said it is an advantage to the employee that has insurance to even take more money out of their check. You get money taken out before it is taxed for medical expenses.

Public Works Office Manager Tami Castillo asked how the insurance payment of a spouse would work and if childcare is included in the Section 125 plan. Finance Administrator Rick Pinckard said to bring in the spouses pay stub and Mr. Greenwood said Finance Accountant Katie Wood is checking on childcare. Councilor Sue Chacon said that co-pay of spouse and prescriptions would be paid out of Section 125 plan.

Events, Recreation and Tourism Director Ladonna Tafoya said that the way a cafeteria plan work was: an employee will have the same amount of money put in each month for 12 months up to the cafeteria plans limit. So if the plans limit is \$5,000.00, you can use that amount at the first of the year, and if you don't use the whole amount in that fiscal year it goes back into the Town's account.

Town Manager Bill Greenwood said it would be set up/contracted, so if they use all the money at the first of year and then leave the Town's employ, they would have to pay the money back that was not put in their Section 125 plan.

Town Attorney Doug Brown said that if the Town is in violation, the sooner the practice is stopped the better. Councilor Vicente Ordonez asked Mr. Brown if there was anyway to keep the in lieu right now. Doug Brown said if the Town withheld the portion that is going into retirement. It doesn't look good the way it is now. Councilor Ordonez asked if it was legal or not. The employees were given the option of insurance or in lieu.

Fire Department Administrative Assistant Mary Nuttall said she had always considered it a benefit, not a wage. "I will lose on my retirement." We need to find out what is taxed or not taxed. Events, Recreation and Tourism Director Ladonna Tafoya said she had considered it a benefit, not her salary.

Councilor Sue Chacon said that the people getting the money-in-lieu were getting 100% paid into their paychecks and payroll taxes and retirement and the people who are taking the insurance are getting 80%. It was not approved by council or voted on (not in minutes). It is based on the employee's salary and the Town is paying out a lot more money than is realized.

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Fire Department Administrative Assistant Mary Nuttall said to take the money-in-lieu down to 80% and take out taxes and whatever needs to be done, just don't get rid of the money in lieu.

Councilor Kim Holaway instructed Town Manager Bill Greenwood to go over with the employees the Section 125 plan. Mayor Gloria Eagar instructed Mr. Greenwood to have agendas posted in every Town department, so all employees are notified. Councilor Vicente Ordonez instructed Mr. Greenwood to go through the legalities of it and develop some other options.

ITEM #2: ADJOURNMENT

Councilor Vicente Ordonez made a motion to adjourn the meeting at 7:00 p.m. Seconded by Councilor James Nelson and all were in favor; the motion carried.

Attest: _____

Mayor: _____

Vice-mayor: _____

Council: _____

CERTIFICATION OF COUNCIL MINUTES

I hereby certify that the foregoing minutes are true and correct copy of the minutes of the Work Session of the Town of Eagar, Arizona held on the November 13, 2007.

I further certify that the meeting was duly called and held and that a quorum was present.

Marion Wiltbank, Assistant Town Clerk