

**Organizational Synergy & Human Resources Committee
Nov. 16, 2009 Meeting**

Draft Minutes

Members Present: Michael Jarjura, Committee Chairman (present by telephone)
Timothy Griswold (present by telephone)

CRRRA Management Present: Thomas Kirk, President
James Bolduc, Chief Financial Officer
Eric Womack, Human Resources Manager
Moirra Kenney, Secretary to the Board/Paralegal

Also Present: Kurtis Dennison, R.C. Knox & Co

Committee Chairman Jarjura called the meeting to order at 11:05 a.m.

1. APPROVAL OF MINUTES OF THE MAY 27, 2009, ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE MEETING

Committee Chairman Jarjura requested a motion to approve the minutes of the May 27, 2009, Organizational Synergy & Human Resources Committee meeting. Director Griswold made the motion, which was seconded by Committee Chairman Jarjura.

The motion to approve the minutes was approved unanimously.

2. REVIEW AND RECOMMEND APPROVAL OF EMPLOYEE BENEFIT PROGRAM (HEALTHCARE, DENTAL, VISION, LIFE AND DISABILITY INSURANCE) RENEWAL

Committee Chairman Jarjura requested a motion to approve the above referenced item. Director Griswold made the motion, which was seconded by Committee Chairman Jarjura.

RESOLVED: That the Board of Directors authorizes the renewal of the employee health insurance benefit plans with ConnectiCare, Ameritas (vision), Guardian (dental) and Lincoln Financial (life and disability), for the period of January 1, 2010, through December 31, 2010, for an estimated combined premium of \$761,797.

The motion previously made and seconded was approved unanimously.

Mr. Bolduc read the resolution for the record. He noted that the broker from R.C. Knox, Kurtis Dennison was present to provide a presentation.

Mr. Dennison explained that he took a look at the group healthcare renewal with Connecticare and found if the same plan was renewed without changes the costs would escalate

by roughly 14.87% which in dollars would bring the rate from the current annual premium of about \$635,378 to almost \$729,889. Mr. Dennison said that he looked at several alternatives in an effort to bring down the premium costs.

Mr. Dennison explained currently CRRA offers three benefit plans with a comparable benefit for out of state employees; an HMO 20/30 which is currently a buy down option for employees, the POS 20/30 which is a base plan from which the employer contributions toward premium is based, and also a buy-up option, the POS 15/25. He said the mind-set is to realize premium savings by increasing the employees out of pocket expenses in each of those plan environments.

Mr. Dennison said that the new base plan would graduate from the POS 20/30 to the POS 25/40 which not only impacts the physician office co-pays but also the co-pays relative to the emergency rooms, hospital care outpatient surgical and others. He said with the buy-down plan the HMO 20 is moving to the HMO 25/40 with the buy-up plan moving from the to POS 15/25 to the POS 20/30 making the base plan moving into the buy-up option on the coming year.

Mr. Dennison said by making those plan changes the renewal rate increase will be at roughly just 9.2% just shy of the 10% figure. He said this increases the employees' out of pocket expenses and also increases the employee's contributions as well because the premiums are still escalating. Mr. Dennison pointed out that the market was looked at and with the exception of Cigna all other carriers declined to quote. He said for the most part they declined to quote because they could not be competitive. Mr. Dennison said that Cigna had quoted a price and explained the trend this year is falling typically between mid-teens to mid-twenties with the Cigna pricing being comparable. He said the incumbent; Connecticare is still lower than the mean of the market.

Mr. Dennison said that the municipal employee's health insurance (hereinafter referred to as "MHIP") was also looked at. He explained unfortunately there was not much of an opportunity as Blue Cross Blue Shield, Health Net, and Oxford Health Plans are the big players in MHIP and were not interested in quoting a price outside MHIP. He said as the product and pricing are subject to their own books of business it would be unlikely that the MHIP players would be able to offer a comparable price to Connecticare.

Mr. Dennison said that staying with Connecticare was not only the most cost effective approach but also offered the least bit of change to the employees and keeps plan cost to a reasonable amount. He said by moving into the step down plans to realize savings resulted in annual premiums of \$694,335. Committee Chairman Jarjura said there was a net increase of about \$60,000. Mr. Dennison said that was correct.

Director Griswold asked how much of the premium CRRA pays for the employees. Mr. Dennison said with the current contribution schedule the employer pays 90% of the premium for the POS 25 (the base plan) as well as the HMO 25, and the employees then pick up 100% of the cost differential to move into the POS buy-up option. He said that currently the employer plan costs are running \$561,942 annually and in the new proposed program those plans cost will graduate to \$614,767 the remainder borne by the employees. Director Griswold asked if it is roughly a 90/10 split. Mr. Dennison said that was correct for the base plan.

Director Griswold asked why many companies declined to quote. Mr. Dennison explained companies often decline when their proposed rates are substantially above current rates which are disclosed during their review of the current health plan.

Director Griswold asked how long the Connecticare commitment is. Mr. Dennison said on our side it is a month to month decision with a thirty day notice. He said Connecticare is required to maintain a rate guarantee for that full twelve month period beginning January 1, 2009. Mr. Dennison said that it is his usual recommendation to market every two to three years based on carriers actions relative to renewal. He said when marketed on an annual basis a message is sent to the carriers that the company is shopping for the best buy, something that the carriers are not likely to respond well to as they will not likely see a return on their investment until well into the second or third year.

Director Griswold asked what changes there are on the dental, vision and life. Mr. Dennison said CRRA is currently with the Guardian for dental coverage. He said the dental benefit program was quoted out the prior year and therefore it was not prudent to quote again this year. Mr. Dennison said that the current Guardian coverage is increasing 19% overall which is typically above and beyond the average high single digit until mid-teens increases in dental trends. He explained in speaking with the folks at the Guardian he discovered the utilization is quite high and above their normal range. He said as a result the Guardian is looking to bump-up their premiums dollars. Mr. Dennison said in order to stay relevant to the State of Connecticut coverage an alternative was added to increase the annual maximum from \$2,000 to \$3,000 for a premium increase to 22% thereby providing better coverage to the employees at an insignificant increase of about \$2,000 for the year.

Director Griswold asked what the aggregate premium for the dental is. Mr. Dennison replied that it is currently \$60,853, renewing as is without benefit changes graduates to \$72,417, and with the changes which provide \$1,000 additional coverage \$74,253. He said the employees still contribute 10% of their total premium dollars.

Mr. Dennison said that the vision program with Ameritus will have no rate action and the full annual premium for this plan is just shy of \$13,000 annual for the year. He said as a result of employee feedback other opportunities were looked at and he found the current program provides the greatest benefit relative to the term cost.

Mr. Dennison said the group life AD&D with Lincoln Financial is two times the annual salary to a maximum of \$250,000. He said that and the disability coverage were reviewed with more detailed this year with the concern being that many some employees are not realizing the full benefit under this program because they are maxing out. Mr. Dennison said in order to again a more equitable approach the maximum was increased up to \$500,000 resulting in a pass relative to the rate and an increase in volume which takes the annual premium from \$17,230 to \$18,444. Director Griswold said that this was pretty good result. Committee Chairman Jarjura said that life insurance is always pretty reasonable.

Mr. Dennison said that a voluntary life approach is provided along with the group life. He said that voluntary life costs are borne entirely by the employee and there are no changes to the

rates or benefits. He explained voluntary life provides employees the option to buy additional life insurance for themselves and their spouses and offers a guaranteed issue benefit which can be important for folks who may be uninsurable relative to life insurance. Mr. Dennison said there are no changes in this program. Director Griswold asked if there is much use of this program. Mr. Dennison said there is roughly \$2.4 million of covered volume.

Mr. Dennison said the short and long term disabilities are under Lincoln Financial and both are under a rate cap as they were placed the prior year with a two year rate guarantee. He said that it was found that there are employees who might not receive the full benefit under this program due to maximum benefits. He explained management is proposing to increase the short term disability which reimburses employees 66 and two thirds of their earnings up to a maximum of \$1,500 per week. He said that management is proposing to increase that maximum to capture more employees' earnings by increasing the maximum an additional \$1,000 up to \$2,500. He said there was a slight uptake in the rate from thirty-two cents per hundred to a rate of thirty-four cents per hundred which overall is only an increase of \$2,000 per year.

Mr. Dennison said that the long term disability is being increased by the monthly maximum benefit which currently reimburses at 70% to a total of \$6,000 per month. He said management is recommending increasing that monthly maximum to \$10,000. Mr. Dennison said from a rate perspective there is a slight increase from 44 cents per hundred to 48 cents per hundred which results in a total annual premium increase of roughly \$4,300.

Director Griswold asked if management is comfortable with this resolution. Mr. Bolduc said that obviously the rates are higher and some of the employees will feel the increase which may eradicate some of the potential merit increases, however management is comfortable that the marketplace was approached and tested. Mr. Bolduc said that management did discuss the proposed Federal Governments' Health Care plan at length and are keeping vigilant for those possibilities in the future.

Mr. Dennison said that he did take an opportunity to compare CRRA's benefits with the State of Connecticut's benefits program. He said that he found not only was the coverage richer with the State of Connecticut it was also at a lower cost access for employees. He said for comparative purposes CRRA is behind the State of Connecticut's benefits overall.

Director Griswold asked if the total overall increase adds up to roughly \$845,000. Mr. Bolduc said that the gross is roughly \$843,000 with a little over \$81,000 being the employee contribution so the net for the company is about \$761,797. Director Griswold asked how this number compares to the year prior. Mr. Dennison said when the employer versus employee contributions are compared the total health care premium this year is \$635,378 with the employer currently contributing \$561,942. Mr. Bolduc said in total he comes up with \$684,071 compared to \$761,797. Director Griswold said obviously the employees are contributing more which is helpful to the cost which is about an 11.1% increase. Committee Chairman Jarjura said that is not bad considering the climate. He said that management has achieved a good balance.

The motion previously made and seconded was approved.

3. PRESIDENT'S REPORT

Mr. Kirk said the work load displacement due to the end of the Bridgeport Project with the Southwest Project has provided a modest amount of additional resources which was quickly consumed by the increased workload associated with the end of the Wallingford Project and substantial changes in the Mid-Conn project. He said that there is a tremendous amount of work coming up and resources are strained with development of new contracts for Mid-Conn operations, new hauler contracts, new technology investigations associated with the oncoming changes in the projects, landfill closure and post-closure issues, project close outs, contractor performance monitoring issue disputes, etc. Mr. Kirk said that CRRA is continuing to get these things done with the work staff they do have despite being four bodies short this years and seven bodies total in the past two years.

Mr. Kirk said a prioritization is necessary moving forward and contract performance has become a huge concern. He said there are one and half engineers monitoring Covanta and the MDC at a critical time. Mr. Kirk said that it was important for the Board to realize that tasks are being done however there are certain issues which have to be prioritized and are placed on a lower priority.

Mr. Kirk said that over a year ago force reduction strategies were looked at in the event that CRRA had to change its force structure. He said that a plan to consider a severance policy was not well received by the Board when it was brought before them. Mr. Kirk said the Board noted that a severance policy is not normally recognized in the public structure. Mr. Kirk said with that in mind management is looking at other options such as the establishment of a sick time program that might replicate what public sector employees might see if they were laid off. Mr. Kirk said that may meet the needs but there has to be a bank to start as the program hasn't been in existence for fifteen years.

Mr. Kirk said that by this time next year management will have one of the two options for continuing operation of the Mid-Conn facility where the bulk of the CRRA folks spend their time. He said option one will likely increase head count as CRRA will be directly managing and supervising its cost plus contractor, or option two will likely reduce staff because CRRA will be purchasing capacity and leasing the facility from an operator which has full responsibility for operations maintenance etc.

Mr. Kirk said that annual evaluations will be getting started to provide justification and certification for any recommended merit increases which are in the budget scheduled for January.

4. ADJOURNMENT

Committee Chairman Jarjura requested a motion to adjourn the meeting. The motion made by Director Griswold and seconded by Committee Chairman Jarjura was approved unanimously.

The meeting was adjourned at 11:50 p.m.

Respectfully submitted,

Moira Kenney
Secretary to the Board/Paralegal