

CITY OF MINNETRISTA



CITY COUNCIL WORK SESSION AGENDA ITEM

Subject: Personnel Committee Budget Items

Prepared By: Jasper Kruggel, City Administrator

Meeting Date: September 21, 2026

Issue: Annually, the Personnel Committee meets to discuss recommendations to City Council related to items considered for the next years budget. Below is a summary of those recommendations, along with potential action items.

2026 Compensation Check-In

Summary: The 2022 City of Minnetrista Pay Plan Policy outlines a goal for employee pay to be between 90% and 110% of the market average. The 2026 compensation check-in indicated an actual overall percentage of 102%, falling within the policy guidelines. No individual employees fell below the 90% threshold, and two were above the 110% threshold.

- **Action Item 1:** Personnel Committee Members Reffkin and Vickery are recommending removal of the City of Victoria from the list of comparable cities citing Victoria's continued population growth (12,853 as of April 1, 2025).
 - Cities currently used for determining the average wages are included in list below, but from time to time, other communities are required to be used due to comparable job titles/duties not being available in our core group of comparable cities.
 - Corcoran
 - Dayton
 - Deephaven
 - Delano
 - Medina
 - Mound
 - Orono
 - Shorewood
 - Victoria
 - Waconia
 - Wayzata
- **Action Item 2:** Personnel Committee Members Reffkin, Vickery, and Kruggel are recommending moving the Public Safety Director from a Grade 12 – Step 7 in the

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2026 Pay Plan to a Grade 12 – Step 11 in the 2027 Pay Plan as of January 1, 2027 citing position in the current market of Police Chiefs in the region.

2027 Market Adjustment Discussion

Summary: Staff conducted a survey of surrounding communities related to 2027 non-union wage adjustments. These adjustments may include a step/merit increase, market adjustment, or cost of living adjustment. Five communities responded to the survey; several others indicated that their 2027 data have not yet been developed. Among the responding communities, the average 2027 increase for non-union employees is 6.40%.

- **Action Item:** Personnel Committee Members Reffkin and Vickery are recommending a 2.50% market adjustment for non-union employees in addition to the 2.0% step increase for those eligible, totaling up to 4.50%. The Committee cited the City's overall market position of 102% in the 2026 Compensation Check-In. The 2.50% market adjustment will be evaluated by the full City Council throughout the 2027 budget process.

2027 Employer Contribution – Cafeteria Benefits Plan

Summary: Staff, along with assistance from David Drown and Associates, conducted a 2026 benefit summary. Below is a table showing a summary of those results.

CITY	2026 Benefit Contribution - Single (Monthly)	2026 Benefit Contribution - Family (Monthly)
Corcoran	\$1,349.45	\$1,976.17
Medina	\$1,003.67	\$2,164.58
Delano	\$756.16	\$2,006.39
West Hennepin PD	\$927.00	\$2,976.00
Orono	\$830.68	\$2,248.02
Deephaven	\$1,138.22	\$1,805.33
Wayzata	\$1,108.71	\$1,885.05
Mound	\$1,171.00	\$1,521.00
Dayton	\$2,000.00	\$2,000.00
Shorewood	\$1,930.00	\$2,130.00
Waconia	\$1,100.92	\$2,141.79
South Lake Minnetonka PD	\$816.55	\$1,788.25
Averages	\$1,177.70	\$2,053.55
Minnetrista	\$900.00	\$1,500.00

Things to consider: These numbers are a snapshot of 2026, and the averages will increase in 2027. Our increase for 2027 is estimated to be 21.4%, with the average between Medica, HealthPartners, BCBS, and United Health at 18.67%. Financially, Minnetrista

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can go up to the averages described in the previous table; however other budgeted items such as the union contracts are coming in over budget so Personnel Committee Members Reffkin and Vickery recommend a smaller increase to stay on or under budget for the 2027 fiscal year – given current levy amount. Staff would like to see incremental annual increases vs. large one-time or multiple-year jumps to the employer contribution to help with annual budget increases.

- Action Item 1: Personnel Committee Members Reffkin and Vickery are recommending keeping the single monthly employee contribution at \$900 citing that it will still cover the projected single premium for 2027, and moving the family monthly employer contribution to a range of \$1,800 to \$1,900 in 2027, and then making another upward move by \$300 - \$400 per month in 2028.
- Action Item 2: Personnel Committee Members Reffkin, Vickery, and Kruggel are recommending approving a Health Insurance Opt-Out Program with the following terms:
 1. **Proof of alternate coverage** — the employee must provide documentation confirming they are enrolled in health insurance coverage outside of the City's plan (e.g., a spouse's plan or an individual market plan) as a condition of participation.
 2. **Use of opt-out funds** — the employee may direct opt-out funds toward other open enrollment offerings, including dental insurance, a flexible spending account (FSA), and long-term disability coverage.
 3. **Remaining funds** — any portion of the opt-out payment not directed toward other benefit elections shall be paid to the employee as taxable income.
 4. **Opt-out amount** — set at 80% of the City's current Single coverage contribution, regardless of which coverage tier the employee is opting out of. At the current Single contribution of \$900/month, the opt-out payment would be \$720/month.

This structure benefits both employees and the City. Employees gain the flexibility to utilize a potentially superior health insurance plan available through a spouse's employer, while still receiving compensation they can direct toward other benefits or income. The City benefits financially in every opt-out scenario, since the payment is fixed at 80% of the Single rate rather than 80% of whichever tier the employee previously held — meaning opt-outs from Family coverage generate substantially greater savings than opt-outs from Single coverage.

The table below illustrates the City's savings under each opt-out scenario, based on current contribution levels:

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Scenario	Current monthly contribution	Monthly opt-out payment	Monthly City savings	Annual City savings/employee
Employee on Single coverage opts out	\$900	\$720	\$180	\$2,160
Employee on Family coverage opts out	\$1,500	\$720	\$780	\$9,360

Because the opt-out payment is anchored to the Single rate, employees opting out of Family coverage generate more than four times the annual savings of employees opting out of Single coverage (\$9,360 vs. \$2,160 per employee). Aggregate savings will scale directly with participation — for example, five Family-tier opt-outs would save the City approximately \$46,800 annually, while five Single-tier opt-outs would save approximately \$10,800 annually. Actual savings will depend on the number of eligible employees who elect to participate, and the coverage tier they currently hold.

Recommended City Council Action: The various action items for City Council consideration are listed below.

- **Action Item 1:** Consider removal of the City of Victoria from the list of comparable cities used for compensation comparisons.
- **Action Item 2:** Consider moving the Public Safety Director from Grade 12 – Step 7 in the 2026 Pay Plan to a Grade 12 – Step 11 in the 2027 Pay Plan as of January 1, 2027.
- **Action Item 3:** Consider setting the non-union market adjustment in the 2027 Pay Plan at 2.5%.
- **Action Item 4:** Consider setting the 2027 employer contribution toward the employee benefit cafeteria plan at either \$1,800 or \$1,900 per month for family elections, and \$900 per month for single elections.
- **Action Item 5:** Consider approving a Health Insurance Opt-Out Program effective 1/1/2027 with the terms described above

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