THE CITY OF WATERTOWN

FINANCE COMMITTEE MEETING AGENDA

MONDAY, OCTOBER 12, 2026 AT 5:30 PM

MUNICIPAL BUILDING COUNCIL CHAMBERS – 106 JONES STREET, WATERTOWN, WI 53094

1. **CALL TO ORDER**
2. **REVIEW AND APPROVE MINUTES**
   - A. Minutes from September 28, 2026
3. **OPENING FOR PUBLIC COMMENT**

   Each individual who would like to address the Committee will be permitted up to three minutes for their comments on agenda items only
4. **BUSINESS**
   - A. Review: General Fund Income Statement through September 30, 2026
   - B. Review and take action: High-deductible Health Plan Implementation
   - C. 2027 Budget Proposal Discussion: General Government (Common Council, Mayor, Municipal Court, Attorney, Media Services/Communications, Information Technology, Human Resources, Employee Benefits, Finance, Elections, Assessor, Audit, Property/Liability Insurance, Public Service Enterprises)
   - D. 2027 Budget Proposal Discussion: Culture, Education, Recreation (Library, Library Operations [Fund 11], Library Endowment/Trust [Fund 20 & 21]
   - E. 2027 Budget Proposal Discussion: Other Funds- Economic Development [Fund 60], Transit [Fund 13], Tourism [Fund 22], Non-recurring Grants [Fund 24], Fiber Optic [Fund 25], CDB Housing [Fund 65], TIDs [Funds 08, 09, 10, 19, 23, 30, 31]
   - F. 2027 Budget proposal discussion: follow-up from prior budget meeting
5. **ADJOURNMENT**

Persons requiring other reasonable accommodations for any of the above meetings, may contact the office of the City Clerk at cityclerk@watertownwi.gov phone 920-262-4000

A quorum of any City of Watertown Council, Committee, Board, Commission, or other body, may be present at this meeting for observing and gathering of information only

THE CITY OF WATERTOWN

FINANCE COMMITTEE MEETING MINUTES

MONDAY, SEPTEMBER 28, 2026, AT 5:30 PM

MUNICIPAL BUILDING COUNCIL CHAMBERS, 106 JONES STREET, WATERTOWN, WI 53094

Finance Committee members present: Mayor Stocks, Alderpersons Arnett, Blanke, Moldenhauer (video), Smith

Others present: Mark Stevens, Ali Panalogoulos, Tanya Reynen, Alyssa Cahoon, Lisa Schwartz, a number of fire fighters

1. Mayor Stocks called the meeting to order at 5:48 p.m.
2. Ald. Blanke moved, seconded by Ald. Arnett, to approve the **minutes from the September 14** meeting. Unanimously approved.
3. Public Comment: Firefighter Alex Braunschweig, Local 877 union president, relayed his appreciation to city staff for the process of negotiating the renewal of the bargaining agreement.
4. Mr. Stevens summarized the option to transition to a **self-insured dental insurance** program as of January 1. Ald. Blanke, seconded by Ald. Moldenhauer, made a motion to authorize the creation of a new accounting dental self-insurance fund, approve the transition of the dental plan to a self-insured model effective January 1, 2027, adopt the monthly funding rates of $36.50 (single) and $113 (family), and to continue to utilize the Delta Dental network with an administrative fee of $5 per family unit per month. Unanimously approved.
5. Mr. Stevens reviewed the renewal options for our **Dean group health insurance** plan. A transition from the current multi-tier HMO plan to an HMO without tiered co-pays would be a savings of approximately $188,000 (4% increase over current premium prices) instead of renewing the current plan (an increase of 9%). A motion was made by Ald. Arnett, supported by Ald. Smith, to authorize the Dean renewal with Plan 1-4 which maintains the existing deductible levels but removes the Dean clinic discounted copays and apply the same copay adjustments to the POS plan 2-4 so plan design changes are consistent across both the HMO and POS offerings. Unanimously approved.

   Our broker is recommending that the city offer a **high-deductible health plan** (HDHP) as an additional health plan option for employees who anticipate lower medical utilization and prefer a plan with lower monthly premiums. More review is needed before a recommendation is made. Ald. Smith, seconded by Ald. Arnett, authorized Finance and HR staff to further analyze and develop an HDHP offering for the 2027 plan year with a recommendation to be presented at a future meeting. Unanimously approved.
6. Ald. Moldenhauer motioned that all three closed sessions be reviewed within one closed session. This motion was seconded by Ald. Arnett and unanimously approved.
7. Ald. Arnett moved, supported by Ald. Blanke, to convene into **closed session** per §19.85(g) to confer with legal counsel for the governmental body who is rending oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved (**claim of Milbrath**; **claim of Klempen**) and per §19.85(1)(e) to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session (**Fire union collective bargaining agreement negotiations**). Unanimously approved via roll call vote.

8. After reconvening into open session, Ald. Arnett, seconded by Ald. Blanke, moved to deny the **claim of Milbrath**. Approved 4-0 with abstention by Stocks.
9. Ald. Arnett moved to deny the **claim of Klempen**, supported by Ald. Smith, and unanimously approved.
10. Ald. Arnett moved to adjourn the Finance Committee at 7:03 p.m., seconded by Ald. Moldenhauer, and the motion was carried by unanimous voice vote.

Respectfully submitted,

Mark Stevens, Finance Director

Addition to minutes of August 24, 2026 at request of Ald. Berg:
Public Comment: Ald Berg voiced his concern that any renovations to City Hall do not take away the possibility of a second fire station at the 106 Jones St location.

Note: These minutes are uncorrected, and any corrections made thereto will be noted in the proceedings at which these minutes are approved.

City of Watertown
Income Statement - September 2026

75.0%

Run Date: 261009

	2023 Actual	2024 Actual	2025 Actual	Curr Yr To-Date	Curr Yr Budget	Remain Balance	% Rev/Exp
Revenues							
Taxes	11,424,736	11,460,766	11,456,434	10,825,539	11,567,802	742,263	93.6%
Intergovt Shared Taxes	3,302,333	3,961,759	4,159,719	1,293,964	4,288,319	2,994,355	30.2%
Intergovt State Grants	1,169,435	1,213,326	1,159,400	874,729	1,176,140	301,411	74.4%
Licenses	69,618	73,850	85,035	76,066	85,474	9,408	89.0%
Permits	226,723	198,032	346,360	232,301	360,550	128,249	64.4%
Law & Order Violations	223,839	228,923	246,754	127,164	232,000	104,836	54.8%
Gen Govt Public Charges for Services	284,263	372,275	275,934	121,671	292,520	170,849	41.6%
Public Safety	871,440	987,053	1,135,244	406,712	872,100	465,388	46.6%
Health & Social Services	19,512	18,256	22,023	10,937	13,500	2,563	81.0%
Public Works	51,941	52,724	61,017	27,592	67,150	39,558	41.1%
Recreation	352,845	360,724	362,387	264,480	361,600	97,120	73.1%
Intergovt Township Fire Protection	286,437	325,412	331,453	529,894	521,990	(7,904)	101.5%
Interest	680,007	775,324	727,120	415,324	690,000	274,676	60.2%
Reserve Acct Revenue & Transfers In		266,000		-		-	
Miscellaneous	155,462	20,761	33,040	18,024	23,800	5,776	75.7%
Rent	26,148	90,035	39,030	32,269	42,017	9,748	76.8%
Total Revenues	**19,144,737**	**20,405,217**	**20,440,949**	**15,256,666**	**20,594,962**	**5,338,296**	**74.1%**
Expenditures							
Common Council	107,888	110,190	114,380	84,387	115,291	30,904	73.2%
Municipal Court	113,371	118,436	139,430	102,313	142,009	39,696	72.0%
Mayor	277,037	267,345	240,945	155,497	228,819	73,322	68.0%
Finance Department	479,275	497,511	503,575	377,849	547,766	169,917	69.0%
Elections	29,615	74,489	38,359	39,965	87,163	47,198	45.9%
Assessor	146,111	138,051	149,249	64,960	91,030	26,070	71.4%
Accounting & Auditing	78,752	71,499	75,108	36,345	73,000	36,656	49.8%
Human Resources	86,928	116,595	111,880	96,592	129,748	33,156	74.4%
City Attorney	247,647	221,354	243,394	153,249	254,775	101,526	60.2%
Municipal Building	337,599	321,916	304,283	207,355	324,007	116,652	64.0%
Other Buildings	6,496	6,536	6,198	4,805	7,740	2,935	62.1%
Miscellaneous	422	1,366	1,850	9,382	187,864	178,482	5.0%
Media & Communications	169,313	180,635	191,388	143,741	178,563	34,822	80.5%
Information Technology	249,582	266,304	350,017	239,224	371,294	132,070	64.4%
Property & Liability Insurance	458,477	459,126	502,568	487,973	573,191	85,218	85.1%
Employee Programs	22,010	22,047	56,096	12,109	15,500	3,391	78.1%
Other Insurance	4,416	19,612	-	-		-	
Other General Govt	2,325	2,382	15,358	-	2,400	2,400	0.0%
General Government	**2,817,263**	**2,895,393**	**3,044,079**	**2,215,747**	**3,330,161**	**1,114,414**	**66.5%**
			% of Total Exp	14.4%	15.3%		

	2023 Actual	2024 Actual	2025 Actual	Curr Yr To-Date	Curr Yr Budget	Remain Balance	% Rev/ Exp
Police	4,881,534	5,219,728	5,657,185	4,302,987	5,947,102	1,644,115	72.4%
Crossing Guards	28,365	29,632	27,183	15,452	30,542	15,090	50.6%
Dispatch Center	744,002	865,163	927,075	636,893	910,741	273,848	69.9%
Fire	3,276,048	3,592,702	4,119,221	3,157,512	4,146,849	989,337	76.1%
Building Inspection	305,985	339,238	321,463	233,097	341,933	108,836	68.2%
Emergency Govt	7,954	29,224	6,481	5,357	7,418	2,061	72.2%
Public Safety	**9,243,887**	**10,075,686**	**11,058,608**	**8,351,297**	**11,384,585**	**3,033,288**	**73.4%**
			% of Total Exp	54.1%	52.4%		
Health	493,343	458,997	519,439	392,985	597,900	204,915	65.7%
Other Services	62,830	62,830	62,830	48,536	64,715	16,179	75.0%
Health	**556,173**	**521,827**	**582,269**	**441,521**	**662,615**	**221,094**	**66.6%**
			% of Total Exp	2.9%	3.1%		
Planning & Development	12,963	28,966	20,946	12,148	24,025	11,877	50.6%
Engineering	265,894	178,940	247,646	187,369	280,713	93,344	66.7%
Machinery & Equipment	341,487	263,394	265,577	190,626	278,500	87,874	68.4%
Street Garages	70,790	65,995	78,939	45,096	76,000	30,904	59.3%
Street Administration	189,534	191,873	221,837	156,664	249,326	92,662	62.8%
Traffic Control	24,031	30,789	22,471	16,508	25,000	8,492	66.0%
Street Maintenance	1,154,199	1,219,798	1,182,271	822,328	1,281,226	458,898	64.2%
Snow & Ice Control	263,786	266,797	274,114	230,911	245,441	14,530	94.1%
Signs & Markings	14,622	17,171	16,900	16,904	19,800	2,896	85.4%
Street Lighting	570,176	533,696	536,740	357,021	528,000	170,979	67.6%
Airport	224,404	206,218	231,628	147,940	217,600	69,660	68.0%
Public Works	**3,131,886**	**3,003,637**	**3,099,068**	**2,183,516**	**3,225,631**	**1,042,115**	**67.7%**
			% of Total Exp	14.1%	14.9%		
Library	814,787	850,342	850,859	562,500	750,000	187,500	75.0%
Recreation Administration	516,745	647,293	628,896	384,366	558,468	174,102	68.8%
Recreation	137,708	113,401	109,919	76,048	134,474	58,426	56.6%
Outdoor Pool	216,618	239,194	227,343	216,772	244,519	27,747	88.7%
Indoor Pool	51,416	60,111	65,000	76,522	86,219	9,697	88.8%
Park	926,618	974,952	1,023,930	751,049	993,835	242,786	75.6%
Park Garage						-	
Library, Leisure, & Parks	**2,663,892**	**2,885,293**	**2,905,948**	**2,067,257**	**2,767,515**	**700,258**	**74.7%**
			% of Total Exp	13.4%	12.7%		
Forestry	220,629	198,630	258,258	88,630	229,081	140,451	38.7%
Public Service Enterprises	78,000	71,000	74,000	41,000	47,000	6,000	87.2%
Transfer	82,625	45,000	93,221	45,000	60,000	15,000	75.0%
Total Expenditures	**18,794,355**	**19,696,465**	**21,115,451**	**15,433,968**	**21,706,588**	**6,272,619**	**71.1%**
Net Income	**350,382**	**708,752**	**(674,502)**	**(177,302)**	**(1,111,626)**	**(934,324)**	

DeanHealthPlan by Medica

CITY OF WATERTOWN

Benefit Summary

Effective: 01/01/2027

Plan Code: 12778634 **Plan Type:** Coinsurance HDHP **Network:** HMO **Contract:** Contract Year **Plan 1-2**

Plan Overview	Plan Providers - You Pay	Non-Plan Providers - You Pay
Aggregate Deductible*	$3,000 single / $6,000 family	Not Applicable
Coinsurance	0% coinsurance after deductible	Not Applicable
Primary Office Visit Charge	0% coinsurance after deductible	Not Covered
Specialist Office Visit Charge	0% coinsurance after deductible	Not Covered
Preventive Services	$0 copay	Not Covered
Deductible & Coinsurance Limit	Not Applicable	Not Applicable
Maximum Out-of-Pocket**	$3,000 single / $6,000 family	Not Applicable

**The entire family deductible must be paid out of pocket before the plan pays for services*
***Deductible and Coinsurance Limit plus Medical and Prescription Copays unless otherwise noted*

Prescription Drugs, Insulin & Disposable Diabetic Supplies*

4 Tier Select

Rx Deductible	No separate Rx deductibles			No separate Rx deductibles
Rx Maximum Out-of-Pocket	No Separate Rx Out-of-Pocket Max			No Separate Rx Out-of-Pocket Max
Mail Order	90-day supply (Tiers 1 - 3) policy coinsurance after deductible; Tier 4 Not Covered			
	Tier 1	**Tier 2**	**Tier 3**	**Tier 4**
In-Network	0% coinsurance after deductible	0% coinsurance after deductible	0% coinsurance after deductible	0% coinsurance after deductible
Out-of-Network	Not Covered	Not Covered	Not Covered	Not Covered

**Unless otherwise indicated, generic or brand name drugs can be found in any formulary tier*
**This new plan includes prescription drug coverage that is creditable*

Diagnostic Services	Plan Providers - You Pay	Non-Plan Providers - You Pay
Diagnostic Services (Xrays/Labs)	0% coinsurance after deductible	Not Covered
CAT Scans/MRI/MRA	0% coinsurance after deductible	Not Covered

Hospital & Surgical Center

Inpatient Hospital	0% coinsurance after deductible	Not Covered
Outpatient Hospital	0% coinsurance after deductible	Not Covered

Emergency Services

Urgent Care	0% coinsurance after deductible	0% coinsurance after deductible
Emergency Room Services	0% coinsurance after deductible	0% coinsurance after deductible
Ambulance	0% coinsurance after deductible	0% coinsurance after deductible

Additional Plan Design Attributes

CITY OF WATERTOWN

Benefit Summary

Effective: 01/01/2027

Plan Code: 12850849 **Plan Type:** Coinsurance HDHP **Network:** HMO **Contract:** Contract Year **Plan 1-5**

Plan Overview	*Plan Providers - You Pay*	*Non-Plan Providers - You Pay*
Embedded Deductible*	$3,500 single / $7,000 family	Not Applicable
Coinsurance	0% coinsurance after deductible	Not Applicable
Primary Office Visit Charge	0% coinsurance after deductible	Not Covered
Specialist Office Visit Charge	0% coinsurance after deductible	Not Covered
Preventive Services	$0 copay	Not Covered
Deductible & Coinsurance Limit	Not Applicable	Not Applicable
Maximum Out-of-Pocket**	$3,500 single / $7,000 family	Not Applicable

**The plan begins making payments as soon as one family member has reached their individual deductible*
***Deductible and Coinsurance Limit plus Medical and Prescription Copays unless otherwise noted*

Prescription Drugs, Insulin & Disposable Diabetic Supplies*

4 Tier Select

Rx Deductible	No separate Rx deductibles			No separate Rx deductibles
Rx Maximum Out-of-Pocket	No Separate Rx Out-of-Pocket Max			No Separate Rx Out-of-Pocket Max
Mail Order	90-day supply (Tiers 1 - 3) policy coinsurance after deductible; Tier 4 Not Covered			
	Tier 1	**Tier 2**	**Tier 3**	**Tier 4**
In-Network	0% coinsurance after deductible	0% coinsurance after deductible	0% coinsurance after deductible	0% coinsurance after deductible
Out-of-Network	Not Covered	Not Covered	Not Covered	Not Covered

**Unless otherwise indicated, generic or brand name drugs can be found in any formulary tier*
**This new plan includes prescription drug coverage that is creditable*

Diagnostic Services	*Plan Providers - You Pay*	*Non-Plan Providers - You Pay*
Diagnostic Services (Xrays/Labs)	0% coinsurance after deductible	Not Covered
CAT Scans/MRI/MRA	0% coinsurance after deductible	Not Covered

Hospital & Surgical Center

Inpatient Hospital	0% coinsurance after deductible	Not Covered
Outpatient Hospital	0% coinsurance after deductible	Not Covered

Emergency Services

Urgent Care	0% coinsurance after deductible	0% coinsurance after deductible
Emergency Room Services	0% coinsurance after deductible	0% coinsurance after deductible
Ambulance	0% coinsurance after deductible	0% coinsurance after deductible

Additional Plan Design Attributes

THE CITY OF WATERTOWN

Finance Departm
106 Jones Street
PO Box 477
Watertown, WI 53094-0477
(920) 262-4000

To: Finance Committee
From: Mark Stevens
Date: October 12, 2026
RE: High-Deductible Health Plan (HDHP) Implementation

DeanCare Health has provided two high-deductible health plan (HDHP) options for consideration. Both are able to be paired with HSA or HRA funding mechanisms (explained below). The primary difference is how the deductible applies to families: **aggregate** versus **embedded**.

Plan Options

Plan 1-2: $3,000 / $6,000 **Aggregate** Deductible

- The entire $6,000 family deductible must be met before the plan pays for any non-preventive services.
- All family members contribute toward the same deductible bucket.

Plan 1-5: $3,500 / $7,000 **Embedded** Deductible

- Each family member has a $3,500 individual deductible.
- Once one member reaches $3,500, the plan begins cost-sharing for that individual, even if the family has not met the $7,000 total.

Key Differences

	Aggregate (Plan 1-2)	**Embedded (Plan 1-5)**
Individual deductible	None	$3,500 per person
Family deductible	$6,000 (must be fully met)	$7,000 (combined)
When cost-sharing begins	Only after full family deductible	After one member meets their individual deductible
Employee experience	Slower relief; less intuitive	Earlier relief; easier to understand

Recommendation:

With the input of our broker, for broadest employee benefit and clearer plan administration, I recommend selecting the **embedded** deductible plan (Plan 1-5). It provides earlier financial protection for the first high-use family member, which is the most common real-world pattern in employee groups. Even though the family max is higher, the *practical* out-of-pocket experience is better for a larger share of households.

HDHP Pairing Options: HSA vs. HRA

An HDHP medical plan requires the city to choose a funding mechanism that allows employees to access funds for eligible medical expenses. Two mechanisms are available under federal regulations: a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA).

Health Savings Account (HSA)

A tax-advantaged, **employee-owned** savings account to be used for qualified medical expenses.

Key Features

- Employee-owned and fully portable
- Triple tax advantage (pre-tax contributions, tax-free growth, tax-free medical spending)
- Employees may contribute their own funds
- Funds roll over indefinitely and can be invested
- Minimal administrative burden for the city

Advantages

- Builds long-term financial security for employees
- Highly valued by employees with predictable or chronic medical needs
- Supports retirement readiness (medical expenses in retirement)
- Simple and predictable employer cost structure

Limitations

- Employees must be HSA-eligible (HDHP required)
- Employer contributions are optional but common

Health Reimbursement Arrangement (HRA)

An **employer-funded** reimbursement account used to reimburse employees for eligible medical expenses.

Key Features

- Employer-funded only; employees cannot contribute
- Employer retains ownership and unused funds
- Rollover rules vary based on city design
- No investment or long-term growth
- Requires claims processing and administrative oversight

Advantages

- Strong employer cost control
- Flexible plan design (eligible expenses, rollover limits, caps)
- Useful for targeted reimbursement strategies

Limitations

- No portability for employees
- No long-term value or retirement benefit
- More administrative complexity and employee confusion
- Perceived as “use it or lose it,” even when rollover is allowed

Recommendation:

While HRAs provide stronger employer control, they generally provide less long-term value to employees and require more administrative oversight. HSAs, by contrast, offer employees long-term portability, tax benefits, and lower administrative complexity. I recommend that the city pair an HSA with its HDHP offering and allow employees to make their own contributions.

City Contribution Level

A key rationale for offering an HDHP is the cost savings to both the employer and employees who may not be high utilizers of medical services. Employers can incentivize enrollment by sharing a portion of the premium savings as a contribution to employees’ HSA accounts. This helps employees manage potential out-of-pocket (OOP) costs under the HDHP and makes the plan more attractive and financially feasible.

THE CITY OF WATERTOWN

Recommendation:
The annual premium savings between the HMO and HDHP plans are $1,460 for single coverage and $3,584 for family coverage. Under the HDHP, the OOP limits are double those of the HMO, increasing from $1750/$3500 (S/F) under the HMO to $3500/$7000 (S/F) under the HDHP. I recommend that the city base its employer contribution on approximately 75% of the family-tier savings. Applying this percentage to the family savings ($3,584 × 75% = $2,688) results in a proposed annual contribution of $2,700 when rounded. A proportional single-tier contribution of $1,350 is recommended. With this funding structure, the effective net out-of-pocket exposure for employees on the HDHP would be approximately $2,150 for single coverage and $4,300 for family coverage—compared to $1,750 and $3,500 under the HMO. I also recommend that the City distribute its HSA contributions to active participants quarterly at the beginning of each calendar quarter.