



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Tuesday, October 24, 2017

5:00 PM

Council Chambers
200 West Walker Street

Council Work Session

The City Council of the City of League City, Texas, met in a work session in Council Chambers at 200 West Walker Street on the above date at 5:00 p.m.

Mayor:

Pat Hallisey

City Council Members:

**Dan Becker
Hank Dugie
Larry Millican
Todd Kinsey
Greg Gripon
Keith Gross
Nick Long**

City Manager:

John Baumgartner

Assistant City Manager/Director of Finance:

Rebecca Underhill

Assistant City Manager:

Bo Bass

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Michael Kramm

Director of Human Resources/Civil Service:

Janet Shirley

Director of Parks & Cultural Services:

Chien Wei

Director of Planning/Development:

Paul Menzies

Interim Director of Public Works:

Jody Hooks

Interim City Engineer:

Christopher Sims

Director of Budget and Project Management

Angie Steelman

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Pro Tem Kinsey called the meeting to order at 5:15 p.m. and called the roll. All members of Council were present except Mayor Pat Hallisey, Mr. Gross. Mr. Long arrived at 5:23.

Absent 2 - Mayor Pat Hallisey and Mr. Keith Gross

Present ⁶ - Mr. Dan Becker, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon and Mr. Nick Long

2. APPOINTMENTS, PROCLAMATIONS, PRESENTATIONS, AWARDS

- 2A.. 17-0648 Presentation of information regarding the City of League City and the UTMB Systems as a Preferred Network Arrangement under the City's Medical Plan options (Director of Human Resources and Civil Service)

Julian Fontana, of IPS Advisors gave a presentation. We have been working with city management and the HR staff in regard to evaluating the opportunity to form a partnership with UTMB in the scope of the group medical plan as a preferred network arrangement. We have been working on this since May and have been able to come to the table with a proposal from UTMB in this partnership that seems like it would be a win-win for all parties involved. So under this scenario there are two parts that the City could make some enhancements to the benefit plans offered. The benefit plans would all have an additional benefit tier specifically related to accessing any UTMB professional provider, specialists or physician as well as any of their facility locations. The benefit enhancements include reducing the deductible in each plan tier except for the HSA, so the mid-plan and the high-plan would have a reduced deductible for access to UTMB providers. There would be a reduced co-insurance percentage, from 20% to 10% on the employees' behalf for accessing UTMB providers. Also, co-payments for physicians, office visits, specialists and urgent care would be reduced as an incentive to have employees access the UTMB network. In exchange for that UTMB would give the City an additional 10% discount above its standard Cigna network discounts which is a significant enhancement to that discount in exchange for the benefit enhancements. They have offered a two-year contract to start things off. They have additionally offered to do some special programs with the City in regard to education around some special areas where there may be a need to do some engagement with the employees. They have offered to do either early hours or extended hours to accommodate the city's employees as well as on weekends and have some dedicated appointment time slots reserved for City of League City employees. So those details would be worked on upon approval of this scenario through City Council. There is some cost associated with establishing the client specific network for UTMB. They are not significant dollar amounts but there are some first-year costs estimated at \$26,335 in order for Cigna to do the programming of their systems to recognize this benefit enhancement and process those claims accordingly. IPS was able to secure a \$10,000 implementation credit reducing that first-year cost to \$16,335. There after the annual maintenance as projected is slightly around \$12,000. You do have the cost of those benefit enhancements where you are encouraging the employees and having those additional costs upfront in order to receive that 10% discount, but the discount seems to weigh 2 x 1 to the cost of offering that benefit. So, we looked at network steerage, there is about \$4 million in medical claims in the plan, so if we were able to get 10% of the utilization into that special network arrangement that would be about \$400,000 in claims that we would get an additional 10% discount on and it would save about \$40,000. Conversely that network steerage of that 10% costs about \$22,500.

One other component, in this whole formula the analysis was designed to maybe provide an alternative to accessing the Carehere Clinic relationship. In the prescription cost, we have generics being dispensed at the clinic at no-cost. Typically, what we are seeing are over the counter, allergy medicines, some acid reflux medications, and some antibiotics. So, the trade off in that is to make a modification to the Cigna prescription copay structure to accommodate that. The last year plan spend for 2017 was about \$96,000 in drug costs, and through the Carehere Clinic at a zero cost to the employees for generics we looked at a cost of about \$68,000. So, there is some discussion as to whether there should be a minimal co-pay associated with that or to just continue to deliver those prescriptions at no-cost to the employees. Those are open items that can be negotiated as we work through the process. Some of the benefits that we expect to receive out of this for the employees is improve engagement with local providers, some minimization of the cost to the City in terms of what we are spending for the Carehere Clinic versus the delivery of those services through the plan, minimize the out of pocket cost to employees with the enhancement of the benefits, improve the overall quality of the healthcare through the UTMB system. They work in an environment that includes an electronic medical record so once an employee or patient has accessed the UTMB system they have an electronic medical record that can be accessed at any UTMB facility anywhere throughout the Houston-Metro area. They do have a large presence here, but they also have some Houston-Metro, Angleton, Dickinson locations so this relationship allows access to any UTMB provider throughout their system to receive that additional discount and for the patients to access care. So, we feel like it would help to develop some primary care relationships with the employees and overall deliver a better comprehensive relationship for care and engagement with the employees. We want this to coincide with the potential renewal of the Carehere Clinic which I think is a January 31 so there needs to be time to give notification to Carehere of continuing or discontinuing those services and then simultaneously implementing the UTMB relationship. We thought about possibly implementing January 1 to start taking advantages of those savings as soon as possible. Cigna had asked for a 90-day implementation time, so it would really depend on their ability to be able to bill the system out to pay the claims and set that up appropriately.

2B. 17-0649 Discussion regarding the City Auditor position (Director of Human Resources and Civil Service)

John Baumgartner, City Manager said we as the staff put this on the agenda. As you know Michelle left us a few weeks ago and we wanted to get the council's temperature on what you wanted to do going forward. I think the two or three options that I have heard discussed is refill the position, change the reporting structure to the City Manager, or elect to do nothing at this time. We wanted to provide the council opportunity to talk about it and perhaps give us some direction on how you want to proceed.

Larry Millican, I think we need a City Auditor and the position needs to be filled. I believe the City Auditor can do a lot of good identifying areas that we can create savings and opportunities for a better organization and structure.

I was the one that brought to the City Manager the question if the city council was the right person the auditor needed to report to. I had difficulty in the way the council supervised the auditor of past. I don't know that city council was engaged with the responsibilities, reporting or audit plan. When it came time for the review of the auditors position I felt like I was shooting in the dark on my evaluation. So that was why I brought up to the fact whether or not it should be part of the City Manager's responsibility rather than City Council's and that person reporting to us. I believe that the best and most effective way would be for the City Manager to be responsible for that position.

Nick Long, I feel strongly we need a City Auditor. On paper I feel the city auditor should report to the city council just so they are not controlled by the city manager or prevent them from looking at everything. However, as a practical manner it is difficult for the city council to manage that employee on a day to day basis and we had issues when it came to how to assess them. I do feel strongly that we need an auditor and I kind of sit on the fence of who the auditor needs to report to. I do feel strongly that we should look for a candidate that has city experience and has experience reporting in a similar manner to a board like us. I think that led to some dissatisfaction from the last two people we had in this position. I wasn't the same fit as they had in the past working in an internal audit department.

Hank Dugie, I am hesitant to take the City Auditor position out of Councils purview. I think the proper person for them to deal with on a daily basis is the City Manager, but I think the hiring and firing should probably take place at the Council level. So, I don't know if there would be a split or tiered approach to how they report and how they are hired but I would hesitant to have it be just a Directorate. I could be persuaded but I think it needs to be separate.

Dan Becker, I am strongly in favor of hiring another City Auditor. It's a position that I feel is good for the City. As far as the reporting structure, during the time period we are doing a search and looking for the right candidate it is certainly something that we could take a look at and figure out. Perhaps formalizing that so that it is clear for folks on Council, it is clear for the City Manager and staff, and it's clear for that employee that we have some written guidelines as part of a job description for that person.

Greg Gripon – So I will also agree we definitely need a City Auditor. I agree with Hank, I would like to see the City Manager have a little bit more of a role play but I think Council should definitely be part of the hiring process.

Todd Kinsey – I think one of the things that really hurt this last interview with Ms. Tressler was that we had a new group of council members come in who were called upon to do interviews on a person, basically three or four weeks after they were elected into office so they didn't have a lot of interaction with that person. But I will say I was strongly for this position reporting to council when we implemented it. I am now really starting to see the other side of the fence and that maybe that person should report to the City Manager because there is no way the Council can make that employee feel valued on a daily basis. The only time we see that person is when we are up here for council meetings.

I think the compromise of us turning over the day to day management of that person to the City Manager might be the way to go to have some checks and balances there. Maybe we bring this back at the next meeting so we have some time to percolate on it and give staff direction at that point.

Mr. Baumgartner, City Manager - as far as other cities, there is a variety of different ways they do it. I don't think there is necessarily a right or wrong. I think maybe some comments related to the discussion tonight, even if they are hired by the Council and Council approves a work plan certainly City Manager to play a more active role in their evaluation and give some feedback from our perspective. If you ask us to provide some direct feedback based on what we've seen and obviously we will provide input related to the audit plan. I will tell you Michelle was very good about that and that certainly circulated through staff. As she was going through that I probably didn't play much of a role in that and certainly that could enhance that and make her feel welcome. Both models are out there, do they report to the City Manager or do they report to Council, and both are successful in their own right. We are looking for consensus, do we post the position and get that process started and then we can continue this dialog on this point as to how to structure it and get her more engaged.

Janet Shirley, Director of Human Resources – according to the ordinance it does say there is reporting to the City Manager. As I observed Ms. Tressler in the past I think she did just want more of that interaction. In reference to other cities I would have go back and research that.

3. **PUBLIC COMMENTS**

4. **ADJOURNMENT**

At 5:46 p.m. Mayor Pro Tem Kinsey said, there being no further business this meeting is adjourned.

TODD KINSEY
MAYOR PRO TEM

DIANA M. STAPP
CITY SECRETARY

(SEAL)

MINUTES APPROVED: