



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Monday, July 24, 2017

6:00 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 6:00 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

Director of Public Works:

Gabriel Menendez

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Hallisey called the meeting to order at 6:00 p.m. and called the roll. All members of Council were present except Mr. Gross.

Absent 1 - Mr. Keith Gross

Present 7 - Mayor Pat Hallisey, Mr. Dan Becker, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon and Mr. Nick Long

2. **PUBLIC COMMENTS**

3. **PRESENTATION OF THE EMPLOYEE BENEFITS PLAN**

IPS Consultant Julian Fontana, Benefits Analysis gave a presentation on the RFP Analysis & Medical Renewal. In reviewing we went out for RFP on a number of items related to the plan. One of the things that we discussed was the plan changes made in the move from Boon-Chapman to Cigna last year. Since it is a different carrier and network utilization there were a couple of different things that we looked at, one being the restrictions with regard to high-tech imaging. There were provisions for prior authorization in the plan with Boon-Chapman but under Cigna those were not included. What we did was look at the impact of this change. High-tech imaging are services related to MRI, CT scan and PET imaging. We looked at the utilization and trends and found the City's utilization is higher than what Cigna's normal book of business in these three areas. We felt part of this was the employees were not getting the services that they needed through Boon-Chapman and there might have been a demand for those services once Cigna was initiated. CT scan was the top category for testing. Cumulatively the City's cost was \$363,336.89 annualized for the plan year versus \$185,600.09 comparative to Cigna's normal book of business. A second area of plan change was liberalizations with the prescriptions with regard to mandatory generics. For the plan year there have been \$690,983 in claims to date (October 2016-May 2017) and the plan impact could be \$11,401 in excess spending related to not have mandatory generics in place. The last area we looked at was the change from EPO (exclusive provider organization) to PPO (preferred provider organization). With the preferred provider organization, you have access to non-network providers. The original projection was approximately \$70,000 annual in excess spend for accessing non-network providers. For claims data October 2016 – May 2017 it is expected to annualize out at \$59,453.

For an update on the plan status, the claims for May 2017 were slightly on average better than what the City has run for the rest of the year, although the plan is still running higher at 118% of expected claims and 94% of the plans maximum plan liability. Part of this is because the City has 9 large claimants that are over 50% of the specific deductible (\$125,000) with \$1,907,386 in total claims, or after stop loss reimbursements \$907,543 in net claims, compared to last year there were only 4 large claimants with \$1,476,802 in total claims, or \$454,519 net claims after stop lost reimbursements. One of those large claimants is expected to be ongoing next year. Through negotiation process with Cigna, Best and Final on the Stop Loss the final negotiated renewal for the City is an increase of 13.3% in overall plan cost or \$747,482 in annual increase, including the \$175,000 for the large claimant. Looking at the funding rates, the City's current rates are slightly higher than what was needed so the actual renewal increase if we make no changes and stay with the two plan options that we have is 13.1% or \$6,356,947, an increase of \$734,906.

The plan changes that we have looked at to potentially reintroduce some controls on the medical plan include precertification's for the High Tech Imaging. There were 116 instances of services rendered, a potential plan savings cost of \$53,321. We also looked at a deductible outside of the copayment on the office visit for Lab/X-Ray if it was done at the same time as an office visit. The potential savings is \$9,423. We also looked at having the ER Services at a copay plus coinsurance plus deductible. The prevalence of usage of ER's with these new clinics is they are easy access. The potential savings could be \$46,066 by encouraging employees to use Urgent Care or some other source of access rather than emergency room. We are looking at a benefit similar to a specialized network with UTMB, where there would be an incentivized copayment benefit arrangement. We requested utilization from Boon- Chapman and Cigna in regard to provider access in utilization in order to evaluate how that might work and obtain a proposal from UTMB in regard to overlaying that specialized network on the plan designs.

There were a couple of changes we looked at with regard to pharmacy, part of this is moving to a Value Tiered Pharmacy arrangement. There would be 101 members impacted, 28 drugs removed, 50 excluded and 36 tier changes to create a potential savings of \$31,488. A lot of these are related to allergy or gastrointestinal that have over the counter equivalents that people are taking brand name drugs for. Introduce Step Therapy, for new medications there is protocol to try different drugs along the way before reaching the most expensive brand drug. We asked to include grandfathering of anyone that is already on some type of drug so only new prescriptions would require Step Therapy. Projected savings is \$9,446. We previously talked about the mandatory generics, there were 57 prescriptions with 13 members that could have potentially been generic in lieu of brand so that would create savings of \$14,432. Cigna has a 90-day fill program called Cigna 90 Now that is more cost effective to purchase maintenance drugs, projected savings is \$11,868. Specialty Pharmacy, these are classic drugs that are typically injectables and the fastest growing segment of prescription drugs in terms of cost. Under Boon-Chapman there was a 20% cost share instead of 15% with Cigna. This would impact 29 members if we increase the cost share back to 20%, projected savings \$8,197. We are currently evaluating options of carving out the prescription. All of these changes could have a total plan savings annually of \$184,232.

Another option that we have looked at is introduction of an HSA Plan Option in addition to the two plans that the City has today. Under an HSA plan the employee would bear the deductible, its first dollar expenses to the employee until the deductible is satisfied. Introducing this lower cost plan option was the hope that staff could provide more affordable family coverage, but it requires some safety net. It requires the City to make some contribution to that HSA account and to encourage the employees through education to budget and look at their individual situation and how they might be impacted if they entered into that plan. An HSA account is a perpetual fund that becomes the employee's money once contributed and is tax free and works very similar to a flex account but there is no use it or lose it provision. They are able to contribute

their own money into that account to also fund toward the deductible. With this plan we estimated approximately 15% of the employees shifting from either the mid or high plan into the HSA plan on a very conservative basis and overall that does bend the impact of the renewal increase. Under the Mid Plan we did introduce a \$10 employee contribution towards the cost of coverage to participate in that plan.

For the Dental PPO and HMO plans, we did the RFP and through the competitive bid process we are able to obtain a proposal from Metlife at a projected increase of 10% for a comparable plan design. The recommendation for staff is they make a change from Aetna to Metlife on October 1. The City would continue to fund the employee only level of coverage and then employees would pay the difference in cost for dependent coverage.

There was discussion around Voluntary Benefits. The City currently offers Aflac which in some cases requires medical questions or underwriting to be eligible for those coverages. We looked at programs that could be provided on a group platform where there is no underwriting and there is guaranteed acceptance. Colonial Life, Aflac and Cigna all participated and based on analysis of the evaluation of the Voluntary Accident, Cancer, and Critical Illness if the City was to make the change our recommendation would be that Colonial Life be the provider for that package of benefit. Those that currently have Aflac could continue that plan since Aflac is an individual policy. It would be the City's intent to no longer deduct for Aflac but to have those individuals change the method of payment over to bank draft or credit card payment.

Health Plan Renewal - IPS recommends renewal with Cigna for the 2017 – 2018 plan year for its stop loss insurance and health plan administrative services. Overall, IPS was able to negotiate the City's Maximum Annual Cost obligation to a 12.4% increase over current. This renewal includes no increase to Cigna administration fees, an 18.7% increase in fixed stop loss premiums and a 21.7% increase in Aggregate liability. Additionally, one \$300k laser deductible on a large claimant has been issued and this additional liability has been included in the renewal. As for Expected Annual funding, the renegotiated renewal increase of 13.3% falls in line with the City's 2017 – 2018 budget. Per our prior meetings with Council, Management and Committee, IPS has provided the plan design and contribution options discussed within this analysis. However, we are recommending that the City maintain its budget at 13.3% even if plan design changes are selected. This is due to annualized claims projections with Cigna and continuing to maintain a conservative budget approach.

Health Savings Account Alternative - IPS recommends consideration of a Health Savings Account alternative for the 2017 – 2018 plan year. This alternative will combine a IRS qualified high deductible health plan with an tax preferred Health Savings Account to assist in funding out of pocket health care expenses. Both the employer and employee may contribute to this account tax free and funds can be utilized for qualified health / dental / vision expenses tax free. Unused funds may be rolled over tax free at

year end. Overall, this plan option is designed to shift greater responsibility to members to become stewards of both the health care dollars (Member and City) and grow their savings account over time in preparation for retirement.

Network Alternatives - IPS is actively working with UTMB regarding a potential preferred discount network for the City of League City. At this time, IPS is compiling data needed for UTMB for consideration in their proposal. Due to the substantive due diligence needed from UTMB, IPS and Cigna, it is likely options for council consideration will be proposed for potential implementation after the start of the plan year and likely closer to January 1st. IPS is also recommending to delay a potential KelseyCare option until a full analysis is completed against UTMB's proposal.

Dental Plan Renewal - IPS recommends a carrier change from Cigna to MetLife for the 2017 – 2018 plan year. The renewal represents a 10% increase to current premium costs and plan designs / network substantially match the current Aetna network. Additionally, there is a rate cap increase of 7% for year 2 with MetLife.

Voluntary Benefits - IPS recommends implementation of the Colonial Voluntary Benefits program. The program would include Voluntary Accident, Cancer and Critical Illness insurance for employees consideration. The Colonial products do include commission which could be converted to help offset the cost of the Benefit Connector system.

Post 65 Medicare Advantage Programs - IPS received did not receive a proposal for Post-65 Medicare Advantage programs due to participation and /or funding requirements. The City still maintains the option to implement the Public Employee Benefits Alliance Post-65 Medicare alternatives. These can be implemented at any time and offered on a voluntary basis to retirees.

At 6:45 p.m., Mayor Hallisey left the meeting. Mayor Pro Tem Kinsey presided for the remainder of the meeting.

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

4. DISCUSSION REGARDING THE CITY OF LEAGUE CITY PROPOSED BUDGET FOR FY 2017-2018

Rebecca Underhill, Assistant City Manager, Finance said we plan to walk through the departments that are listed on your schedule similar to the way we did last week. We will run through the departments pretty quickly:

Communications - Proposed budget \$447,732, decrease of \$23,230 - FY2017 amended budget (\$470,962)

SRF – Hotel Occupancy Tax Fund - Proposed budget \$535,029, increase of \$114,625 – FY2017 amended budget (\$420,404)

SRF – Public Access Channel Fund – Proposed budget \$27,301, decrease of \$169,058 – FY2017 amended budget (\$196,359)

This fund is used to account for the one percent of gross revenue received from cable television franchise fees. These funds are legally required to be used for improvements and equipment related to the city’s public access channel.

Human Resources – Proposed budget \$811,300, decrease of \$93,286 – FY2017 amended budget (\$904,586)

Employee Benefit Fund - Proposed budget \$7,199,443, increase of \$821,439 – FY2017 amended budget (\$6,378,004)

Economic Development - Proposed budget \$348,660, increase of \$5,448 – FY2017 amended budget (\$343,212)

New Program Request (not currently funded)

- **Downtown Façade Program \$30,000**

Information Technology – Proposed budget \$2,564,736, decrease of \$70,811 – FY2017 amended budget (\$2,635,547)

SRF – Public Safety Technology Fund – Proposed budget \$194,999, decrease of \$1 – FY2017 amended budget (\$195,000)

Facilities Services – Proposed budget \$1,384,770, increase \$31,910 – FY2017 amended budget (\$1,352,860)

Accounting & Financial Planning – Proposed budget \$2,042,495, decrease of \$106,503 – FY2017 amended budget (\$2,148,998)

Municipal Court – Proposed budget \$687,160, decrease of \$9,780 – FY2017 amended budget (\$696,940)

SRF – Municipal Court – Building Security Fund – Proposed budget \$48,308, decrease of \$93 – FY2017 amended budget (\$48,401)

SRF – Municipal Court Technology Fund – Proposed budget \$40,000, decrease of \$16,270 – FY2017 amended budget (\$56,270)

Purchasing – Proposed budget \$358,695, increase of \$7,508 – FY2017 amended budget

(\$351,187)

Utility Billing – Proposed budget \$1,515,730, increase of \$115,672 - FY2017 amended budget (\$1,400,058)

New Position

- **Personnel Services increase \$44,934 due to addition of (1 FTE) Customer Service Technician**
- **Capital Outlay increase \$26,500 for vehicle**
- **The position has been added to respond more quickly to requests for new service, meter repairs**

In 2010, the City Council approved to convert the monthly bills for regular and delinquent billings from letter-size statements, printed in house, to postcard statements, printed by a third-party vendor for cost saving purposes. Complaints received for postcard statements: not private, easily thrown out with junk mail, often lost/misdelivered, too small to read, difficulty processing payments through scanner. Monthly letter-size statements provide: privacy, easier to identify, contain both regular and delinquent bill data, auto pay or cutoff date, ability to add pages with city information –events and reminders, more text space on the bill for information –usage history / chart, remit bill portion easier to scan consistently and accurately than current postcard stock. Average cost increase: Monthly \$2,120 Annual \$25,500

Police – Proposed budget \$18,890,854, increase of \$285,659 – FY2017 amended budget (\$18,605,195)

****FY2018 proposed to hire up to 6 Civil Service Officers over current approved level of 123**

The City entered into an agreement with DPS to perform the services of the Breath Alcohol Technician Supervisor. That position was eliminated in FY 2017 and contractual services budget was increased by \$100,000. (This cost is shared with other area agencies.)

New Program Requests (not currently funded:

- **Assistant Communication Manager - \$83,100**
- **2 Vehicles for CID use, to replace seized vehicles - \$65,800**

SRF – Community Outreach Donation Fund – Proposed budget \$99,000, increase of \$9,000 – FY2017 amended budget (\$90,000)

SRF – Chapter 59 Seizure Fund – Proposed budget \$50,000, decrease of \$220,000 – FY2017 amended budget (\$270,000)

SRF – Asset Forfeiture Fund – Proposed budget -0-, decrease of \$55,000 – FY2017 amended budget (\$55,000)

This fund is used to account for monies received through asset forfeiture.

Animal Control – Proposed budget \$853,234, increase of \$22,340 – FY2017 amended

budget \$830,894)

Increase of 1 FTE for 2 part-time kennel workers (\$30,886) which is offset by \$30,000 decrease in contractual services

SRF – Animal Control Donation Fund – Proposed budget \$45,000 – FY2017 amended budget (30,000)

This fund is administered by the Animal Control Department and is used to account for monies donated specifically for the support of the Animal Shelter. Donated monies are typically used for veterinary services, operating supplies and educational materials.

Fire – Proposed budget \$2,503,115, decrease of \$19,333 – FY2017 amended budget \$2,522,448

- **FY2018 positions increased by 1 FTE for an Office Support Specialist/Quartermaster transferred from Fire Marshal during FY2017**
 - **Special Programs increased \$54,000 for planned increase to the Fireman's Pension Fund. The proposed increase is from \$120 to \$132 per month in FY2018**
- New Program Requests (not currently funded)**
- **Air Packs - \$161,700**
 - **Fire Board - \$284,100**

SRF – Fire/EMS Donations Fund – Proposed budget \$70,614 – FY2017 amended budget \$70,614

This fund is used to account for donations received through the water bills. Donated monies are used specifically for purchases that benefit the Fire Department and/or Emergency Medical Services.

Fire Marshal – Proposed budget \$628,348, decrease \$22,508 – FY2017 amended budget \$650,856

New Program Requests (not currently funded)

- **Vehicles – 2 Tahoe's \$94,000**
- **Deputy Fire Marshal (1 FTE) \$128,800**

Emergency Medical Services – Proposed budget \$3,287,021, increase of \$62,038 – FY2017 amended budget \$3,224,983

New Program Requests (not currently funded)

- **Ambulance with 6 paramedics \$707,000**
- Ambulance \$316,429**

Staffing: 6 FTEs, 24 hours/ 7 days a week (staggered hiring during 2018) \$390,571

Annual cost for FY2019 \$520,000

- **Alternate #1 – Ambulance with 2 paramedics \$582,082 for FY2018**
Ambulance \$316,429
Staffing: 3 FTEs 12 hours / 7 days a week \$265,653
- **Alternate #2 – Ambulance with 2 paramedics \$489,144**
Ambulance \$316,429
Staffing: Peak Call, 2 FTEs 10 hours/ 5 days a week \$172,715

- Replacement of 10 AED's - \$24,800

Emergency Management – Proposed budget \$196,728, decrease \$1,708 – FY2017 amended budget \$198,436

Ms. Underhill concluded, there will be a Special Work Session meeting on August 1 to go over the Capital Improvement Plan. At the August 7 Work Session we will wrap up any outstanding issues and try to get some direction on where to go next. August 8 we will conduct a public hearing on the budget and that advertisement was in the paper over the weekend. First reading of the ordinance will be at the August 22 meeting, followed by the second and final reading of the ordinance at the September 12 meeting.

5. CONDUCT A WORK SESSION OF THE CITY COUNCIL TO RECEIVE INFORMATION CONCERNING AGENDA ITEMS APPEARING ON THE MEETING AGENDA FOR THE JULY 25, 2017 MEETING OF THE CITY COUNCIL OF THE CITY OF LEAGUE CITY.

NO VOTE OR ACTION WILL BE TAKEN ON ANY ITEM UNDER CONSIDERATION

6. ADJOURNMENT

At 7:52 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: August 22, 2017