

CITY OF GLOBE

BUDGET WORK SESSION MINUTES

MUNICIPAL BUILDING 150 NORTH PINE STREET GLOBE, ARIZONA

April 4, 2017

6:00 P.M.

The meeting was called to order by Mayor Gameros at: 6:00 PM
The Invocation was given by: City Clerk; Shelly Salazar
The Pledge of Allegiance was led by: Councilman Freddy Rios

ROLL CALL

Roll Call.

Present: Mayor Al Gameros, Councilman Freddy Rios, Councilman C.M. "Mike" Humphrey.

Absent/Excused: Councilwoman Roberta Johnson, Vice Mayor Mike Stapleton, Councilwoman Charlene Giles, and Councilman Lerry Alderman.

1. Presentation and direction of the FY2017-2018 Health Benefit Proposals (Amy J. Girardo; Segal Consulting)

Amy J. Girardo; Segal Vice President presents two plan designs for Council consideration after the RFP process in which two proposals were submitted; one pool proposal that was not competitive and one from Blue Cross Blue Shield that was.

The current HMO plan came in at a 9.7% increase which would be \$122,988 annually. This plan includes a \$5,000 annual wellness allotment. A proposed PPO in-network plan presented a 1.9% increase; \$24,381 annually that also included a \$5,000 wellness allotment. Amy discussed plan comparisons that presented an annual deductible for the PPO plan of \$500 for single and \$1,000 for family. The current HMO plan does not require a deductible however requires co-pays for hospital, urgent care and emergency room where as the PPO only requires 20% co-insurance after the deductible is met. Prescription drugs and preventative comparisons were the same. Coordination of Benefits (COB) will change effective January 1, 2018; combined payments by the primary payer and BCBSAZ will not exceed the greater of the primary payer or BCBSAZ's allowed amount. Other changes to the plan include; medication synchronization, gender transition surgery and medications. Effective July 1, 2017, Aspirin will now be covered when prescribed by the plan participant's health care provider for the prevention of cardiovascular disease and colorectal cancer for members ages 50-69. Medical claims loss ratios for the past 10 year were presented showing an increase that peaked in 2015-2016 at 105.5% as compared to 54.8% in 2010-2011.

Mutual of Omaha did not increase rates for Life Insurance.

MetLife dental plan proposed a 13% increase for our current plan which is \$7,248 annually. This rate is guaranteed until June 30, 2019.

Vision Service Plan (VS) also presented an increase of 7.26%; \$1,392 annually that is also guaranteed until June 30, 2019 for our current plan, however an alternate renewal that changed the current copay from \$25 for exam and materials to \$10 exam and \$25 materials.

In closing Segal discussed the possible changes now that the American Health Care Bill has been pulled. The Excise Tax on high-cost plans (Cadillac tax) and employer and individual penalties, as well as all the ACA taxes such as the insurance tax, will all remain, as will the rest of the ACA. Tax reform is likely that could repeal the Excise Tax but could replace it with a cap on the amount of employer-sponsored coverage that an individual may exclude from income. The House leadership proposal would cap the tax exclusion effective in 2020. This could be a stand-alone bill or part of a tax reconciliation bill.

Councilman Humphrey requested that the plan comparisons be presented to the employees and a survey taken to be part of the decision.

Mr. Jepson informed Council that Blue Cross Blue Shield confirmed that the City could offer both plans to our employees. The PPO could be offered as the base plan and the difference between the HMO and PPO could be a buy up offered to the employees that would allow them to keep the current plan. Mr. Jepson will start round table discussion with employees of the two options presented which will benefit the decision process. The burden of the buy up could be allocated to the City or the cost could be split between the City and the employee, this would be Council direction.

2. Presentation and direction of Fleet replacement program.

Mr. Jepson presents information based on standard comparisons with the City of Chandler. Mileage, age and use of the vehicle helped determine the grade of the fleet inventory for the City of Globe indicates that the City of Globe has been pushing vehicles to 150,000 miles. The Globe evaluation page showed that a good majority of the fleet is over twenty year's old and poor condition. Forty eight vehicles are listed on the evaluation and of the 48; 20 are assigned to one driver and the remaining are driven as needed. Seventeen vehicles are under fifteen years old. The City owns 12 vehicles that are safe to take out of town. Fifteen trucks are under 100,000 miles showing that 2/3's of the fleet is over. These statistics do not include fire and police.

The CIP for public works include one heavy duty used truck and two additional leases and Mr. Jepson feels that the City is making the their current replacement plan work, with heavy repairs and maintenance and utilizing the replaced vehicles in other areas of the City. Staff is very respectful of the budget and will continue to evaluate our needs.

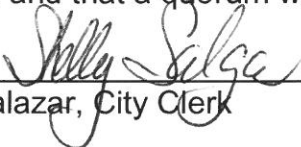
3. ADJOURNMENT.

Motion: Adjourn Regular Meeting at 7:23 pm, **Action:** Adjourn, **Moved by** Councilman C.M. "Mike" Humphrey, **Seconded by** Councilman Freddy Rios.

Motion passed unanimously.

SCHEDULED MEETINGS / EVENTS:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the City Council of the City of Globe held on the 4th day of April, 2017. I further certify that the meeting was duly called and held and that a quorum was present.



Shelly Salazar, City Clerk