

COUNCIL COMMITTEE OF THE WHOLE
September 16, 2013

The Council Committee of the Whole met on Monday, September 16, 2013 at 6:00 p.m. in the Council Chambers. The meeting was called to order by Council President Dale Warman with the following members present: Mayor Ron Shaffer, Ashley Weaver, Ruth Hopkins, Steve Noll, Andrew Wang, Laura Wassmer, Brooke Morehead, David Morrison, Charles Clark, Ted Odell and David Belz. Staff Members present: Wes Jordan, Chief of Police; Keith Bredehoeft, Interim Public Works Director; Katie Logan, City Attorney; Quinn Bennion, City Administrator; Lisa Santa Maria, Finance Director; Nic Sanders, Human Resources Specialist; and Joyce Hagen Mundy, City Clerk.

Presentation by Johnson County Commissioner Ed Peterson

Ed Peterson presented his annual overview of the county's adopted 2014 budget of \$837 million with an increase of approximately \$6 million. The revenues are relatively unchanged in regard to the percentage of budget they reflect. Twenty-five percent of the expenditures are for Public Safety, Judicial & Emergency services with Infrastructure expenditures a close second at 23 percent. Mr. Peterson noted however, 19% of the infrastructure expenditures are for the services of Johnson County Wastewater.

Mr. Peterson gave a brief history of the County Assistance Roads Program (CARS) noting historically this program was funded at 5% of the highway gas tax revenues received with an equal match by cities. Gas tax revenues have declined and in 2010 the County adopted a specific formula to determine county tax support for the CARS program at .343 mills. Future years' funding will be based on that rate and projected assessed valuation. The CARS budget has plateau at approximately \$13 million. At this level the county is falling seriously behind in maintenance of roads eligible for CARS funding. He feels the funding level should return to the \$15.4 million level and encouraged cities to encourage the county to move forward with returning funding to its previous levels or higher.

Mr. Peterson provided a synopsis of the King Louie Project providing background and plans for this site. This property was purchased in November of 2011 for \$1.95M with cash, an additional \$1.65M has been spent on repairs to the building and the Board has authorized an additional \$7.1M for work in 2014. The 5-year CIP includes \$5.25M for a total expenditure of \$15.95M for this site that will serve as the new location for the Johnson County Museum as well as serving other needs. A study on the cost of building a new museum from ground up with the relocation of materials was estimated to exceed \$38.5 million.

Ed Peterson closed his presentation with a review of key indicators from the "Trend Monitoring Report" for fiscal year ended 12/31/2012.

- Per Capita Revenue from Ad Valorem Tax has decreased by 18.47% over the past five years.

- State support for County provided Services on behalf of the State has decreased by 16.03% over the past five years.
- While personal income per capita has increased by 31.74% over the past ten years in Johnson County, it has not kept pace with a 35.65% increase nationally and a 40.65% increase statewide.
- Market value of new construction has experienced a steady decline over the past five years with a market value for new construction in 2008 at \$1,068,171,770 to a 2012 value of \$388,606,594. With residential permits dropping from 3,394 in 2008 to 971 in 2012 and commercial permits dropping from 296 in 2008 to 105 in 2012.
- Retail sales in constant dollars has remained relatively stable over the past five years.

Mayor Shaffer asked the status of the new courthouse. Commissioner Peterson responded during the past year a need analysis was conducted resulting in estimated costs being less than earlier projected. The new estimated cost is \$165M. Staff is proposing to finance the project with 1/3 coming from reserves; 1/3 coming from a mill levy increase and 1/3 being financed. The project currently does not have the full support of the Commission.

Mayor Shaffer asked about changes at the DMV. Mr. Peterson noted the improvements are completed and cost taxpayers approximately \$800,000. The State has given them authorization to charge a \$5 fee for walk-in renewals at the facilities, but the Commission has chosen not to implement the fee.

Mayor Shaffer thanked Commissioner Peterson for his presentation as service representing northeast Johnson County.

COU2013-44 Consider renewing City's health, dental and vision insurance providers

Nic Sanders stated that after several years of 0% increases on the city's employee health insurance plan, this year's renewal rates are a 3.43% increase due to mandatory Affordable Care Act (ACA) taxes and fees. The City currently contracts with Blue Cross Blue Shield of Kansas City for its employee health insurance plans. The plan year ends in December and consequently, renewals were sought for the 2014 plan year. The renewal is based on the claims incurred by plan participants over the twelve month period of July 2012 to June 2013; the City's loss ratio for this period was 74% which reflects positively on the employee's wellness efforts and reducing health care costs.

As part of the ACA there are taxes and fees that insurance providers are required to pay; these fees are passed on to the clients through premiums. The total percentage cost due to taxes and fees is a 3.85% increases. So the city's increase in premiums would actually be a decrease if the ACA charges were removed.

In addition to the taxes and fees, the ACA also requires that any co-pays count towards an individual's out-of-pocket maximum for the plan year. Beginning in 2014, all co-pays, with the exception of prescription drugs, will count towards the annual out-of-pocket

maximum of the plan the employee elects. The out-of-pocket maximum will remain the same as they have been for the past several years.

Laura Wassmer asked when this goes into effect. Mr. Sanders responded that some of ACA is currently in effect other portions become effective January 1, 2014. Ms. Wassmer asked about pre-existing conditions. Mr. Sanders replied that goes into effect January 1.

Mayor Shaffer asked where these fees go. Nic Sanders called upon Kristin Grace with CBIZ to respond. Ms Grace stated the Health Insurance Excise Tax is to go toward stabilizing the marketplace The Comparative Effectiveness Fee is to fund clinical studies the ensure that the best processes are being used. The Reinsurer Fee is another stabilizing fee as insurers are now required to cover individuals who did not have previous coverage and may have pre-existing conditions.

Laura Wassmer asked if these fees were expected to continue to increase and to be passed through to the insured. Ms. Grace stated she did not know of any insurance provider that was not passing the fees on to their clients. She does not see these fees going away and believes they will increase.

Staff attributes a portion of the plan's outstanding performance to the ongoing wellness campaign and the health risk assessment. Based on the renewal information, the month cost sharing structure for the BCBS plans are essentially the same as 2013 with the 3.43% reflected.

Ted Odell asked for clarification of the Health Risk Assessment.

Nic Sanders replied one of the city's wellness initiatives in place is an annual Health Risk Assessment conducted by BCBS where employees to go through a basic physical screening to determine height, weight and cholesterol level. With those results, the employee will enter them into an online questionnaire that provides recommendations based on their individual data. Those individuals participating receive a \$20 reduction in their monthly premium costs. Staff recommends the continuation of this differential in 2014.

Another wellness initiative currently in place and recommended by staff to continue is a differential for non-tobacco uses covered on the City's health insurance plans. Individuals who do not use tobacco products more than once per week receive a \$20 reduction in their monthly premium costs. The City will continue to offer reimbursement of any smoking cessation treatments up to \$100 per month. If the individual is successful in quitting smoking, they will become eligible for the monthly premium reduction.

Delta Dental of Kansas, the City's dental insurance provides, has agreed to renew the dental plans for 2014 at a 3.50% increase. The dental insurance renewal is part of a three year rate agreement; this renewal also includes a rate cap for 2015 renewal of 5%.

The City's vision insurance provider, Superior Vision, has also agreed to a 0% increase in premium for 2014.

Mr. Sanders stated the employee insurance premiums are funded in the General Fund. The 2013 budget anticipated an increase in City premium contributions of 10%. The renewal rates of 3.43%, 3.50% and 0% for the health, dental and vision plans, respectively, fit within the budgeted funds.

Ruth Hopkins made the following motion, which was seconded by David Morrison and passed unanimously:

RECOMMEND THE CITY COUNCIL APPROVE BLUE CROSS BLUE SHIELD OF KANSAS CITY AS THE CITY'S HEALTH INSURANCE PROVIDER FOR THE 2014 PLAN YEAR, WITH A 3.43% INCREASE IN PREMIUMS; APPROVE DELTA DENTAL OF KANSAS AS THE CITY'S DENTAL INSURANCE PROVIDER FOR THE 2014 PLAN YEAR, WITH A 3.5% INCREASE IN PREMIUMS AND APPROVE SUPERIOR VISION AS THE CITY'S VISION INSURANCE PROVIDER FOR THE 2014 PLAN YEAR, WITH A 0.0% INCREASE IN PREMIUMS.

**COUNCIL ACTION REQUIRED
CONSENT AGENDA**

EXECUTIVE SESSION

Charles Clark moved pursuant to KSA 75-4319 (b) (6) that the Governing Body, recess into Executive Session in the Multi-Purpose Room for a period not to exceed 30 minutes for the purpose of discussion of possible acquisition of property.. Present will be the Mayor, City Council, City Administrator, and City Attorney. The motion was seconded by Laura Wassmer and passed unanimously.

Dale Warman to reconvened the Council Committee of the Whole at 7:02 p.m.

EXECUTIVE SESSION

Charles Clark moved pursuant to KSA 75-4319 (b) (1) that the Governing Body, recess into Executive Session in the Multi-Purpose Room for a period not to exceed 25 minutes for the purpose of consulting with the City Attorney on matters of pending litigation. Present will be the Mayor, City Council, City Administrator, Chief of Police; City Attorney and outside counsel. The motion was seconded by Ruth Hopkins and passed unanimously.

Council President Dale Warman reconvened the meeting at 7:27 p.m.

ADJOURNMENT

With no further information to come before the Council Committee of the Whole, Chairman Dale Warman adjourned the meeting at 7:28 p.m.

Dale Warman
Council President