

# City Council Work Session

5:30 PM  
Council Chambers  
August 17, 2015

## ATTENDANCE:

Mayor/Council (please check)  Hanel,  Cromley,  Yakawich,  Cimmino,  Pitman,  McFadden,  Bird,  Swanson,  McCall,  Crouch,  Brown.

## ADJOURN TIME: 9:50 p.m.

## Agenda

<b>TOPIC #1</b>	<b>Alberta Bair Expansion</b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

- Bill Gottwals: president of Alberta Bair Theater Board. Overview of expansion proposal. Expansion would require vacation of the sidewalk outside of the theater. Received letters of support from surrounding businesses.
- Michael Sanderson, Sanderson Stewart, Alberta Bair Theater Board Member: conceptual design from CTA. Working with CTA on the design. Building will be extended. Minor impacts to public facilities/right of way except the parking lane. Had preliminary meeting with Parking Advisory Board. Potential to aggregate the right of way and lots into a single lot.
- Bird: where would elevator be located in new design?
- Sanderson: exact locations for design elements are not finalized. In the early design phase.
- Hanel: fundraising? Asking for feedback?
- Gottwals: engaged a New Mexico consultant who specializes in theater fundraising. Fundraising has not yet begun. Primary purpose this evening is to inform Council of the upcoming necessity to vacate certain rights of way.
- Hanel: simple answer is to support the proposal. Pleased that theater will remain downtown.
- McCall: support Mayor's statements. When will this happen?
- Gottwals: depends on fundraising, but 2-3 years is desired. Not going to increase seating unless some are gained by enhancing technology. No drastic change for stage and seating.
- Cromley: prior discussion about vacating the alley continued?
- Gottwals: discussed but expensive to relocate utilities in the alley.
- Pitman: need a Council initiative?
- Volek: terms of agreement say that lessee shall initiate improvements.
- Sanderson: board will initiate the street vacation and lot aggregation. Need Council support – official statement is best.

- Cimmino: thoroughly support ABT. zoning restrictions? Special review required?
- Sanderson: no setback and no parking requirement in the Central Business District. Doesn't know if there has to be a special review at this point.
- Hanel: good question. Can be addressed as the process progresses.
- Swanson: good project. Supports the expansion.
- Crouch: Beautiful drawing. Support. Cost? Will glass and plastic be recycled?
- Sanderson: recycling an operational issue. Approx \$8 million project, including systems updates.
- Brown: supports expansion. Parking / drop off and loading areas?
- Sanderson: work with neighbors and continue using alley
- Bird: consider LEED standards and energy efficiency?
- Sanderson: not considered yet.
- Cimmino: acknowledge other ABT Board Members in attendance.
- Hanel: project looks wonderful and will even further enhance the downtown area. Council would like for this project to move forward.
- **Public comments:**
- Tom Zurbuchen, 1747 Wicks Lane, Billings, MT: remind Council that theater expansion impacts street network forever. Might want to have one ways in the future.

TOPIC #2	<b>Health Insurance Discussion</b>
PRESENTER	
NOTES/OUTCOME	

- Karla Stanton, Human Resources Director: Agenda for presentation. Covers slides #1 – 14. History of City's health insurance processes, policies, and decisions. Presentation materials were included in Friday Packet. Introduces Health Insurance Committee Members in attendance: Leta Lintern, Nick Christman, Paul Dextras, Cassie Hoiness, Pat Weber. Overview of Health Insurance Committee history and responsibilities.
- Cimmino: what does "periodically reevaluate" mean?
- Stanton: will be clear later in the presentation. Good rates and services and don't want to frequently shift employees between providers. Rocky Mountain Health Network guaranteed current rates through December 31, 2019. Will ask Council to approve arrangement through 2019 with 2012 rates.
- Don Heilman, Gallagher Benefits Services: slides #15 --. Actually able to reduce costs 10%/year in first year of contract (market typically sees rate increases of 7-10%/year). Costs continue to decrease without plan design changes (other than minor adjustments to comply with the Affordable Care Act). Project 2016 claims costs to equal or be below 2012 costs, having absorbed extra costs. Fiscal health restored for health insurance fund.
- Stanton: employees have choices for Health Care Providers. As of 2014, 67 health insurance participants continued their relationship with Billings Clinic providers. The remaining participants used Rocky Mountain Health Network.
- Stanton: recommendation is for staff to continue with the current health insurance contract, with guaranteed rates through December 31, 2019. Staff will then go out for an RFP in 2020.

- Stanton: costs of switching providers- new patients billed at much higher rates than existing patients; emotional impact to employees and their families. Occupational Health services, drug testing, etc. are all through St. Vincent as well. Costs for RFP: \$42,000+ through Gallagher Benefits and EBMS.
- Heilman: reserve funds are healthy. Looking at strategies to make funds even more effective/efficient. Monitor costs and benefits of the program. Looking at strategies to reduce claims costs and improve health of employees. Self-Funding benefits= lower fixed operational costs long-term than paying insurance company premium. ACA has challenging reporting requirements; looking to outsource this task.
- Stanton: Future recommendations. Would like to retain relationship with Rocky Mountain Health Network, especially since 2012 rates are guaranteed through 2019. Closely monitor insurance to make sure that quality care is given and employee satisfaction is maintained. Savings that have been demonstrated speak for themselves.
- Brown: December discussion included the term “indefinitely.”
- Stanton: my term, meant that it’s automatically renewable each year, with 90 day termination notice. Can add to, modify, or cancel the agreement with a 90 day notice. Will RFP in 2019.
- Volek: staff will recommend at that time that it be for a new, extended term contract. Agree that indefinite term isn’t desirable.
- Brown: where did 60-40 cost share come from with BC?
- Stanton: 60-40 out of network split is typical when in-network share is 80-20 or 70-30.
- Heilman: 20% cost difference will steer choice but still allow choice.
- Cromley: % split in 2001?
- Heilman: probably about 95-5, varying by plan. Cost sharing agreement moved more cost to employees.
- Cromley: any unrest from employees asking for a change? Contract is terminable without cause in 90 days. Actually makes it a short term contract. Don’t want to see the termination clause extended.
- Stanton: no, don’t mess up a good deal. Employees are grateful that health insurance premiums have not increased.
- Heilman: committee represents their constituency. If committee decides that it is necessary to conduct a new RFP before 2019, it will do so. It will conduct an RFP no later than 2019.
- Crouch: incremental growth in reserve fund? Plans for it?
- Stanton: incremental growth. Currently over-reserved, committee meets tomorrow and will consider options.
- McFadden: is there oversight of provider costs and proper referrals?
- Heilman: EBMS Third Party Administrator services make sure services and charges are appropriate. Make sure there are not duplicate billings, or excessive procedures.
- McFadden: oversight with either Billings Clinic or RMHN?
- Heilman: yes.

- McCall: what is approx cost of stop loss coverage? ACA supporter; looks like committee is headed in the same/right way. City is focusing on wellness. Employee survey about health coverage?
- Heilman: \$500,000+ per year, about 5% of program cost. Hard to measure claims that don't happen. Taking a holistic view. For example, improve dental coverage to avoid certain medical claims. Discussing what prevention means and how it's treated.
- Stanton: have not done a health survey but willing to do.
- Hanel: presentation is helpful answering questions raised in initiative. Presentation entirely missed the mark. History is important. Committee does a good job. Council as policy makers uninformed about how or what happened. It still seems unfair. \$7.5 million: how did it get there, how does it go back to taxpayers? Service quality isn't question. Minutes show 3-4 year contract, now talking about 2019. Still want RFP prepared by EBMS. Will generate more competitive bids.
- Volek: 2001 contract was negotiated before the current Council; set the committee's role, Council approved each one since. EBMS conducted the RFP process, not the City; City was not involved in any way. EBMS worked with both entities and brought forth its recommendation. Currently in negotiations with unions. City would have to go back to the bargaining table to get contract change. Recommend continuing with guaranteed rates until end of 2019. Committee will still function in 2019 and will honor commitment to RFP in 2019 going into 2020.
- Bonnie Sutherland, Assistant City Attorney: Council can require a RFP, decision will still have to go to the Health Insurance Committee to make the decision. If Council wants full control, will have to be negotiated and it will be uphill battle.
- McFadden: Tina is the plan administrator. Council can eliminate the committee?
- Sutherland: Council approved the contract that delegated to the Health Insurance Committee the authority to make decisions on health insurance. Can't unilaterally terminate the committee without changing the CBAs.
- Volek: if change is desired, negotiations will need to be completely redone.
- Cimmino: perplexing that Council doesn't have any control over the health plan. Still thanks for the presentation.
- Volek: offer to make quarterly presentations about plan finances and operations.
- Pitman: where is \$7.5 million shown in budget? Agreement letters from St V and RMHN? Will be provided. Can BC market their program to the employees?
- Pat Weber, Finance Director: \$7.5 million shows in fund balance in the Health Plan, which is an internal service fund. Accountants do a quarterly cash flow report; could go to Council.
- Stanton: BC may not be able to market to employees, based on information from EBMS.
- McFadden: for example, independent auditor from Great Falls, 6 year contract. Health plan contract goes way beyond that.
- Weber: apples to oranges comparison. Many more parts in motion for health insurance than for accounting audits.
- Volek: recommend occasional changes with auditors.

- Brown: concerned that Council just found out that it has no authority/oversight on health plan.
- Volek: Health Insurance Committee is the oversight committee for health insurance. Would be very costly to re-open contract and renegotiate.
- McCall: want more info on why BC can't pay employees' 20% extra co-pay. Additional info on costs of going out for another RFP?
- Volek: Health Insurance Committee runs very efficiently. Put all agendas aside. Has been successful; financially-proven results. Costs of renegotiations would be drastic (renegotiating with unions, pay increase, etc).
- McFadden: concern whether this arrangement is legal for St V to guarantee prices to exclude competition from other provider.
- Volek: would have contract for three years, plus automatic successive renewals. 90 day termination clause.
- Swanson: share some concerns already stated. But in personal experience – it's working.
- Bird: want same info requested by McCall. May need more info but don't have the info to decide a change this year. Would have a difficult time usurping authority of Health Insurance Committee. Health coverage so important to employees and trust that committee is making best decisions.
- Yakawich: appreciate Council passions. Committee made up of good people. Like delegation to employees. Trust what the committee is doing. Thank employees for good work.
- Cimmino: should be a good education. Want good and open communication, transparent government. How many times has committee presented to Council since its creation?
- Stanton: respect and guided by Heilman's professional advice. Committee does not make decisions in a vacuum. Consider advice, employee feedback.
- Bird: use both hospitals' services, good care from both hospitals.
- Hanel: good employees, not questioning their judgments. Process is the question, including that Council has no say in this. Need to be transparent and fair.
- Volek: continue with union contract negotiations for this year? If Council would like alternative action, please bring forth an initiative.
- **Public comments:**
- Nick Christman: represent Teamsters on Health Insurance Committee. Employees didn't like committee decision originally, but now hear only positive comments about rates not increasing. Also on negotiating team and argue with management. Committee made a tough decision, saved City a lot of money, and can't believe that we're where we are now.
- Paul Dextrus, Fire Chief, City of Billings: appointed to committee in the dark days and has seen the positive changes over the years. Former employer changed plans every 2-3 years, never treated employees well. Too much change. Committee is showing Council that when it gave authority, Council trusted employees to make decisions about health insurance. The committee has been successful and has an outstanding system. Health care is very valuable, and we are so fortunate to know that we have guaranteed rates throughout 2019.

- McFadden: major concern is that all of government has a responsibility to put its procurement of bids and services up for competitive bid. Are we fulfilling that duty?
- Dextras: City has responsibilities to provide certain benefits to employees. If this is the most economical and advantageous way of providing these benefits to employees, does not see this as a violation of law. No complaints have been filed against the City for this process.
- McFadden: thank you for getting a great deal on a fire truck for the City.
- Kevin Nelson, 4235 Bruce Avenue, Billings, MT: could City use its reserves to eliminate reinsurer and save plan \$500k/year? Expert's opinion?
- Dennis Ulvestad, 3040 Central Avenue, Billings, MT: employees should have choice.
- Mike Follett, 3504 Tommy Armour Circle, Billings, MT, Executive Director of Business and Community Development for Billings Clinic: BC is about choice for City employees. Understood was that insurance contract was a 3 year contract with 2 extensions. Health care is dynamic and BC wants to offer choice. BC stands ready to respond to RFP in dynamic environment.
- McCall: comment on BC giving greater discounts? Competition?
- Follett: steering product designed to move a mass of employees to receive bigger benefit. BC cannot offer that.
- McCall: offer discounts to employees who chose to stay at BC rather than transfer to RMHN? Legal to do so?
- Follett: understand that it is not legal to do so, and not in a position to offer additional information or understanding.
- Cromley: made a presentation to Health Insurance Committee?
- Follett: asked to present to committee, but request not granted.
- Bird: son received care at hospital, required services of pediatric specialist that was not at that hospital, but there was one at the other hospital. Can be significant for serious health care issues.
- Steve Loveless: St. Vincent CEO. Proud of St. Vincent's relationship with the City. Numbers speak for themselves. Mission is to improve health in the areas in which hospital serves. Have achieved that through the relationship with the City.

TOPIC #3	<b>Property Reappraisal and Taxes</b>
PRESENTER	
NOTES/OUTCOME	

- Bruce McCandless, Assistant City Administrator: Complex issue. First portion of presentation not included in Friday Packet. Will be distributed via email. Two year reappraisal cycle adopted by State legislature.
- McCandless: History of reappraisal and taxes. State legislature determined it needed to mitigate effects of increasing property values. State calls for equalization of property values across the state. Affects to taxing jurisdictions of areas where property values do not meet the statewide average; forced to increase mill levies. Areas with higher property values received additional tax revenues. 2015 was a reappraisal year no matter which

cycle was chosen. 2015 legislation shortened reappraisal cycle to two years. Goal was tax neutrality among property classifications across the state. Department of Revenue set taxable values, property taxes, amounts that entities can collect, mills for local governments.

- Pat Weber: presentation on the effects of reappraisal in Billings. Options that Council has to choose from for addressing changes in taxable values. City receives 26.4% of total tax dollar. County and Schools receive 58.2% of tax dollar. State receives 15.4% of tax dollar. School bonds could increase taxes; separate from property tax/reappraisals. Difficult to predict what will happen in next two year cycle. Comparison of three properties. Comparison of mill options. Ask for initiative on August 24 to provide guidance. September 14 will be public hearing for mill rates. Levy rates and assessments sent to Yellowstone County on October 1. Staff recommends option 2: allows for additional public safety employees and delays need for public safety levy.
- **Public Comments:**
  - Tom Zurbuchen, 1747 Wicks Lane, Billings, MT: certified value is not total taxable value in the City. Losing growth in tax base. Surprised at number of dollars in revenue that City receives. Recommend TIF districts funds should come through the City, not the TIFD.
  - Kevin Nelson, 4235 Bruce Avenue, Billings, MT: should use TIFD funds to fund public safety. Will try to pass a bill to ensure that voted mills do not pass to a TIFD.

TOPIC #4	<b>Citizen Survey</b>
PRESENTER	Bruce McCandless, Assistant City Administrator
NOTES/OUTCOME	

- McCandless: City has conducted two previous citizen surveys. Results are available under the “City Council” tab on the City website. Funds in FY16 budget are available for Citizen Survey. Will compare potential FY16 survey to previous survey results. Base cost will be approximately \$12,500 to conduct survey (costs can change based on several factors, but should not vary greatly). Councilmembers interested in volunteering to work on the survey with staff? 1400 households will receive survey; anticipate receiving 400-500 responses.
- McCall: thrilled to be discussing another survey. Valuable exercise. Should conduct one in FY16.
- Cromley: are responses anonymous? How is participant pool chosen? Dramatic difference in cost between mailed survey and online survey?
- McCandless: responses are anonymous. Selection is a random selection process, managed by National Research Center. Surveys have a difference in cost of about \$2,700 (online is less expensive but not as effective/informative as mail survey)
- Swanson: support conducting another citizen survey.
- Yakawich: interested in participating on the committee, but wonders how useful it is. Concerned about spending money. Would like to participate to ensure that results of the survey are put to use.
- McCandless: policy questions in previous surveys have helped guide Council in the past, such as creation of Park Maintenance District.

- Bird: supportive of citizen survey. Productive and cost effective. Interested in participating on survey committee. Good idea to have a councilmember involved who has participated in the past.
- McCall: would love to work on survey again. Happy to participate.
- **Public comments:**
- Tom Zurbuchen, 1747 Wicks Lane, Billings, MT: do the survey but ask specific questions.

TOPIC #5	<b>Council Discussion</b>
PRESENTER	
NOTES/OUTCOME	

- Cromley: will carry initiative for Alberta Bair expansion
- Bird: August 26 is the 75 year anniversary women's right to vote [CORRECTION: 95<sup>th</sup> Anniversary] – request council proclamation for Aug 24.
- Bird: attended 70 year celebration of WWII Veterans. Incredibly moving and powerful ceremony.
- Bird: school starts next week. Watch out for pedestrians, drive carefully. Wish students, teachers, and staff a wonderful new school year.

TOPIC #6	<b>Public Comment on Items not on the Agenda</b>
PRESENTER	
NOTES/OUTCOME	

- Dennis Ulvestad, 3040 Central Avenue, Billings, MT: empty field on 32<sup>nd</sup>, or 36<sup>th</sup> Monad, Central, etc. Parkland West. Fire hazard in the field. Platted property. 75' clearance ribbon in weed ordinance. Ask for Council initiative to change ordinance that requires all properties to be mowed.
- Kevin Nelson, 4235 Bruce Avenue, Billings, MT: don't want to involve the Legislature but this body by its own admission is not in compliance with state code of ethics. Would like to see City create an Ethics Board.
- Walt Donges, 941 Constitution Avenue, Billings, MT: Joyce Street intersects with Main Street, property that sells sheds, 6-8 foot tall weeds. Would like to see City do something about this. Volek: will have staff look into this.
- Tom Zurbuchen, 1747 Wicks Lane, Billings, MT: FY 13, 14, 15 budgets called for using reserves to balance budget, but weren't needed. Same will happen in FY 16. Time for a change in budgeting.