

**September 24, 2018**

The City Council of the City of Idaho Falls met in Special Meeting (Council Work Session), Monday, September 24, 2018, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls at 3:00 p.m.

**Call to Order and Roll Call:**

There were present:

Mayor Rebecca L. Noah Casper  
Councilmember Thomas Hally  
Councilmember Michelle Ziel-Dingman  
Councilmember Jim Freeman  
Councilmember Jim Francis  
Councilmember Shelly Smede

Absent:

Councilmember John Radford

Also Present:

Cindy Ozaki, Sister Cities Adult Delegation President  
Jerry Schelke, Sister Cities Adult Delegation Vice President  
Bryce Johnson, Police Chief  
Chris Fredericksen, Public Works Director  
Pamela Alexander, Municipal Services Director  
Ryan Tew, Human Resources Director  
AJ Argyle, GBS Benefits, Inc.  
Michael Kirkham, Assistant City Attorney  
Jeff Thomason, City Prosecuting Attorney  
Randy Fife, City Attorney  
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 3:00 p.m. with the following:

**Calendar, Announcements and Reports:**

Mayor Casper stated Area of Impact discussion with the Bonneville County Commissioners will be held on October 17, 2018. She will provide a training link to the Councilmembers.

September 25, Chamber Distinguished Under 40; and, City Club  
September 26, Idaho National Laboratory (INL) Topping Off Ceremony  
September 27, Idaho Falls Power Board Meeting; Chamber CEO Series; and, City Council Meeting  
September 28, College of Eastern Idaho (CEI) Dedication; and, Hoedown for Humanity  
October 5, Policemen's Ball; and, Tokai Delegation arrival  
October 8, Columbus Day, City offices closed  
October 9, Tokai Delegation City Day; and, City Council Work Session  
October 11, Idaho Falls Fire Department (IFFD) 3<sup>rd</sup> Annual Block Party; and, City Council Meeting  
October 13, Tokai Delegation farewell reception  
October 17, Bonneville County Commissioners/Area of Impact Discussion

Chief Johnson gave a brief update on the Bingham County Sheriff Sergeant that was recently shot while trying to apprehend a suspect. He expressed his appreciation to the City.

**Liaison Reports and Concerns:**

Councilmember Hally stated project Utopia will be included on the September 27 Council Meeting agenda.  
Councilmember Smede had no items to report.  
Councilmember Freeman stated the project on recycling glass is moving forward.

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Councilmember Francis stated the glass recycling company, Momentum, will recycle glass on a monthly basis; the Ambulance agreement with Bingham County will be included on the September 27 Council Meeting agenda; and, a Police Manual is in the final working stage and will be coming to the Council in the near future for review. Councilmember Dingman stated the Idaho Falls Airport is expecting an Incentive and Air Service Development plan/contract which will be forthcoming. A Request for Proposal (RFP) for food service is now closed, a vendor contract will be presented to Council for a December 1 start date.

### Acceptance and/or Receipt of Minutes:

It was moved by Councilmember Freeman, seconded by Councilmember Hally, to receive the recommendations from the Planning and Zoning Commission pursuant to the Local Land Use Planning Act (LLUPA). Roll calls as follows. Aye – Councilmembers Freeman, Francis, Hally, Smede, Dingman. Nay – None. Motion carried.

### Upcoming Sister Cities Visit:

Mayor Casper stated this is the 37<sup>th</sup> year of the delegation relationship between Idaho Falls and Tokia Mura, Japan. She indicated the adult delegation will be in Idaho Falls October 5-14. She encouraged the Councilmembers to review the directory of the delegation members that will be visiting. Ms. Ozaki stated Tokia Mura became a Sister City in 1981. A former City Councilmember started the Sister City program due to similarities in the agriculture and nuclear industry fields. The International Sister Cities was started by President Eisenhower in 1956 after the war. Ms. Ozaki stated there are adult and youth delegation programs. She briefly reviewed programs that have come from the Sister Cities relationship that have benefited Tokia Mura. Ms. Ozaki briefly explained greetings and reviewed basic Japanese language. Mayor Casper commended former Mayor Linda Milam and former Japanese Mayor Murikami for their relationship/friendship. Ms. Ozaki noted the lanterns at the Japanese Friendship Park were gifts from Tokia Mura.

### Distracted Driving Ordinance:

Councilmember Freeman stated while he was employed with the IFFD there were several instances of distracted driving which contributed to accidents. He reviewed statistics related to distracted driving and deaths. He stated the Legislature attempted to pass a ban on cellular devices, but was unsuccessful. He has contacted the Legislature representatives, with only one reply who was not in favor of the Ordinance as the representative felt it was an undo cost for individuals to buy Bluetooth attachments. Councilmember Freeman believes the City cannot wait for the State. He briefly reviewed the proposed ordinance. Chief Johnson believes this ordinance should be passed as a primary offense for ease of enforcement. Councilmember Freeman indicated law enforcement personnel would be exempt from the ordinance. Brief comments followed regarding the use of Global Positioning System (GPS) on a mobile device. Councilmembers viewed a short video that depicts consequences of distracted driving. Discussion followed regarding infractions, misdemeanors, and the fees associated with each offense, as well as a grace period prior to enforcement to allow public education and signage. Chief Johnson indicated Idaho Department of Transportation (ITD) grant funding may be available to assist with signage and community education. Director Fredericksen concurred, he does not believe signage is extremely expensive. Brief discussion followed regarding Council support of the proposed ordinance. Mr. Fife stated the Sunset provisions are relative to State-wide regulations to promote consistency across cities. Councilmember Freeman believes this ordinance may assist with discovering additional violations. Following general comments, there was a consensus for additional discussion of this item. Mr. Thomason briefly reviewed inattentive driving infractions and misdemeanors including the associated costs and consequences. Mr. Fife stated the fees relative to the ordinance would be included in the fee schedule.

### Self- Insurance for City Employee Healthcare:

Mayor Casper stated the City has been providing health insurance to the employees for many years. She believes mechanisms and tools need to be utilized to assist with the increased benefits costs. She indicated previous City leaders have taken steps for possible self-insurance. Mayor Casper indicated she will not pursue studying the self-insurance without authorization of the Council. Director Tew stated City employees are fully insured and rates are negotiated annually. He indicated the Council needs to consider the self-insured/partially self-insured program. Under this program, the City would pay the cost for claims rather than an insurance company. Director Tew indicated there are advantages and disadvantages to the self-insured program, as well as the process being lengthy and complicated.

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Mr. Argyle presented the following with general discussion throughout:

### Current Plan Design –

Coverages include fully insured plan with a one-way retention agreement (benefit of self- insurance without the risk). Current premium taxes make up ~\$400,000 of health care costs for the City.

Mr. Argyle indicated insurance companies are beginning to refuse to bid the one-way retention agreement.

### Employee Retirement Income Security Act (ERISA) –

Federal law that sets minimum standards in private industry. ERISA does not cover plans by governmental entities, once you become self-insured you are governed by ERISA and State law no longer applies. It would take approximately 12-18 months for the Idaho Department of Insurance to pre-approve. Mr. Argyle indicated the City of Rexburg wants to join Idaho Falls as a partner and will split the expenses.

Mr. Argyle reviewed the government and Idaho Constitution related to tax base, health benefits, self-funded plan (would be shared with the City of Rexburg), Trust plan, register and approval from Department of Insurance (Idaho Code), Certification by Actuary, and, Trust plan reserves (must have surplus equal to 30% of the claim liability of the plan, not less than 10% during the first year, and not less than 20% during the second year of unpaid claim liability). He stated 10% must be added to the actual cost each year to build up the 30% surplus. Mayor Casper indicated there is currently enough funding available. Mr. Argyle reviewed instructions for individuals handling receipts and disbursements for the Trust Fund, including a \$25,000 bond for each member of the Board.

### Self-insured vs Fully-insured –

Both plans give control of plan design and, both provide full experience so you can see your loss ratio, Rx expenses, and, manage payments. Mr. Argyle stated self-insured will eliminate most of the premium tax. Self-insured also has the potential to eliminate carrier profit margin and risk charge in typical plans, but not the current one-way retention agreement. Mr. Argyle stated that fully-insured will rate you off the City's experience without as much risk as self-insured; self-insured has much more volatility regarding costs than fully-insured plans and that is why they must have the reserve fund in place to maintain the policy during peak expenses.

### Self-insurance –

An insurance plan that employer sets up to fund and pay claims as put forth by a plan document. Mr. Argyle stated a Third-Party Administrator (TPA) would not likely be used because it would cost 8% - 14% more for claims costs. An Administrative Services Only (ASO), such as Blue Cross, would be used. He stated that employers must design their own benefit plan that would meet coverage and it must meet MEC (Minimum Employee Coverage).

### Stop Loss –

Specific Coverage (individual insurance): an insurance against catastrophic loss incurred by one individual that is over a certain dollar limit, (i.e. cancer, transplant, preemie birth). This is for every person on the plan.

Aggregate Coverage (group insurance): insures the employer against unusually high overall claim levels for the entire covered group. This would cap the overall out of pocket costs of the group. Protection includes medical, optional prescription, dental, and vision.

Mr. Argyle reviewed Specific Stop Loss Role and Aggregate Stop Loss Role, including medical, prescription, dental and vision. He stated that self-insurance can work and be successful when done correctly, it also significantly increases the risk to the employer and creates more rate variance based on the group's claims.

Mayor Casper stated sufficient funds need to be in place prior to moving forward and additional discussion with splitting the cost with the City of Rexburg needs to occur. She indicated the 18-month time frame needed to become pre-qualified needs to be considered in the decision. She believes the City experience pool has improved over the last several years. Brief discussion followed regarding stop loss. Mr. Argyle stated the City is currently paying Blue Cross 15% of administration costs. Councilmember Francis believes self-insurance may increase costs for employees. He believes this may not be the direction to go. Brief discussion followed regarding cost to the employee and giving the

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employees an ownership over the plan. Mr. Argyle stated all rates, premiums, and deductibles will remain the same for the first year including co-pays etc. regardless of the plan that is chosen. Instead of paying money to Blue Cross it would go into a trust to pay claims. Director Tew stated the IFFD is pursuing a trust plan of other Fire Fighter Unions. This would have a direct result on the remaining City employees. Mayor Casper stated the City can go with Rexburg and get pre-qualified and then still wait and decide if and when they want to go self-insured, with the soonest change occurring in October 2020. She reviewed previous savings and expenditures within the self-insurance fund, including the previous allocation of \$2M for the Sunnyside corridor. She indicated this expenditure was not well received by the employees. There is currently approximately \$2.2M in the self-insurance fund.

Mr. Kirkham stated in the early 1980's the City was going to discontinue a City life insurance benefit from retired City employees. Due to employee concern at that time, the City put together an annuity to purchase similar policies. Mr. Kirkham stated the Retired Life's Reserve (RLR) fund was not taxable, therefore, the City took advantage of the RLR. He stated at the time the City set up the payment there was a 15% overpayment on the annuity and the overpayment is now accumulated to just over \$2M. Mr. Kirkham stated the trust documents do not refer to overpayment of the funds. The City has requested the money, which has been approved by the company. Mr. Kirkham indicated there is a chance if the money is not applied to an employee benefit, there would be a tax liability and the City wouldn't get the full amount. He stated this money could be applied into the self-insurance fund. Mr. Fife reiterated Mr. Kirkham's comments and indicated that most eligible individuals received the benefit or have passed away and what is left is only the overpayment from the City. Mayor Casper stated the money cannot be released until the Council requests it. Director Alexander clarified the fund earns 5.5% interest annually and there are two (2) annuity group policies with a combined total of \$2.5M. Mr. Kirkham and Mr. Fife recommended the City request the money. Following brief discussion, there was consensus to consult with the City of Rexburg for a maximum amount of \$50,000 regarding a self-insurance fund. There was also consensus for a resolution requesting the RLR money be included on the September 27 Council Meeting agenda.

There being no further business, the meeting adjourned at 6:10 p.m.

s/ Kathy Hampton  
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CITY CLERK

s/ Rebecca L. Noah Casper  
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MAYOR