



City of Goodyear

Meeting Minutes

City Council Work Session

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Mayor Georgia Lord
Vice Mayor Sheri Lauritano
Councilmember Joanne Osborne
Councilmember Joe Pizzillo
Councilmember Wally Campbell
Councilmember Bill Stipp
Councilmember Sharolyn Hohman

Monday, March 20, 2017

4:00 PM

Goodyear Justice Center

1 CALL TO ORDER

Mayor Lord called the Work Session to order at 4:02 p.m.

2. ROLL CALL

Present 7 - Mayor Lord, Vice Mayor Lauritano, Councilmember Osborne, Councilmember Pizzillo, Councilmember Campbell, Councilmember Stipp, and Councilmember Hohman

Staff Present: City Manager Brian Dalke, City Attorney Roric Massey, and City Clerk Maureen Scott

3. AGENDA ITEMS FOR DISCUSSION:

3.1 [16-5893ws](#) **BENEFITS INSURANCE RENEWAL**

Staff will provide Council with an update and seek their feedback on recommendations for benefits for the upcoming plan year.

Lyman Locket, Human Resources Director, presented. Locket introduced Rick Shuckerow-Managing Principal with the Leavitt Group, Erica Emmons-Senior Client Manager with Cigna, Margot Ozyg-Vice President of Sales with Cigna and Brad Anderson-Director of Underwriting with Cigna.

Cost Containment efforts:

- *Proposed moving to a self-funding medical and dental insurance plan
- *Completed rollout of tele-medicine
- *Continuation of 50% Dividend Eligible Plan
- *Completed negotiations of renewal rates with:
 - >Cigna-Medical and Dental
 - >Avesis (vision)-1.0% decrease

Locket reviewed the current plans.
HMO

- *\$750/\$1,500 Deductible
- *\$20 PCP/\$35 SP Copay
- *\$50 Urgent Care/\$200 ER Copay
- *\$1,250-\$2,500 out of Pocket Maximum

HSA

- *\$1,300/\$2,600 Deductible
- *\$399/\$900 HSA Account
- *90% Coinsurance After Deductible
- *\$1,750/\$3,500 Out of Pocket Maximum

HSA

- *\$2,400/\$4,800 Deductible
- *\$600/\$1,800 HSA Account
- *90% Coinsurance After Deductible
- *\$2,900/\$5,800 Out of Pocket Maximum

Fully Insured Overview

- *Premiums include claims dollars, administrative costs, premium taxes, access fees, risk charge and profit margin
- *All components are owned and managed by the carrier (Prescriptive/Case Management/Network etc.)
- *Premium dollars are paid to the insurer without regard to whether claims are incurred or payable
- *Unspent dollars belong to the carrier

Self Insured

- *Premiums are unbundled
- *Components can be selected based on their efficiency
- *Small premium amount (fixed cost)
- *Greater cash flow that can be invested by the employer
- *Stop loss caps our risk (not writing a blank check)
- *100% of unspent dollars belong to the employer

Stop Lost Coverage

- *Stop loss limits - our liability to a pre-determined amount:
 - >Per covered individual
 - >Per plan year
- *We select a "Pooling Point" (think of a pooling point like a deductible for individual claims)

Goals of Self-Funding

- *Make long-term costs sustainable
- *Get the greatest direct benefit from our cost containment efforts
- *Provide greater flexibility in plan design
- *Maintain the quality of healthcare benefit offerings
- *Save money

Renewal Overview***Fully Insured**

- >Based on Loss Ratio of 78.0% (Received a Rate Pass)
- >Large claims (4 claims over \$150,000)
- >Status Quo Renewal Increase 0.0%
- >Level Funding Option
- >\$50,000 wellness fund is included
 - *Used for Wellness Activities

Renewal Overview**Self Insured**

- *Based on Loss Ratio of 78.0%
- *Large claims
 - >1 claim over \$250,000
- *\$50,000 wellness fund is included
- *PEPM (per member per month)-HMO-\$33.31
- *PEPM-HDHP-\$40.80

Fixed costs:

Admin Fees-\$215,024
Individual Stop Loss-\$346,275
Aggregate Stop Loss-\$46,907
Total-\$608,206

Variable costs:

Expected Claims-\$6,620,623
Total Expected Costs-\$7,228,829

(Based on \$250,000 pooling point and current participation and plan distribution)

Council Comments and Questions**How many claims has the city had within these numbers?*****\$150,000-\$200,000**

FY17-1 claim
FY16-2 claims
FY15-3 claims
FY14-0 claims

***\$201,000-\$250,000**

FY17-0 claims
FY16-1 claim
FY15-1 claim
FY14-3 claims

***Over \$250,000**

FY17-0 claims

FY16-1 claim

FY15-1 claim

FY14-2 claim

Fully Insured vs. Self Insured Presentation

Fully-Insured

*Risks-In a fully insured plan, the employer pays a per-employee premium to an insurance company, and the insurance company assumes the risk of providing health coverage for insured events.

*Costs-fixed premium adjusted annually

*Flexibility-Limited flexibility largely driven by carrier and state insurance commissions

*Rewards-Currently we have a 50% dividend eligible option where we can keep up to 50% of surplus after expenses

*Taxes-Subject to state premium taxes (approximately 2.0%)

*Bundling-Services are bundled under the carrier

Self-Insured

*Risks-In a self-insured plan, the employer uses the money that it would have paid the insurance company and instead directly pays health care claims to providers. In self-insured plans the employer bears the risk associated with offering health benefits. Risk are limited by purchasing reinsurance (stop loss coverage).

*Costs-Fixed and variable costs with a cap.

*Flexibility-Greatest level of flexibility, not subject to state coverage mandates.

*Rewards-100% of surplus is retained by the city. We receive a direct benefit from our wellness efforts and cost containment strategies.

*Taxes-Not subject to state premium taxes.

*Services can be unbundled allowing components to be bid for services, i.e., claims administration.

Self-Funding Impact to Stakeholders

Goodyear Citizens

*Transition is expected to be budget neutral

*Helps address the rising costs of healthcare on a long-term basis

*On a long-term basis helps minimize cost fluctuations from year to year

*Allows city to maintain surplus that would otherwise be profits for insurers

Goodyear Employees

*Seamless transition, no impact to employees

*Increases our opportunity to maintain quality benefits over the long-term

*Provides an opportunity to reduce the cost of benefits over the long-term

*Transition to self-funding will not change benefit plan design

*Engagement in wellness activities will more directly impact individual healthcare costs

Goodyear Leadership

*Transition is expected to be budget neutral

- *Will now get direct benefit for wellness and other cost containment efforts
- *Increased involvement in management of the healthcare plan
- *Increases our long-term opportunity to maintain a competitive position with our healthcare benefit offerings
- *Increased but limited risks are assumed

Next steps-Self Insured Plan

- *The city adopts an employee benefit plan pursuant to ERISA and A.R.S 11.981
- *The city adopts an ordinance establishing a trust fund and appoints a trust board
- *The trust fund is used to pay employee medical expenses allowable under the plan
- *Employer and employee contribute to the fund, just like paying premiums to an insurance company
- *Payments are made from the fund for medical expenses payable under the plan

Employee Premium Rates

Proposing a 26 vs. 24 pay period deductions

- *Total dollars will be the same
- *There will be an increase in deductions

Staff Recommendation

- *Move to a self-insured plan
- *Use \$250,000 pooling pay plan
- *Maintain current premium rates
- *Move deductions to 24 pay periods from 26 per year

Council Questions and Comments

***Based on numbers provided claims over \$150,000 if we are going to be responsible, it makes sense to go to the \$150,000 not the \$250,000. Why are we suggesting a \$250,000 pooling rate when we will be responsible for everything under \$250,000?** Locket said it goes back to anticipated costs \$250,000 is lower based on expected higher claims. Rick Shuckerow, said large claims have been dramatically diminishing in the past several years. Wellness has made a difference and issues are being caught earlier.

***Best thing we ever did was the Wellness Clinic.**

***Recommendation-26 to 24 pay periods. This will impact the employees.** Locket said it will be billed on a monthly basis. As we work through FSIP (new business management system) and looking at our processes, we will be creating efficiencies. If we are going to make a change, this is the best year to do it. There will be less impact on the employee this year due to the amount staying the same.

*Locket said ASRS will be staying the same. Each individual coverage is \$150,000 and anything above that is stop loss coverage.

***Do those that are eligible for Medicare have to use it as their primary insurance?** Locket said we don't require them to take Medicare. Locket said we aren't insuring worker's compensation. This would be separate.

Dental Insurance Renewal

- *Rate pass for status quo renewal
- *Option to self-fund DPPO Plan
 - >\$3.69 PEPM admin fees
 - >No change in premium rates
- *Alternative DPPO plan designs
 - >89% of claimants \$0-\$1,000
 - >74% of services are diagnostic/preventative

Option 1-Keep maximum at \$1,500, but preventive care does not apply to the maximum for In-Network

Option 2-Increase In-Network annual maximum to \$2,000

Recommendation

- *Self Insured plan
- *Based on input from Insurance Committee-Option 1
- *Premium rates set for Option 1
- *Move deductions to 24 pay periods from 26 per year

Council Consensus is for Self-Funding.

3.2 [17-5992ws](#) **SUPPLEMENTAL BUDGET REQUESTS AND FUNDING REQUESTS FOR CAPITAL IMPROVEMENT PROJECTS (CIP)**

Staff will provide information on Fiscal Year (FY) 18 budget supplemental requests from departments, and provide background on the FY18-27 CIP budget processes to-date including preliminary information on existing 10-year plan project revisions for timing and cost updates, new project requests from staff and Council input to-date, and potential funding options.

Lauri Wingenroth, Budget and Research Manager, presented.

Resources Update

- *Primary Property Tax
 - >FY18 \$71,000 higher than initial estimates
- *State Shared
 - >Distribution amounts expected this week
 - >Individual cities revenue estimates with population expected in May
- *Sales Tax and Development Related to be revisited
 - >Small revisions anticipated from February estimates

Property Tax Rates and Levies

Before New GO Bonds

Primary (General Fund Ongoing) FY17Levy-\$8,240,777; FY17-Rate \$1.1598; FY18 Rate-1.1344

Secondary (GO Bond Debt Service) FY17-\$4,991,799; FY17 Rate-\$0.7025; FY18 Levy-TBD; FY18 Rate-TBD

Ongoing Resources Change

- *Contingency classified to one-time
- >\$1.8M increase in available resources

General Fund-Ongoing Expenditures

Base Budget Changes

- *Increases
 - >Public Safety Pension-\$1.3M
 - >Public Safety MOU with pension-\$1.4M
 - >Existing development agreement sales tax reimbursement-\$0.2M
 - >Non-represented compensation
- *Examples of absorbed costs/reductions:
 - >Engineering absorbed a portion of increases in traffic signal utilities
 - >Lobbying contract reduced

Council Comments and Questions

- *Would like to see where the savings is located and how much at a high level.**
- *Any movement on AZSTA (Arizona Sports Tourism Authority)?** City Manager Brian Dalke said they are still looking at reimbursements starting in 2021. The amount is not known at this time.
- *What programs did we stop and how much did we save? Citizens want to know how are we cutting expenditures. Would like specific examples that we can share to the citizens on how we saved.** Wingenroth said if a service is cut, that would be part of the base budget discussion. Dalke said there was some consolidation of programs. This wasn't part of the budget cutting process. Hours and time have been shaved off saving employees time and additional positions didn't have to be requested. Quadrant four areas for PBB (Priority Based Budgeting) were absorbed in other areas. Can provide to Council some savings and efficiencies.
- *Would like to show how the city has saved money.**

Mayor Lord recessed the Work Session at 5:52 p.m.

Mayor Lord reconvened the Work Session at 6:27 p.m.

Council Direction to Date (\$4.7M; 13 positions)

- *Continue to use set-asides - \$3.1M
 - >Future operating costs-\$1.0M
 - >PIC Ballpark debt-\$2.1M
- *Previous Council Direction-\$1.6M
 - >Police Squad-\$750,000; 5 Police Officers, 1 Sergeant
 - >Library-\$775,000
 - >Ambulance-\$62,000; 3 Paramedics, 3 EMTs, 1 Contract Monitory (All civilian)

Recommended Highest Priority Supplementals-Base/Obligations (\$1.1M; No Positions)

- *Continue current services levels in base budget
 - >Utility increases

- >Contractual increases and obligations
- *Wellness and Safety
- *Efficiencies

Next Highest Priority Supplementals (likely fundable) \$0.7M; 7 positions (not in financial summary)

- *Positions
 - >Telecommunication operators in Police
 - >Convert 2 part-time temporary recreation programmers to full-time
 - >Replace contract Court security with a full-time position
 - >Development agreement coordinator
 - >Add a ROW Superintendent in Parks
- *High School Internship
- *Efficiencies
- *Maintenance agreements for software and equipment
- *Expand or add new services
 - >Sunday library hours
 - >Expand summer recreation
 - >Implement a program to add sidewalks where there are gaps due to development patterns

Remaining Supplemental Requests-Not likely fundable or to be recommended (\$2.1M; 18 positions (not in financial summary)

- *Improve spans of control in Parks, ROW, Maintenance, and Recreation
- *Additional sworn fire positions for a 40-hour engine for west Goodyear, and for constant staffing
- *Begin adding a Police Assistant to each squad
- *Expanding storm water program and staff
- *Efficiencies, equipment, studies, training, certifications, etc.

Council Comments and Questions

- ***Engineering gave up a position and it moved to Public Works.** Wingenroth said the engineering position that moved to Public Works was to manage the environmental and storm water program. There was a need to grow the program.
- ***Strongly agree with a development agreement coordinator position.**
- ***Of the seven requested positions, try to find two that can be absorbed into what we already have.**
- ***Improve external communication to residents. Do InFocus monthly. There is misinformation out there.**
- ***More in-depth articles in InFocus or do a less expensive paper that can be well done. Need to get information out to citizens.**
- ***Need to look at the way citizens want their media.**

Mayor Lord recessed the Work Session at 8:09 p.m.

Mayor Lord reconvened the Work Session at 8:35 p.m.

General Government CIP Overview

Chief Luizzi reviewed the future fire stations. Discussions began back in 2014 regarding fire station triggers and thresholds and growth areas in the city. The fire station study was presented to Council on December 12, 2016. Staff have been actively working on the planning process for the fire stations based on Council feedback.

By FY2022, it is recommended that three optimal locations would be constructed. The three changes would include:

- *Relocate Station 181 to the north or the current site; the optimal location is at Litchfield Road and Van Buren St.-recommended to be operational by FY2020.

- *Additional optimal location in South Goodyear. The optimal location is at Estrella and Willis (plus one engine company)-recommended to be operational by 2020.

- *Additional optimal location in West Goodyear. The optimal location is at Citrus and Yuma (plus one engine company)-recommended to be operational by 2022.

- *The recommendation position by 2022 would therefore involve: construction of three new stations and addition of two engine companies.

Council Comments and Questions

- *Can Station 181 be renovated and remodeled?**

- *Station 181 is a sick building. Uncomfortable in putting employees back into the building.**

- *Need to make sure the building is safe before it can be occupied.** Public Works Director Javier Setovich found out there are issues with the water and the pipes. They have not been addressed. The building can be made safe for occupancy.

- *Still want to have a fire station in that area.**

- *Could use it to store fire equipment.**

- *The building is over twenty years old and needs to be completely redone.**

- *Need a new fire station and needs to be relocated to the Litchfield Rd and Van Buren Street area.**

Summary of General Government CIP New Requests and Changes

Fire (Facilities and Technology)

*New stations

- >EMR; FY17-19; developer funded

- >West Goodyear; FY19-20; \$6.4M

- *Impact Fee-\$6.1M (loan required)

- *General or GO Bonds-\$0.30M (will seek impact fee in study update)

- >Sedella; FY26-27; \$6.9M; refer to impact fee study

- >Broadway & Citrus; FY26-27; \$7.4M; refer to impact fee study

- *Replacement station 181

- *Reuse existing station 181; FY18; \$0.4M; General Fund

Other Facilities and Technology

- *Financial System, timing change only

- *Right field pavilion repairs; FY18; \$480,000; Ballpark/General Fund

***Facilities Master Plan**

- >City Hall renovations and density increase; FY18-22; \$0.6M; General fund
- >GMC improvements for court security and development departments; FY19-25; \$4M; future General or Bond funds
- >Maintenance Shops/Central Warehouse; FY26-27; \$7.7M; future General or Bond funds
- >Other fire station renovations and updates; FY18-19; \$1.1M; General fund

Police (Facilities and Technology)***Radio replacements**

- >FY18; \$2.1M; Remaining Asset Management funds
- >FY26; \$3M; General Fund; Defer to future analysis of General and Bond funds

***Operations Building-Phase II**

- >FY20-21; \$9.3M; GO Bonds and Impact Fees
- >Loan to impact fee fund required

Council Comments and Questions***Questioning repairs in Mobile fire station*****Would like an update on City Hall facade and ROW by former Lockheed Martin****Arts and Parks-Changes to Existing Projects**

- *Allocate pre-2014 parks impact fees to Recreation Center**
 - >Reduces GO Bond requirement by \$3.4M
- *Advance Aquatic Center and 30-acre park to be constructed on same timeline as Recreation Center**
 - >One-time loan to impact fee funds for park required; General Fund
- *Identify specific public art projects and increase funding**
 - >\$300,000 increase over ten years; General Fund
- *Move FY23 Irrigation improvements to asset management; \$590K, General Fund**

Arts and Parks-newly proposed projects

- *FY18-Renovate ZIZ water feature at ballpark; \$125,000, General Fund**
- *FY25 & 26-Bullard Wash master plan and trails; \$6.2M; defer to future General or Bond funds**
- *FY27-Foothills park phase 2; \$12M; defer to future General or Bond funds**
- *New community park; \$25M; refer to upcoming impact fee study**

Streets-Changes to Existing Projects

- *Update cost estimates for projects throughout**
 - >Impact fee projects did not anticipate inflation
- *Inflation and address years where full funding was not available in prior CIP**
 - >Pavement Management
 - >One warranted traffic signal annually
- *Add a second warranted traffic signal annually**
- *Fiber projects-General Funds**
 - >FY18; Connect Bullard; Earll to Indian School; \$62,000
 - >FY18-19; Elwood: Cotton to Estrella/Cotton: Estrella to Lower Buckeye; \$94,000; 7%

match for ADOT project

*Relocate Estrella Parkway & Vineyard intersection; FY19-21; \$1.9M General or Bond funds

*Riggs Road Land Acquisition; FY18; \$160,000; General

Recreation Campus Overview

Offsite for Recreation Campus (Anticipated for full build out of site - \$13.1M)

*Streets

>158th Avenue-full street: Harrison to Sherman, \$2.3M

>Harrison full street: 158th Ave. to Estrella Pkwy, 43.9M

>Harrison half street: 158th Ave to 160th Lane, \$1.5M

>Estrella Pkwy one lane; Harrison to Goodyear Blvd., \$1.4M

*RID relocations, \$4M

Proposed Phase 1 - offsites-\$6.2M

*Streets

>158th Ave.: Harrison to Basis School, \$0.7M

>Harrison half street: 158th to Estrella Pkwy, \$2.1M

>Estrella Pkwy one lane, Harrison to Goodyear Blvd., \$1.3M

*RID

>East side of relocations-\$1.1M

Councilmember Campbell left the Work Session at 9:56 p.m.

Potential Resource Changes (Actions that impact one-time Resources)

*Potential resources

>Lower expenditure estimates or increased revenue estimates for FY17

>Savings from \$1.2M Station 181 funding in FY17 after costs of any work performed

>Change Contingency policy

>Changes to existing CIP plan projects

>Use unprogrammed ongoing resources

Discussion FY18 General Fund One-time Requests

Summary

*Unprogrammed amount-\$2.7M-includes:

Previous Council Direction included:

>Contingency and Asset Management per financial policies

>Police Squad

>Fire recruitment and ambulance

>Project management services for fire station projects

>Highest priority supplemental included

>Existing CIP projects included

*Not included-would use portion of the remaining \$2.9M if funded

>Remaining \$3.1M in supplemental O&M requests

>FY18 CIP Requests/increases

*\$1.2M misc. repairs, inflation, matches

*\$0.6M traffic signal

Other Funds**Arizona Lottery Funds**

- *Restricted to transit purposes
 - >Contract increase on Zoom; \$5,800 ongoing
 - >Clean-up basin; \$13,000 one-time

Sanitation

- *Revenue
 - >No rate change proposed
- *Base Budget
 - >Absorbed contract rate increase
 - >Container program costs reduced
- *Supplemental Requested and Recommended
 - >Additional bulk trash grapple tractor and temporary labor to maintain service levels during staff leave and equipment maintenance
 - *\$89,500 ongoing, \$90,000 one-time

Wastewater

- *Revenue-Per adopted rate plan
- *Ongoing Supplementals Fundable and Recommended
 - >Senior Utility Technician-\$94,100, also \$38,700 in one-time
 - >Video Assessments of Sewer System-\$114,000, also \$25,000 in one-time
 - >SCADA Systems Engineer (assigned to IT Department)
 - *50/50 split with Water-\$59,200, also \$19,300 in one-time
- *One-time Supplementals Fundable and Recommended
 - >Sampler replacement-\$15,000
 - >Environmental Compliance Consultant-\$75,000

Wastewater CIP Summary

- *No new project proposed, no projects deleted
- *Timing Changes
- *Added inflation to impact fee projects
- *Further evaluate need for bonds

Water

- *Revenue-Per adopted rate plan
- *Ongoing Supplementals Fundable and Recommended
 - >Superfund & WQARF consultant support-\$70,000
 - >Location Specialist-\$86,400, also \$38,700 in one-time
 - >CAP Related
 - *Water purchase per rate plan-\$471,000
 - *Water shortage contingency-\$301,500
 - >SCADA Systems Engineer (assigned to IT Department)
 - *50/50/split with Wastewater-\$59,200, also \$19,300 in one-time
- *One-time Supplementals Fundable and Recommended

- >Vadose operating costs-\$60,000
- >Fixed base radio meter read system-\$50,000

Water CIP Summary

- *Add surface water project
- *Substantial changes to remove projects not expected to be required due to surface water project
- *Add potable water interconnect
- *CAP Capital charges cost increase
- *Timing changes based on new approaches such as consolidating projects to improve bid prices

Surface Water Treatment Plant (Funding Goals)

- *No modification to current rate plan
- *Minimize Long-Term Impact to rate payers
- *Citywide economic benefit, water is a necessity
- *Allocate costs equitably between new growth and current users

Current Model (Source of Funds)

- *Newland (Impact Fee Reimbursement)-\$32M
- *GO Bonding-\$7.5M
- *Impact Fees-\$40.5M
- *Operations-\$34.2M
 - >Revenue Bonds-Rate Plan Capacity
 - *Impact fee backstop required
 - >CAP Water Fee-Recharge less water
 - *Drawdown of Long Term Storage Credits during construction and start up

Council Comments and Questions

- *We have to grow the city. This is the future where the water is coming from.**
- *This is a citywide property tax including north of I-10 where Liberty provides water.**
- *Don't agree with citizens north of I-10 having to pay for water south of I-10.**
- *View water as a citywide asset and should be included in property tax citywide.**

In Summary

- *Included in CIP requests
- *Major assumptions
 - >Newland will participate
 - >Southern Solution Projects will be removed from CIP & IIP
 - >Other areas water production projects will be removed from CIP & IIP
 - >Future Council Action on IIP, CIP, & Debt will be required
 - >Full operational costs anticipated to start in December 2021 (FY2022 budget)
- *Currently developing anticipated operational, debt and revenue impacts

4. INFORMATION ITEMS

5. ADJOURNMENT

There being no further business to discuss, Mayor Lord adjourned the Work Session at 10:25 p.m.

Maureen Scott, City Clerk

Georgia Lord, Mayor

Date: _____