

**AGENDA FOR THE KERRVILLE CITY COUNCIL WORKSHOP  
AND EMPLOYEE BENEFITS TRUST MEETING**

**TUESDAY, JULY 28, 2020, 4:00 P.M.**

**KERRVILLE CITY HALL COUNCIL CHAMBERS  
AND UPSTAIRS CONFERENCE ROOM**

**701 MAIN STREET, KERRVILLE, TEXAS**

## **The Community Vision**

*Kerrville will be a vibrant, welcoming and inclusive community that:*

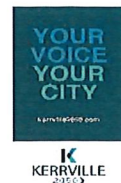
- *Respects and protects the natural environment that surrounds it;*
- *Seeks to attract economic growth and development;*
- *Provides opportunities for prosperity, personal enrichment and intellectual growth for people of all ages; and*
- *Does so while preserving the small-town charm, heritage, arts and culture of the community.*



Kerrville2050



**KERRVILLE CITY COUNCIL WORKSHOP AGENDA**  
**AND EMPLOYEE BENEFITS TRUST MEETING**  
**JULY 28, 2020, 4:00 PM**  
**CITY HALL COUNCIL CHAMBERS**  
**UPSTAIRS CONFERENCE ROOM**  
**701 MAIN STREET, KERRVILLE, TEXAS**



---

***Council Workshop Procedures during the Disaster Declaration  
and Citizen Participation Guidelines***

COVID-19 (Coronavirus) provides a unique concern in that gathering members of the public, City Council, and City staff within a physical setting constitutes a public health risk. On March 16, 2020, the Texas Governor suspended certain requirements of the Open Meetings Act to permit open meetings to occur in a fully virtual setting (e.g., telephonic or videoconference meeting). In an effort to avoid and mitigate health risks, and limited occupancy levels in Council Chambers, City Council will convene in a virtual forum and attendance will be limited to only those persons essential to holding the workshop. No member of the public will be admitted into Council Chambers during this time. **Despite the necessity to restrict public access to Kerrville City Council workshops in the interest of public health during the COVID-19 pandemic, citizens and visitors are welcome to participate in Kerrville City Council workshops in several alternate ways as outlined below.**

**Instructions for callers:**

Dial one of the following toll free numbers: **1-877-853-5247** or **1-888-788-0099**.

If you cannot get through on one number, call the other number.

When your call is answered you will hear **"Welcome to Zoom, enter your Meeting ID followed by pound"**. Enter in the Meeting ID below followed by the pound sign (#).

The Meeting ID is **924 9571 2003#**.

If the moderator has not started the meeting yet, you will hear "The meeting has not started yet, please hold or call back later."

Once you have called into the meeting, your microphone will be placed on mute and your call will be placed in the call queue. At this point, you will hear silence on the phone. Do not hang up. The moderator will unmute your microphone as he/she is going down the list. Once the meeting has started, you will be able to listen to proceedings even if your microphone is muted.

**The moderator will be accepting calls starting at 3:00 p.m. Place your call before the 3:45 a.m. deadline in order to participate in speaking on a specific item.** You will be queued to speak. Any calls made after the 3:45 a.m. deadline will not be answered, and microphones will be kept muted. Each speaker is limited to four minutes.

**Instructions for written comments:**

A person may also submit written comments on specific agenda items, to include public hearings, and comments will be read into the meeting record. Comments must include a name, address, and a reference to the relevant item. Comments that do not include the required information will not be read. Written comments must be received by 3:45 p.m., July 28, 2020. Comments may be:

- dropped off at the City Hall Utility Payments Drop-Box; or
- emailed to [shelley.mcelhannon@kerrvilletx.gov](mailto:shelley.mcelhannon@kerrvilletx.gov). In addition, anyone may email Councilmembers via their City email addresses as specified on the City's website.

Citizens may view and hear the City Council workshop on Spectrum Channel 2 or by live-streaming via the City's website ([www.kerrvilletx.gov](http://www.kerrvilletx.gov)). City Council workshops are recorded and the recordings are posted on the City's website.

Thank you for your participation!

---





## **KERRVILLE CITY COUNCIL WORKSHOP AGENDA AND EMPLOYEE BENEFITS TRUST MEETING**

**JULY 28, 2020, 4:00 PM**

**CITY HALL COUNCIL CHAMBERS and UPSTAIRS CONFERENCE  
ROOM, 701 MAIN STREET, KERRVILLE, TEXAS**



### **CALL TO ORDER:**

#### **1. PUBLIC COMMENTS:**

*A member of the public may address City Council regarding an item on this agenda. Comments must be relevant to the agenda item. This is not intended to be a question and answer session. Speakers must call in by 3:45 p.m. and register with the Zoom moderator. Citizens may also submit written comments to be read into record. Written comments must be received by 3:45 p.m. either dropped off at the City Hall Utility Payments Drop-Box or emailed to [shelley.mcelhannon@kerrvilletx.gov](mailto:shelley.mcelhannon@kerrvilletx.gov). Each speaker is limited to four minutes.*

### **RECESS:**

*The City Council will recess the workshop to convene a meeting of the City of Kerrville Employee Benefits Trust in the City Hall Council Chambers. The Kerrville City Council will reconvene into workshop following the meeting of the City of Kerrville Employee Benefits Trust.*

### **RECONVENE:**

*Workshop will reconvene in the City Hall Council Chambers.*



#### **2. INFORMATION AND DISCUSSION:**

- 2A. Review of proposed 2018 Building Codes and Fire Codes.
- 2B. Quarterly CIP update.

### **RECESS:**

### **RECONVENE:**

*Workshop will reconvene in the City Hall Upstairs Conference Room.*

#### **3. EXECUTIVE SESSION:**

*City Council may adjourn into executive (closed) session at any time to discuss any matter listed above including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberations regarding gifts), 551.074 (personnel/officers), 551.076 (deliberation regarding security devices), and 551.087 (business prospect/economic development) of Chapter 551 of the Texas Government Code. Council will discuss the following matters in executive session:*



- 3.A. Sky Master business development project (551.072, 551.087)
- 3.B. Economic Development Incentive Agreement between City of Kerrville and James Avery Craftsman, Inc. (551.071)

#### **4. ACTIONS ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY:**

### **ADJOURN.**



**KERRVILLE CITY COUNCIL AGENDA**  
**EMPLOYEE BENEFITS TRUST MEETING**  
**JULY 28, 2020, 4:05 PM**  
**CITY HALL COUNCIL CHAMBERS,**  
**701 MAIN STREET, KERRVILLE, TEXAS**

---



**CALL TO ORDER:**

**1. CONSIDERATION AND POSSIBLE ACTION:**

1A. Approval of the FY2021 employee benefit plans and rates.

Attachment:

[20200728\\_Presentation\\_FY2021 Benefits – Council Presentation – 072820.pdf](#)

**ADJOURN.**





**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

---

**SUBJECT:** Approval of the FY2021 employee benefit plans.

**AGENDA DATE OF:** July 28, 2020

**DATE SUBMITTED:** Jul 16, 2020

**SUBMITTED BY:** Kim Meisner

**EXHIBITS:** [20200728\\_Presentation\\_FY2021 Benefits - Council Presentation - 072820.pdf](#)

---

<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

---

<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	N/A
<b>Action Item</b>	N/A

---

**SUMMARY STATEMENT:**

Kerrville established the Employee Benefit Trust in 2008 in order to qualify for the tax exemptions pursuant to Chapter 222.002 of the Texas Insurance Code. Chapter 222.022 creates an annual tax that is imposed on insurers for gross premiums received from their policyholders. Gross premiums paid by a municipality, county, or hospital district are exempt from the tax being collected by their insurer, if the municipality, county, or hospital district establishes either a single entity benefit trust or establishes or participates in a Chapter 172 risk pool. Since 2008, the City has saved over \$548,600 utilizing this strategy.

Kerrville has secured a comprehensive, cost effective, quality benefits package for City employees.

Medical

The City advertised an Invitation to Bid in May. We received four bids: BCBSTX – 18% increase, Aetna – 26% increase, TML – 27% increase, and United Healthcare – 35% increase. These all included significant plan changes as well.

Our negotiations with BCBSTX were tough because the other bids came in higher. Our loss ratio, which is based on premiums paid vs. claims paid, is at 100%. We ended negotiations with an 8% increase, with NO plan changes for the medical which is a reduction of 10% from the original bid.

We base our budget on a “per employee per year” (PEPY) amount. When we determine the PEPY amount, we are estimating the tier of coverage that an employee will have throughout the year. That fluctuates throughout the year due to marriage, divorce, death, new babies, new hires, or terminations throughout the fiscal year. When these changes occur, the budgeted amount does not change but we could end up with a reserve that can be used during the current year or future years.

Staff is recommending that the City continue our relationship with BCBS for our FY2021 medical benefits.

Notes:

- 8th year with BCBSTX
- City continues to pay 100% of premium for employee coverage.
- City contributes 65% of premium for dependent coverage.

Dental

- BCBSTX – 8.1% increase offset by \$16,000 Premium Holiday
- City contributes 100% of employee coverage and 11% of dependent coverage.
- Employee and City contribution same as current.
- Rate guarantee – 10/01/2021

Voluntary Vision

- BCBSTX
- Rate same as current.
- Rate guarantee – 10/01/2023

Life/AD&D

- BCBSTX
- Rate same as current.
- Rate guarantee – 10/01/2021



Voluntary Life/AD&D

- BCBSTX
- Rate same as current.
- Rate guarantee – 10/01/2021

Short Term Disability

- BCBSTX
- Rate same as current.
- Rate guarantee – 10/01/2021

**RECOMMENDED ACTION:**

Staff recommends Council (acting as the Trustees of the Employee Benefit Trust) approve the plans and rates for the FY2021 employee benefit plans as presented and authorize the City Manager to sign the contracts with the providers.



# FY2021 Employee Benefits

Tuesday, July 28, 2020







# Employee Benefit Trust

- Chapter 222.002 of the Texas Insurance Code
  - There is an annual tax in the amount of 1.75% that is imposed on insurers for gross premiums received from their policyholders.
  - Gross premiums paid by a municipality, county, or hospital district are exempt from the tax being collected by their insurer, if the municipality, county, or hospital district establishes either a single entity benefit trust or establishes or participates in a Chapter 172 risk pool.
  - In July 2008, City Council approved a resolution to create the Employee Benefit Trust.



# Employee Benefit Trust

- Savings to Date:
  - 1.75% Savings Per Year (**Total \$548,662**)
    - FY 2009 = \$49,815
    - FY 2010 = \$49,823
    - FY 2011 = \$41,986
    - FY 2012 = \$48,300
    - FY 2013 = \$45,687
    - FY 2014 = \$43,544
    - FY 2015 = \$41,376
    - FY 2016 = \$43,350
    - FY 2017 = \$42,900
    - FY 2018 = \$43,884
    - FY 2019 = \$48,418
    - FY 2020 = \$49,539





# Bid Process

- Received four bids for medical
  - BCBSTX = 18% increase
  - Aetna = 26% increase
  - TML = 27% increase
  - United Healthcare = 35% increase
- No competitive bid leverage with BCBSTX due to other bids coming in higher
- Loss ratio at 100%
  - Based on premiums paid vs. claims paid
- Negotiations with BCBSTX
  - Ended at 8% increase with no plan changes!
    - Approximately \$225K



# BCBSTX Medical

- BCBSTX Medical (8<sup>th</sup> year)
  - FY2021 = 8% increase
- Rate History
  - FY2020 = .69% increase
  - FY2019 = 1% increase
  - FY2018 = 1.5% increase
  - FY2017 = Flat (no increase, no decrease)
  - FY2016 = 5% decrease
  - FY2015 = 3.7% decrease
  - FY2014 = 7% increase







# BCBSTX Medical

- Two plans, plan design changes
  - PPO
    - \$3,000 deductible
    - Office visit copay \$40/\$55
    - RX \$150 deductible + \$15/\$40/\$70
  - HRA
    - \$3,000 deductible,
    - RX \$150 deductible + \$15/\$40/\$70
    - No HRA up front contribution
- Employee contribution remains the same as current year

# BCBSTX Medical

FY2021 Employee Contribution for Medical		
Tier of Coverage	HRA Per Pay Period (24/year)	PPO Per Pay Period (24/year)
Employee Only	Paid by City	Paid by City
Child(ren)	\$74.50	\$81.50
Spouse	\$87.00	\$94.00
Family	\$146.50	\$156.00



# BCBSTX Dental

## City Contribution – Core Benefit

- 100% of the Employee Cost
- 11% of the Dependent Cost

## Details

- \$50/\$150 Deductible, Waived for Preventive
- \$1,500 Annual Max Benefit
- \$1,500 Ortho Lifetime Max (Children Only – up to age 19)
- Preventive Services – (cleanings, exam, x-rays, etc.)
  - Covered at 100%
- Basic Services – (fillings, extractions, etc.)
  - Covered at 80% After Deductible
- Major Services – (oral surgery, inlays, onlays, crowns, etc.)
  - Covered at 50% After Deductible

## 8.1% Rate Increase (Offset)

- BCBSTX will offset the rate increase with a \$16,000 Premium Holiday
  - Premium Holiday to be deducted from October Billing
- City and employee contribution remains same as current year

# BCBSTX Dental

FY2021 Employee Contribution for Dental	
Tier of Coverage	Per Pay Period (24/year)
Employee Only	Paid By City
Child(ren)	\$20.20
Spouse	\$10.55
Family	\$30.65





# Core & Voluntary Benefits

- **Core Benefits**
  - **Medical**
    - Employee – 100% paid by City, Dependent – 65% paid by City
  - **Dental**
    - Employee – 100% paid by City, Dependent – 11% paid by City
  - **Life and AD&D**
    - Employee – 100% paid by City
- **Voluntary Benefits**
  - No City contribution for employee or dependents
    - Vision
    - Supplemental Life and AD&D
    - AFLAC
    - Short Term Disability
    - MASA Emergency Medical Transport



# FY2021 Benefit Cost

## BCBSTX

- BCBSTX Medical - \$8,274 PEPY
- Dental - \$334 PEPY
- Group Life and AD&D - \$34 PEPY
- Total - \$8,642 PEPY
- 8<sup>th</sup> year with BCBSTX
- High satisfaction rate among our plan members
- Well received by the area medical community





# FY2021 Proposed Budget

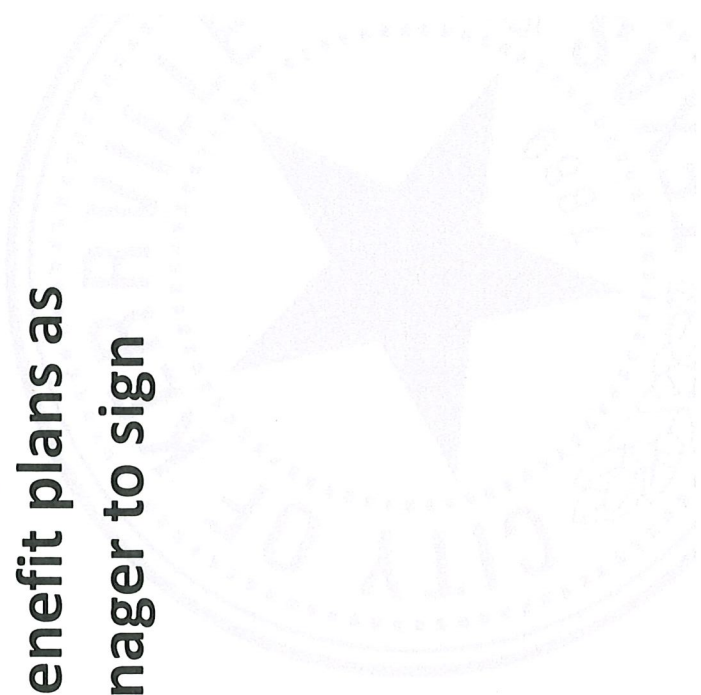
- Budget benefits for all full time positions approved by Council
  - 321.25 positions/employees
- Estimated employees covered by BCBSTX
  - 305 employees (current)

~~~~~
- Budget Calculation
  - 305 covered employees x Cost \$8,642 PEPY (medical, dental, group life and AD&D)
    - Total City Expense = \$2,635,810
    - Divided by 321.25 budgeted employees = \$8,205 PEPY
    - FY2021 budget \$8,205 PEPY



# Council Action

- Staff recommends Council (acting as the Trustees of the Employee Benefit Trust) approve the plans and rates for the FY2021 employee benefit plans as presented and authorize the City Manager to sign the contracts with the providers.





# Questions?

