

Council Member Sonia Gutierrez
Ward 1 Position 1

Council Member D'Andre Jones
Ward 1 Position 2

Council Member Mark Kinion
Ward 2 Position 1

Council Member Matthew Petty
Ward 2 Position 2



Council Member Sloan Scroggin
Ward 3 Position 1

Council Member Sarah Bunch
Ward 3 Position 2

Council Member Teresa Turk
Ward 4 Position 1

Council Member Holly Hertzberg
Ward 4 Position 2

Mayor Lioneld Jordan
City Attorney Kit Williams
City Clerk Kara Paxton

**City of Fayetteville Arkansas
City Council Meeting
August 24, 2021**

A Special meeting of the Fayetteville City Council was held on August 24, 2021 at 5:30 p.m. in Room 219 of the City Administration Building located at 113 West Mountain Street, Fayetteville, Arkansas.

Mayor Jordan called the meeting to order.

In order to create social distancing due to the Coronavirus, COVID-19 pandemic, Council Members Sonia Gutierrez, D'Andre Jones, Mark Kinion, Matthew Petty, Sloan Scroggin, Sarah Bunch and Teresa Turk joined the meeting via online using a video conferencing service called Zoom.

Mayor Lioneld Jordan, Council Member Holly Hertzberg, City Attorney Kit Williams, City Clerk Treasurer Kara Paxton, Chief of Staff Susan Norton, Chief Financial Officer Paul Becker, Chief of Police Mike Reynolds, Fire Chief Brad Hardin, and staff members from the IT Department were present in City Council Chambers while demonstrating recommended social distancing.

Pledge of Allegiance

Mayor's Announcements, Proclamations and Recognitions: None

Consent: None

Unfinished Business:

2022 Employee Benefits Package: A resolution to approve the 2022 Employee Benefits Package. *At the August 17, 2021 City Council meeting this item was tabled for one week. A Special City Council meeting will be called on August 24, 2021 to discuss this item.*

Missy Cole, Human Resources Director: The City Council wanted to take a look at our two high deductible plan options. One of the things I know that Mayor and Council is very engaged in and wants to make sure we are offering is the best package for our staff and for their dependents.

Mayor Jordan: Missy, normally you have 10 minutes for a presentation. I understand that you need some more time tonight for your presentation. I would ask Council to allow her more than 10 minutes and possibly let her have 20 minutes.

Council Member Hertzberg moved to allow Missy Cole 20 minutes for her presentation. Council Member Jones seconded the motion. Upon roll call the motion passed unanimously.

Missy Cole stated we know we have a good benefits package for our staff. She stated one of the things we look at is the percentage of employees that are benefit eligible that select a City of Fayetteville plan, as opposed to some of the other plans they might have access to through their dependents. She stated 97% of our employees select a City of Fayetteville benefit plan. She stated the city has been very committed to maintaining a high percentage share of what we contribute to the premium and to a Health Savings Account. She stated when we look at our plan options, we have a high deductible plan that the city contributes 86% of the premium and we pay some HSA funds, which are something the employees can use to help build for the future. She stated it allows your employees to have more take home pay that gives the discretion of using it for things they would like to use it for. She briefly presented a PowerPoint presentation comparing and contrasting the two options for the high deductible health plan. She stated the current plan we have is our high deductible health plan of \$3,000. She stated when an employee hits \$3,000 individual or \$6,000 for the family, then their claims are paid at 100%. She stated the other plan option is a plan design change and has a deductible of \$2,800 for an individual or \$5,600 for a family, and then it has a co-insurance component, where the plan picks up 80% and the employee picks up 20%. She stated in 2020 we had 1,484 claimants that had claims of \$3,000 or less. She stated in looking at both of those plans, an employee is pretty much under the deductible and are going to pay dollar for dollar for those claims. She stated some of the statistics if we dive into the \$3,000 is that 78% of the people on the high deductible plan spend \$1,000 or less. She stated for those employees, their impact is pretty much the same on both of these plans. She stated on the high deductible \$2,800 plan, if an employee had a \$3,000 claim, they're going to pay dollar for dollar for the first \$2,800 and the extra \$200 they're paying 20%. She gave a brief description of the cost impact for both plans. She spoke about what the maximum exposure to an employee or their family would be on both of the plans. She stated when looking at claims data, about 5% of our claims equal \$10,000 or greater. She stated in order to hit that family max exposure, you would need more than one person in your family to come up with those types of claims.

Cody Ashworth: I understand there's a small percentage of employees that will be affected by the plan change from the family side, but the difference in the out of pocket costs and what we're having now is monumental. People pay for insurance as a security blanket. They pay for it as a way to get through tough times. I've worked for the city for a long time and I love my job. I love serving Fayetteville, but this is something that is going to negatively impact the employees that are serving those folks. You can't even contribute enough to your HSA account to cover the maximum out of pocket costs. On the family plan, if an employee could afford to max out their HSA and I promise you, the majority of us can't do that, an employee would still be on the hook

for nearly \$4,000. That's not something that a lot of people have. I don't know many people who can afford those types of bills. I've talked to a lot of employees. I have not talked with one who is in favor of this plan change. It takes away the security we have of knowing that if something does go wrong, we have that stop loss at \$6,000 or \$3,000. This is a pretty drastic change and the majority of employees would not be in favor of it.

Nick White, President of the Fayetteville Fraternal Order of Police: I have worked for the city for 14 ½ years. I am currently a Patrolman. The Fraternal Order of Police represents about 90% of 126 current officers. That's about 112 Police Officers that I speak for by way of polling and our decision is to not support moving forward with the new plan, but rather support the shared premium increase of the old plan. We looked at our lowest paid earners and the exposure to the family, which is roughly \$11,000. For employees that reach that on an annual basis, I don't want them having to finance medical costs. It's far more accessible to pay the \$6,000 versus the \$11,000. We love our jobs and we appreciate our benefits.

Jimmy Vineyard, President of the Firefighters Association: I represent 112 members of the active Fire Department. We polled our membership with this question. We had young and old both reach out to us and give us their concerns about the potential change. We overwhelmingly support staying with the current deductible plans of \$3,000 and \$6,000 with knowing there would be a potential increase to the employees. We educated the group on the fact that a high percentage of them do not meet their deductible. They did understand that at any given moment their family could be put in that position, and this increase of a high deductible and stop loss could put them at a financial hardship with medical issues, year after year potentially. Within our group, they would like to stay with the current plan and deductible.

Council Member Turk: Paul, last week Council Member Gutierrez asked about how much you had allocated for the budget for healthcare. I'm assuming you have to put a number in there every year. What number do you put in and how does this affect the budget?

Paul Becker, Chief Financial Officer: We are currently working on the 2022 Budget at this time, so there isn't a budget that has been developed completely, as yet. In the budget, we looked at the plan presented that showed a reduction from last year and the reduced plan, which was presented to you. The difference in cost to the City of Fayetteville is \$650,000 which is a substantial amount. Also, the cost of the employees, additionally, for maintaining the same plan would be an increase of \$112,000. However, the budget hasn't been completed, but this would be an increase. A minimal of roughly \$400,000. As we go into the budget year, we have to factor in all of the costs associated. This is the 2022 Budget we're working on. If the reduced plan was passed, it would give us additional amounts to look at other areas that we know will be coming up. We are going to be looking at the salary increase of some sort at the first quarter of 2022. We have got fuel costs, utility costs and maintenance costs going up. We are going to have personnel requests, because as we add to the city, we add benefits in parks, additional parkland, and the Police Station, which hopefully will be completed, as well as the Fire Station. When we make the decision tonight, this will be factored into that, but it's a significant amount, as far as costs are concerned.

Council Member Turk: Recently, we passed an incentive package for retaining and recruiting our Police Officers. Health Insurance is part of a benefit. If we want to retain our Police Officers,

recruit good Police Officers, as well as Firefighters and other city employees, then we have to maintain our health benefits. From the public comments and all the emails we have received today, overwhelmingly the employees would like to continue to have the same high deductible health plan of \$3,000 rather than the new plan. Because of their input and although it will cost the city some extra money, it's important we retain our good employees. I will be supporting the health plan of \$3,000 with the 6% increase.

Council Member Scroggin: I wish we could have looked at this earlier. There is a lot of stuff that comes at the last second. I agree with Council Member Turk that overwhelmingly employees are interested in the health plan \$3,000. The reason is because the max out of pocket. In negotiations, one of the things is to see what really matters to the people that it affects. It seems like we could have worked on the premium prices and did some kind of split on this cost. \$650,000 is about a person, per department, like a Police Officer or Firefighter. Just imagine every department losing a person to pay the difference. If it had been presented that way a little earlier, then maybe people would have said, can we raise the premium \$20 per person. I think at \$20 per person, that gets you half of the cost back and then maybe the city would then pay \$300,000 of the new difference, instead of the \$650,000. I'm not going to vote against that many staff. I hear them, but wish we had more time to try to figure out how to make that max out of pocket not hurt them so much and not hit the city so hard.

Council Member Bunch: I had a lady that called me, and her name is Michelle Jewsbury. She is really concerned that the savings to her family was not going to be significant enough to cover what the cost could be to her. She is concerned that the overall savings does not compensate her for the potential costs that she might face.

Council Member Hertzberg: What was the year to year cost change? Was that the \$450,000?

Paul Becker: The increase for year to year is roughly \$350,000. The combination of the two, comes to the \$650,000.

Council Member Gutierrez: We always hear that the values of a group or individual can be shown by where we invest our money. Our staff and people are our number one asset to making sure the city runs smoothly and that the talent is rewarded and compensated. It is a great thing to be able to know if you have an emergency, you won't have this giant deductible. I found the coinsurance, not only is it more, but the 80/20 is a little bit more complex. I definitely want to support the current plan. Is it too late to split the difference of the costs that it's going to take? It is 6% increase. Can we give 3% to the city and 3% to the employees, so that it's not such a cost burden on the city and we all take an equal cost burden?

Missy Cole: I think I hear you saying, it would shift the cost sharing on the current plan. We would shift from the city picking up 86%. We would take the 6% and split that?

Council Member Gutierrez: That's correct. Not the whole thing, but just the part that's increasing. Is that something we can do?

Missy Cole: We can put those numbers together. My only concern is that when it comes to promoting our plans, it throws our cost sharing out of whack. I can no longer say we're picking up

85% and 86% of the premium, because at that point we wouldn't be. So, you are wanting to change our cost sharing model for that high deductible plan and keep the current plan?

Council Member Gutierrez: Yes, I'm wondering if it's something we can still discuss. I think everyone is willing to increase the premiums a little bit and they understand we don't necessarily want to burden the city with everything. Can we share that 6%?

Missy Cole: The total costs change is \$650,000 less our HSA. It's a big chunk of change if we pass half of that along to the employees.

Mayor Jordan: I don't think I want to do that. I'd rather make cuts in the budget than do that. The question for the Council is if you want to keep the present plan. If you do, then we just need a motion and a second to continue on with the plan that we have.

City Attorney Kit Williams: Yes, we eventually will need a motion to amend the resolution.

Mayor Jordan: You can make a motion to amend the resolution and keep the plan you got, and I'll make whatever appropriate cuts we need to make in the budget to make it work out.

Council Member Jones stated he wanted to amend the resolution to support the city's current plan.

City Attorney Kit Williams read the resolution.

Council Member Scroggin: So, the high deductible health plan \$3,000 is what we are proposing to amending too?

Mayor Jordan: Yes, that is what I understand. You put an amendment on there to continue with the plan you've got with the 6% increase to the employee and a 6% increase to the city.

City Attorney Kit Williams: That is right.

Mayor Jordan: I will then make the appropriate cuts in the budget.

Council Member Turk: Missy, thank you for providing this information. This was very helpful. Next year, please give us a little more time to digest any changes because that would be extremely helpful. Employees, we are going to support you here tonight because that's what I'm hearing from all the other Council Members. We want you to stay and work hard for the City of Fayetteville. We want you to be healthy and stay healthy, but those of you that are not vaccinated, please get vaccinated and help keep our health care costs down.

Council Member Bunch: When people are calling and are worried about their insurance, I'm afraid if we did not vote in favor of this, we would be putting people in a bind. I am also concerned that insurance used to be one way and then switched around and the programs were a little bit different. We used to have two or three choices and now we have two. I think things are trying to become more streamlined and are more efficient for insurance companies, but I'm concerned that

we're kicking the can down the road and we are going to be faced with a similar situation next year. I'm going to vote in favor of this because I don't know what else to do in this instance, where we have so many people calling us and they're really concerned about their health insurance, but I'm afraid this may be a trend we're getting into and that next year we will be faced with a similar situation. I don't know that we can always cut out of the budget every year to take care of it. We need to have a little more time to work on something than we did this year.

Mayor Jordan: I can make the appropriate cuts in the budget. It may not suit everybody, but I can handle that end of it.

Council Member Jones: Missy, thank you so much for your hard work on this. We appreciate you. Thank you to the staff for reaching out and thank you for serving Fayetteville. I'm echoing the words of Council Member Turk, which is please get vaccinated.

Council Member Jones moved to amend the resolution to support the city's current health plan. Council Member Gutierrez seconded the motion. Upon roll call the motion passed unanimously.

Council Member Hertzberg moved to approve the resolution. Council Member Gutierrez seconded the motion. Upon roll call the resolution passed unanimously.

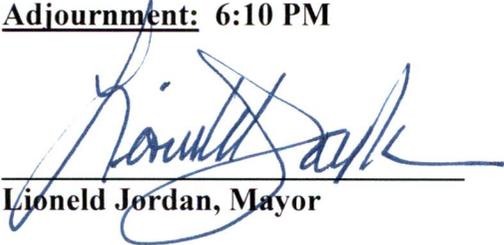
Resolution 211-21 as recorded in the office of the City Clerk

New Business: None

Announcements: None

City Council Agenda Session Presentations: None

Adjournment: 6:10 PM


Lioneld Jordan, Mayor


Kara Paxton, City Clerk Treasurer

