

Vote: Council Members Harris, Holler, Katkus, Wall and Woodruff in favor; Sullivan-Leonard absent

**CITY OF WASILLA
 ORDINANCE SERIAL NO. 12-24**

AN ORDINANCE OF THE WASILLA CITY COUNCIL AMENDING THE FY2013 BUDGET FOR INCREASES IN HEALTH INSURANCE, WORKERS' COMPENSATION INSURANCE AND GENERAL INSURANCE POLICIES OF THE CITY IN THE NET AMOUNT OF \$323,075.

Section 1. Classification. This is a non-code ordinance.

Section 2. Purpose. To amend the FY2013 Budget for increased health insurance, workers' compensation insurance, general liability insurance, property insurance, and automotive insurance in the amount of \$323,075.

Section 3. Appropriation of Funds. The funds are appropriated to the following:

001-4110-411.20-10	Personnel Svcs-Benefit / Group Insurance	7,716
001-4112-411.20-10	Personnel Svcs-Benefit / Group Insurance	1,269
001-4130-413.20-10	Personnel Svcs-Benefit / Group Insurance	5,795
001-4134-414.20-10	Personnel Svcs-Benefit / Group Insurance	3,435
001-4136-414.20-10	Personnel Svcs-Benefit / Group Insurance	3,439
001-4150-415.20-10	Personnel Svcs-Benefit / Group Insurance	33,825
001-4192-416.20-10	Personnel Svcs-Benefit / Group Insurance	1,323
001-4222-420.20-10	Personnel Svcs-Benefit / Group Insurance	2,117
001-4224-420.20-10	Personnel Svcs-Benefit / Group Insurance	5,551
001-4230-420.20-10	Personnel Svcs-Benefit / Group Insurance	44,413
001-4233-420.20-10	Personnel Svcs-Benefit / Group Insurance	2,117
001-4240-420.20-10	Personnel Svcs-Benefit / Group Insurance	81,777
001-4260-420.20-10	Personnel Svcs-Benefit / Group Insurance	1,323
001-4310-431.20-10	Personnel Svcs-Benefit / Group Insurance	7,806
001-4320-432.20-10	Personnel Svcs-Benefit / Group Insurance	1,700
001-4330-433.20-10	Personnel Svcs-Benefit / Group Insurance	7,161
001-4510-451.20-10	Personnel Svcs-Benefit / Group Insurance	3,337
001-4520-452.20-10	Personnel Svcs-Benefit / Group Insurance	7,902
001-4550-455.20-10	Personnel Svcs-Benefit / Group Insurance	26,635
001-4570-457.20-10	Personnel Svcs-Benefit / Group Insurance	3,111
220-4270-427.20-10	Personnel Svcs-Benefit / Group Insurance	4,792
310-4351-435.20-10	Personnel Svcs-Benefit / Group Insurance	2,002
310-4352-435.20-10	Personnel Svcs-Benefit / Group Insurance	1,181

310-4353-435.20-10	Personnel Svcs-Benefit / Group Insurance	8,073
310-4354-435.20-10	Personnel Svcs-Benefit / Group Insurance	9,444
320-4361-436.20-10	Personnel Svcs-Benefit / Group Insurance	2,002
320-4362-436.20-10	Personnel Svcs-Benefit / Group Insurance	1,181
320-4363-436.20-10	Personnel Svcs-Benefit / Group Insurance	1,374
320-4364-436.20-10	Personnel Svcs-Benefit / Group Insurance	6,749
330-4370-437.20-10	Personnel Svcs-Benefit / Group Insurance	516
340-4530-453.20-10	Personnel Svcs-Benefit / Group Insurance	23,084
Total: Personnel Svcs-Benefit / Group Insurance		\$312,150
001-4230-420.20-60	Personnel Svcs-Benefit / Workers' Compensation	1,000
001-4320-432.20-60	Personnel Svcs-Benefit / Workers' Compensation	1,650
001-4330-433.20-60	Personnel Svcs-Benefit / Workers' Compensation	1,100
001-4520-452.20-60	Personnel Svcs-Benefit / Workers' Compensation	2,300
320-4364-436.20-60	Personnel Svcs-Benefit / Workers' Compensation	450
330-4370-437.20-60	Personnel Svcs-Benefit / Workers' Compensation	175
340-4530-453.20-60	Personnel Svcs-Benefit / Workers' Compensation	4,250
Total: Personnel Svcs-Benefit / Workers' Comp		\$10,925
001-4110-411.50-20	Other Purchased Services / Insurance	1,879
001-4112-411.50-20	Other Purchased Services / Insurance	462
001-4115-411.50-20	Other Purchased Services / Insurance	336
001-4130-413.50-20	Other Purchased Services / Insurance	1,593
001-4134-414.50-20	Other Purchased Services / Insurance	1,334
001-4136-414.50-20	Other Purchased Services / Insurance	1,224
001-4138-414.50-20	Other Purchased Services / Insurance	1,655
001-4150-415.50-20	Other Purchased Services / Insurance	5,723
001-4222-420.50-20	Other Purchased Services / Insurance	361
001-4224-420.50-20	Other Purchased Services / Insurance	2,790
001-4230-420.50-20	Other Purchased Services / Insurance	19,909
001-4233-420.50-20	Other Purchased Services / Insurance	988
001-4240-420.50-20	Other Purchased Services / Insurance	14,047
001-4310-431.50-20	Other Purchased Services / Insurance	2,863
001-4330-433.50-20	Other Purchased Services / Insurance	(19,000)
001-4332-433.50-20	Other Purchased Services / Insurance	(5,000)
001-4510-451.50-20	Other Purchased Services / Insurance	(1,400)
001-4520-452.50-20	Other Purchased Services / Insurance	4,680
220-4270-427.50-20	Other Purchased Services / Insurance	988
310-4351-435.50-20	Other Purchased Services / Insurance	(15,000)
310-4352-435.50-20	Other Purchased Services / Insurance	344
310-4353-435.50-20	Other Purchased Services / Insurance	1,610
310-4354-435.50-20	Other Purchased Services / Insurance	1,813
320-4361-436.50-20	Other Purchased Services / Insurance	(9,000)
320-4362-436.50-20	Other Purchased Services / Insurance	344
320-4363-436.50-20	Other Purchased Services / Insurance	284
320-4364-436.50-20	Other Purchased Services / Insurance	1,173

340-4530-453.50-20	Other Purchased Services / Insurance	(17,000)
	Total: Other Purchased Services / Insurance	\$-0-

Section 4. Source of Funds

001-0000-253.20-00	General Fund – Fund Balance	292,246
220-0000-253.20-00	Youth Court Fund – Fund Balance	5,780
310-0000-253.20-00	Sewer Fund – Fund Balance	9,467
320-0000-253.20-00	Water Fund – Fund Balance	4,557
330-0000-253.20-00	Airport Fund – Fund Balance	691
340-0000-253.20-00	CMMSC Fund – Fund Balance	10,334
	Total: Fund Balance Adjustments	\$323,075

Section 5. Effective date. This ordinance shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on August 27, 2012.


 BERT COTTLE, Deputy Administrator

ATTEST:


 KRISTIE SMITHERS, MMC, City Clerk

[SEAL]



Ordinance Serial No. 12-24: AMENDING THE FY2013 BUDGET FOR INCREASES IN HEALTH INSURANCE, WORKERS' COMPENSATION INSURANCE AND GENERAL INSURANCE POLICIES OF THE CITY IN THE NET AMOUNT OF \$323,075.

Agenda of: August 13, 2012 **Date:** July 13, 2012
Originator: Troy Tankersley, Finance Director

Route to:	Department	Signature	Date
X	Chief of Police	<i>Steve Belder</i>	
X	Public Works Director	<i>[Signature]</i>	7/13/12
X	Recreational & Cultural Services Director	<i>[Signature]</i>	8/1/2012
X	Finance Director	<i>Troy Tankersley</i>	7-13-12
X	Interim Deputy Administrator	<i>[Signature]</i>	7/13/12
X	City Clerk	<i>[Signature]</i>	7/24/12

REVIEWED BY MAYOR VERNE E. RUPRIGHT: *[Signature]*

FISCAL IMPACT: yes or no Funds Available Yes or No

Account name/number:

001-0000-253.20-00	General Fund – Fund Balance	292,246
220-0000-253.20-00	Youth Court Fund – Fund Balance	5,780
310-0000-253.20-00	Sewer Fund – Fund Balance	9,467
320-0000-253.20-00	Water Fund – Fund Balance	4,557
330-0000-253.20-00	Airport Fund – Fund Balance	691
340-0000-253.20-00	CMMSC Fund – Fund Balance	10,334
Total: Fund Balance Adjustments		\$323,075

Attachments:

- IM No. 12-10 – Update to Council regarding Employee Health Benefit arrangements for FY2013 (2 pages).
- Memo - 8/15/12 To City Council from Troy Tankersley, Finance Director
- Alaska Division of Retirement and Benefits Audit Report

SUMMARY STATEMENT: On June 11, 2012, through IM No. 12-10 the Finance Department notified Council that the FY2013 Budget had not appropriated sufficient funds to cover the City's health benefit arrangements as follows:

- Meritain Health – for administration of the City's medical and vision benefits;
- HCC Life – for medical claims in excess of \$50,000;
- ODS Dental – for dental benefits;
- Lifewise Assurance Company – for life insurance benefits; and
- Magellan Health Services – for employee assistance program

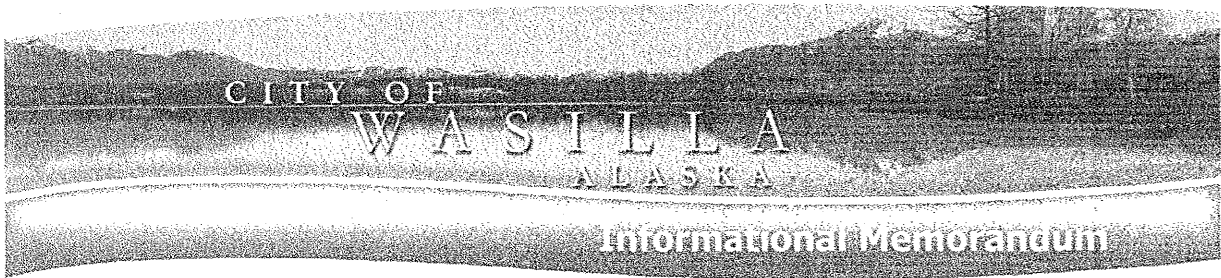
Since this time, open enrollment for health benefits have occurred and employees were given an opportunity to change their enrollment statuses (i.e., for example "employee only" to "family").

Combined with open enrollment changes and an approximate 22% increase in health care costs in FY2013 over FY2012, the FY2013 budget requires appropriation adjustments of \$312,150.

Additionally, with each fiscal year the City solicits insurance policies for property, general liability, automotive, airport liability, airport tenants, and workers' compensation. This solicitation is done via our insurance broker, Mr. Mike Combs of Combs Insurance Agency, Inc. The FY2013 actual invoices have been received by the City and paid leaving deficits in line item accounts of workers' compensation (20-60) for \$10,925 and other purchased services/insurance (50-20). The deficits in the workers' compensation line items are primarily caused from higher anticipated rates per workers' compensation code than what was originally budgeted for due to higher workers' compensation claims.

The net effect on the insurance accounts of 50-20, Other Purchased Services/Insurance, is \$-0-. However, the allocation that was used in the FY2013 budget was incorrect. General liability insurance should be calculated based on total estimated payroll and not on insured property values, as was done with the FY2013 budget. This type of insurance covers not only general liability but public official liability, employee benefit liability and employment practices liability. The effect of this ordinance only redistributes the expenditures for FY2013 and at the same time leaves some residual amounts in some accounts of less than \$5,000 to cover additional automotive insurance changes that occur throughout the fiscal year.

STAFF RECOMMENDATION: Introduce and set for public hearing Ordinance Serial No. 12-24.



IM No. 12-10: UPDATE TO COUNCIL REGARDING EMPLOYEE HEALTH BENEFIT ARRANGEMENTS FOR FY2013.

Agenda of: June 11, 2012

Date: May 31, 2012

Originator: Troy Tankersley, Finance Director

Route to:	Department	Signature	Date
X	Finance Director		5/31/12
X	Interim Deputy Administrator		6/1/12
X	City Clerk		6/4/12

REVIEWED BY MAYOR VERNE E. RUPRIGHT:

FISCAL IMPACT: yes or no Funds Available Yes or No

Account name/number/amount: N/A

Attachments:

SUMMARY STATEMENT: Beginning July 1, 2011 the City insured its employee's and employee's families through a self-insurance model. The City (with assistance from our insurance broker, Mr. Mike Combs of Combs Insurance Agency, Inc.) contracted with:

- Meritain Health - for administration of the City's medical and vision benefits;
- Symetra Inc. - for medical claims in excess of \$50,000;
- ODS Dental - for Dental benefits;
- Lifewise Assurance Company - for Life Insurance benefits; and
- Magellan Health Services - for Employee Assistance Program

The total budget in FY2012 was approximately \$1,925,889 for the aforementioned services.

The City plans to continue its relationship with:

- Meritain Health;
- ODS Dental;
- Lifewise Assurance Company; and
- Magellan.

In April and May the City solicited proposals for coverage during the FY2013 period. Symetra, Inc., proposed \$187,444 higher than that of HCC Life providing the same coverage. Therefore,

the City intends to contract with HCC Life for the Stop Loss medical coverage in excess of \$50,000.

The FY2013 estimated total cost of the City's employee benefits to provide medical (including administration and stop loss), dental, vision, life, employee assistance, and broker fee is \$2,281,766; an increase of \$355,877.

In budgeting for FY2013, a seven percent increase was used which developed a budget of \$2,016,363. Therefore, an ordinance will be forthcoming to amend the FY2013 budget to compensate for the shortage of \$265,403.

Date Presented:	<i>6/11/12</i>	Initials:	<i>AS</i>	Comments:	
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CITY OF WASILLA

Finance Department
290 East Herning Avenue
Wasilla, Alaska 99654-7091
Phone (907) 373-9080 Fax (907) 373-9085

RECEIVED

AUG 15 2012

Office of the City Clerk
City of Wasilla

August 15, 2012

To: All Council Members

From: Troy Tankersley
Finance Director

Re: Response to Questions and requests of Council from the meeting on August 13, 2012.

This memorandum is being prepared to respond to the several questions that were asked of me during the August 13, 2012 Council meeting.

- 1) PERS Audit Report – Attached
- 2) Workers’ Compensation Claims:
 - a. Alaska Public Entity Insurance - “Summary of Workers’ Compensation Experience” report is attached, which provides the number, type, and average size of workers’ compensation claims for period ending June 30, 2012.
 - b. Workers’ compensation rates for the 3 previous years – per \$100 of payroll:

Code	Class	FY2013 Rate/\$100	FY2012 Rate/\$100	FY2011 Rate/\$100
5509	Street, Road, Maintenance	7.0406	4.8027	4.786
7520	Water Works Operators, Drivers	4.1743	3.2363	3.989
7580	Sewage Treatment Operators, Drivers	4.6056	3.5475	4.221
7720	Police Officers	3.6733	2.7593	3.117
8810	Clerical, Professional, Elected Officials	0.5844	0.4460	0.548
9015	Building, Operators, Owners, Lease	6.0527	3.9106	4.427
9102	Parks and Recreation	6.0666	3.9417	4.760

- 3) FY2014 Workers’ cost estimates:
Using the “Adopted Biennial Budget for FY2013 through FY2014”, which had a projected \$174,076 (using FY2012 rates) in workers’ compensation appropriations and adjusting to the FY2013 rates, yields a total appropriation of \$174,074. When estimating workers’ compensation appropriations, a budget assumption of approximately 20% increase is used to offset any unknown claims that will impact the rates that are usually not known at the time of budget preparation. If an additional 20% is calculated, then a total workers’ compensation appropriation of \$206,845 would be necessary or \$32,769 over what was originally estimated for FY2014.



CITY OF WASILLA

Finance Department

290 East Herning Avenue

Wasilla, Alaska 99654-7091

Phone (907) 373-9080 Fax (907) 373-9085

4) Health insurance premium rates by type for FY2013:

Full-time Employee	FY2013 Employee Rate Monthly	FY2013 Employee Rate Annual	FY2013 Employer Rate Monthly	FY2013 Employer Rate Annual
Employee	-0-	-0-	904.53	10,854.36
Employee, Child/Children	65.64	787.68	1,495.18	17,942.16
Employee, Spouse	83.76	1,005.12	1,658.36	19,900.32
Family	168.70	2,024.40	2,422.85	29,074.20

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City of Wasilla

Audit Year CY2011, Employer Control Number: 131

State of Alaska

Division of Retirement and Benefits

Audit Section

P.O. Box 110203

Juneau, AK 99811-0203

Telephone: (907) 465-5707



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CONTENTS PAGE

Audit Letter

Findings

Notes to Statements

- **Employer Contract Information**
- **Closing Comments**

**Department of Administration
Division of Retirement and Benefits**

P.O. Box 110200
Juneau, AK 99811-0200
Phone: (907) 465-4460
Fax: (907) 465-3086

March 30, 2012

Mayor Verne E. Rupright
290 East Herning Ave.
Wasilla, AK. 99654

Honorable Mayor Rupright;

I audited the information required to be submitted to the State of Alaska retirement plan(s) and the Federal Social Security and Medicare programs for the year of 2010. Responsibility for both the accuracy of the data and the completeness of the information reviewed rests with the management of the City of Wasilla.

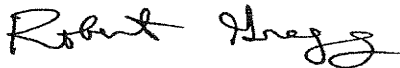
I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance that members and information is being reported correctly to these plans. This audit included examining the PERS Participation agreement, reviewing the employer's policies and procedures, and examining, on a test basis evidence supporting information reported for members participating in and/or excluded from plan enrollment.

This report is divided into two sections:

- Findings: are issues of noncompliance with State or Federal laws and regulations, or the City's that must be corrected. A written response as to the resolution of all findings of the final audit report is required within 30 days.
- Notes to Statements: includes specific information concerning contracts, between the employer and the State of Alaska, and employer's policies and procedures.

Thank you for taking time out of your busy schedule to assist in clarifying issues and answering questions.

Robert Gregg



Internal Auditor

Audit Findings

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Please contact our Division Retirement Section employee Larry Davis at 465.4817 for assistance in completing the action needed for all audit findings.

Finding #1: Ineligible Employees Participating in the Supplemental Annuity System (SBS)

My examination revealed that four employees who were classified as rehired annuitant's had wages reported to SBS.

Alaska statute 39.30.150 simply state that the requirement for participating in the SBS program an individual would be that they would have been eligible to participate in the social security system.

A rehired annuitant is a retiree who is rehired by his or her employer or another employer that participates in the same retirement system as the former employer. A rehired annuitant is either drawing a retirement benefit from that retirement system, or has reached retirement age under the retirement system.

Rehired annuitants are excluded from mandatory social security coverage. Retirees rehired after March 31, 1986, are covered for Medicare regardless of whether they qualify as rehired annuitants. Additional information on the common-rule for "Determining Worker Status" can be found in Chapter 6, of IRS Publication 963. <http://www.irs.gov/pub/irs-pdf/p963.pdf>

I have determined per Regulation 31.3121(b)(7) 2(d)(4)(ii), and Section 210(a)(7)(F) of the Social Security Act that the below employees would not be eligible to participate in the Social Security program, and therefore not eligible to participate in SBS per 39.30.150

Melvin E. Belden

Bert L. Cottle

ACTION NEEDED:

For the above listed employees the reported wages shall be corrected. A W-2c shall be filled for all affected years for three years, three months, and fifteen days from the date of this report.

In the future the City should not enroll, report wages, or pay contributions for rehired annuitants in SBS.

NOTES TO STATEMENTS:

Employer Contract Information

Alaska Retirement System

Total number of employees: 209

Total number of employees *included* in the PERS reporting: 129

Date of entry into the PERS:

- Effective January 1, 1982
- Included all permanent full-time and part time employees
- Salaried Public Officials
- Up to seven years past service was recognized

Amendment #1:

- Effective April 1, 1989
- Up to three years temporary service after January 1, 1982 with the City of Wasilla could be recognized as past service

Amendment #2:

- Effective November 23, 1998
- Excluded Public Works Director, and Public Safety Director

Amendment #3:

- Effective October 1, 2007
- Excluded Library Director

Amendment #4:

- Effective May 1, 2003
- Excluded Airport Manager

Amendment #5:

- Effective May 1, 2003
- Excluded Seasonal Employees working less than nine months

Amendment #6:

- Effective retro August 20, 2000
- Included Elected Officials

NOTES TO STATEMENTS:

Employer Contract Information continued

Amendment #7:

- Effective May 1, 2003
- Included Public Works Director
- Public Safety Director position no longer exists in the City organizational structure

Amendment #8:

- Effective April 1, 2004
- Excluded City Inspector

Amendment #9:

- Effective April 1, 2004
- Excluded Concession Attendant I, and cashier/Receptionist at the Wasilla Multi-Use Sports complex

Amendment #10:

- Effective July 1, 2004
- Excluded class of Recreational and Cultural Services Manager

Amendment #11:

- Effective May 1, 2005
- Included Library Director

Amendment #12:

- Effective June 1, 2005
- Excluded non-regular hourly employees who work on-call and on an as needed basis

Amendment #13:

- Effective June 1, 2005
- Excluded Police Chief

Amendment #14:

- Effective March 1, 2006
- Excluded Deputy Chief of Police

Amendment #15:

- Effective August 1, 2006
- Included Deputy Chief of Police

Amendment #16:

- Effective March 1, 2007
- Included Police Chief

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NOTES TO STATEMENTS:

Employer Contract Information continued

Amendment #17:

- Effective May 1, 2008
- Excluded Deputy Chief of Police
-

Amendment #18:

- Effective November 1, 2011
- Excluded Seasonal employees

218 (or Mandatory) – Social Security Employer

The City is a Mandatory employer for purposes of Social Security. Employees that participate in the PERS are not eligible to participate in Social Security.

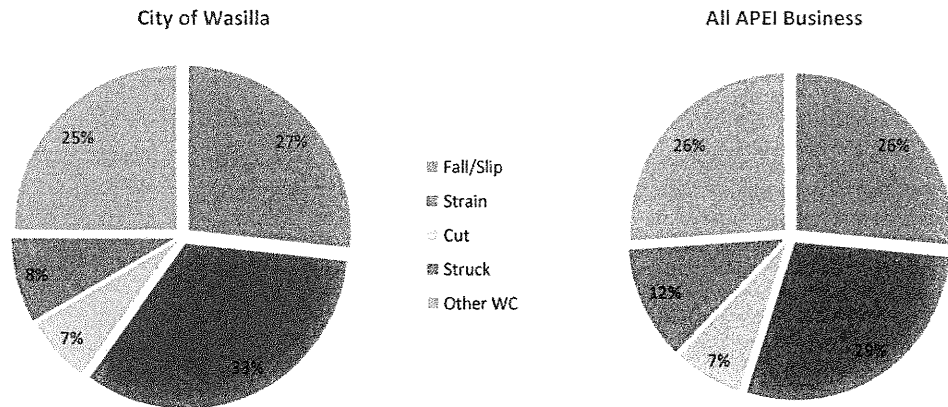
The City entered into the Supplemental Benefits System (SBS) effective July 1, 1987.

Summary of Workers' Compensation Experience

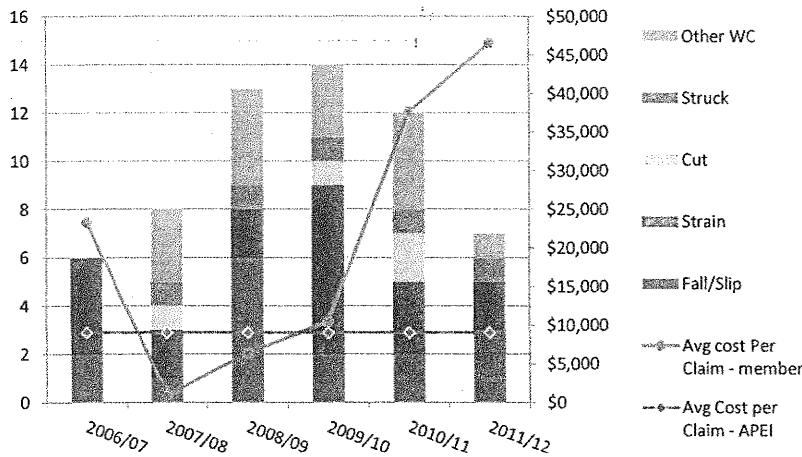
City of Wasilla

7/1/06 - 6/30/12

Claim Count by Injury Type



Number, Type, and Average Size of Claims by Year



Timeliness

Proportion of claims reported to APEI within 14 days of the date of injury

92% City of Wasilla
69% Overall APEI

Frequency

Number of Injuries per \$1 Mil of Payroll

1.48 City of Wasilla
1.97 Overall APEI non-School Districts

Severity

Average medical and indemnity cost per claim (claims capped at \$750,000)

18,928 City of Wasilla
9,074 Overall APEI non-School Districts

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Fall/Slip	2	1	6	2	2	3
Strain	4	2	2	7	3	2
Cut	0	1	0	1	2	0
Struck	0	1	1	1	1	1
Other WC	0	3	4	3	4	1
Total WC Claims	6	8	13	14	12	7
Average Cost Per Claim for Member	23,347	913	6,400	10,518	37,604	46,507
Overall Avg Cost Per Claim for APEI	9,074	9,074	9,074	9,074	9,074	9,074

City of Wasilla represents

2.8% of the 2011/12 Workers' Compensation Payroll written by APEI

Note on Injury Types

"Fall/Slip" includes falls or slips from a ladder, from a different level, on ice/snow, due to liquids or grease, or on stairs

"Strain" includes strains due to reaching, twisting, lifting, pulling, noise, or from using a tool or machinery

"Cut" includes cuts from broken glass, tools, objects being handled, or other sources

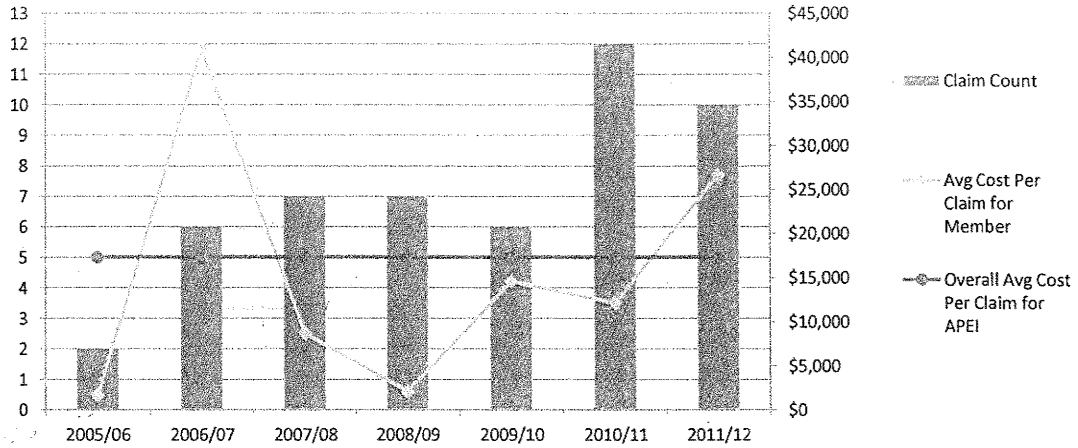
"Struck" includes injuries from being struck, kicked, stabbed, or bit by co-workers, students, or patients, tools, objects being handled, or by falling objects

Summary of Liability and Auto Experience

City of Wasilla

7/1/05 - 6/30/12

Number and Size of Liability & Auto Claims by Year



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Claim Count	2	6	7	7	6	12	10
Avg Cost Per Claim for Member	1,597	40,994	8,652	2,051	14,550	12,095	26,622
Overall Avg Cost Per Claim for APEI	17,305	17,305	17,305	17,305	17,305	17,305	17,305

City of Wasilla represents

2.6% of the 2011/12 Liability & Auto Payroll written by APEI

Data is as of 6/30/12