

City of Barnesville
City Council Special Meeting
June 14, 2002

Acting-Mayor Kim Simonsen called this special meeting to order at the Barnesville City Hall council chambers at 7:31 a.m. with council members Chad Hagen, Larry Davis, Jr., Charles Martinson, and Jerry Ames attending. Others in attendance were City Administrator Ray Miller, General Manager Gerald Dow, Finance Director Brian Jacobson, Shana Cihak, Dennis Brown, Laurie Andvik and Pam Aakre from the Record Review. Mayor Eugene Prim, Council member Roger Cooper and youth representatives were absent.

This special meeting was called to consider certain issues dealing with the city employee health insurance benefit.

The first issue to be addressed was to decide on the length of the health insurance term. City Administrator Ray Miller stated that the council could contract for July 2002 to January 2003 or July 2002 to July 2003. Mr. Miller said that by doing a year they could avoid any increase in January and our budget goes from January to December. Acting Mayor Simonsen said he would like to see the insurance term run from July 2002 to July 2003. He also stated that Medica rates have increased about 25% a year. Shana Cihak stated that if we went from July to January the increase would be less. Finance Director Brian Jacobson stated that if council decided to go from July to July it would make it easier to budget for the first half of 2003 and it would keep the rate lower.

06-14-02-01 Motion by Mr. Davis and second by Mr. Martinson to approve the health insurance policy with Medica for the term July 2002 to July 2003. Carried.

The next issue to be addressed on the health insurance benefit is regarding rates. Finance Director Brian Jacobson reviewed several options on how council could set health insurance rates for the employees. Mr. Jacobson stated he had talked to Erin Ryan at the League of Minnesota Cities to clarify any issues concerning retirees and council members on the health insurance policy. His findings were included in the health insurance rate options. Acting Mayor Simonsen asked Mr. Jacobson what option he would recommend. Mr. Jacobson stated that either one of the averaging rates are what everyone is accustomed to using. Because of the numbers Mr. Jacobson asked council if they were considering raising the capped rate of \$551.74. Mr. Martinson asked if council could wait and make this decision later. Mr. Jacobson said we have already contracted with Medica and that the first payment is not due until the middle of July so council had some time. Acting Mayor Simonsen stated that council had indicated employees would receive 100% health insurance coverage and council should maybe check out more numbers before making a decision. Mr. Martinson also stated he would like the Finance Director to recalculate rates. This item was tabled until the special meeting to be held June 24, 2002 at 7:00 p.m.

The final issue on the health insurance benefit to be dealt with by council was how to handle the changing rates for certain employees during the year. Insurance rates are based on age brackets and as some employees go into the next bracket it may affect rates for everyone. Shana Cihak stated that it should not be a large amount; however, there could be an increase to be absorbed. Mr. Hagen asked by having the city absorb

these increases are we setting a precedent. Acting Mayor Simonsen stated that the council can revisit this issue next year.

06-14-02-02 Motion by Mr. Davis and second by Mr. Ames to have the City absorb any rate increases incurred by employees moving from one age bracket to another age bracket. Carried.

06-14-02-03 Motion by Mr. Hagen and second by Mr. Martinson to adjourn the meeting. Carried.

Meeting adjourned at 7:56 a.m.

Submitted by:

Attest:

Laurie Andvik
Records Manager

Kim Simonsen
Acting Mayor