

**THE SPECIAL MEETING  
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA  
HELD JUNE 20, 2013, AT 7:00 P.M.  
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

**CALL TO ORDER:**

Mayor King called the meeting to order at 7:00 p.m. with the Pledge of Allegiance.

**ROLL CALL:**

Present were: Mayor Toney D. King, Sr., Vice Mayor Lori McGoffin, Councilmembers David Lambert, Nick Maldonado and Al Sacco. Absent were: Councilmembers Ron Brooks and Chris Moncada.

**PUBLIC HEARING:** The Mayor and Council will receive comments and questions from the public regarding the proposed City of Benson Fiscal Year 2013-2014 Tax Levy.

Mayor King opened the public hearing to receive comments and questions from the public regarding the proposed City of Benson Fiscal Year 2012-2013 Tax Levy at 7:01 p.m. Mayor King indicated no one had signed up to speak at the public hearing and asked if there was anyone present who wished to speak. After receiving no comments, Mayor King closed the public hearing at 7:02 p.m.

**PUBLIC HEARING:** The Mayor and Council will receive comments and questions from the public regarding the City of Benson Fiscal Year 2013-2014 Tentative Budget and the Capital Improvement Plan for 2013-2018.

Mayor King then opened the public hearing to receive comments and questions from the public regarding the City of Benson Fiscal Year 2013-2014 Tentative Budget and the Capital Improvement Plan for 2013-2018 at 7:02 p.m. Mayor King indicated no one had signed up to speak at the public hearing, but he would like to explain that historically, the existing Council has passed the budget prior to the start of the term of the incoming Council, inviting citizens to look at public records if they desire. Mayor King then asked if there was anyone present who wished to speak. After receiving no comments, Mayor King closed the public hearing at 7:03 p.m.

**NEW BUSINESS:**

1. **Request for a donation to support the “Back to School Fair” sponsored by the San Pedro Family Resource Council**

No one from the San Pedro Family Resource Council was present. Mayor King stated he has been involved with this event in the past, explaining that donations from businesses are used to purchase school supplies for distribution. Councilmember Lambert stated that he has also been involved in the event, clarifying that many items have been donated by businesses for this and the “Stuff the Bus” event, with cash donations being used to purchase additional needed supplies. Vice Mayor McGoffin acknowledged that families line up early to participate in the distribution, then commented it was in poor taste that there were no representatives from the organization present. Councilmember Lambert asked what amounts have been given in the past with Interim City Manager Jim Cox noting amounts have varied from \$100 last year up to \$1,000 in 2009. Mayor King asked about holding off the vote until the next Council meeting since there wasn't a representative from the organization present. Councilmember Maldonado replied that since funds would be coming from this closing budget, the decision needs to be made now. Interim City Manager Jim Cox stated there is not a line item for this event in the Community Enrichment Budget, but there is \$11,000 remaining in the general category. Councilmember Lambert moved to expend a \$500 donation toward the San Pedro Family Resource Council for their Back to School Fair. Vice Mayor McGoffin suggested \$250. Councilmember Maldonado suggested giving the same amount that was given

to Meals on Wheels, which was \$500. Councilmember Maldonado then seconded the motion. Motion passed unanimously 5-0.

2. **Health Insurance contract with Health Net for the Employee Benefits for Fiscal Year 2013-2014**

Finance Director Megan Moreno introduced Al Thunberg and Jon Stewart of ESG. She briefly explained that the City of Benson is staying with the same provider, Health Net, and that the City also received a rate pass from Health Net.

Mr. Thunberg introduced himself, stating that the healthcare field has been challenging due to changes at a national level. Mr. Thunberg acknowledged that there are still questions about new healthcare rules, but strategies have emerged. Mr. Thunberg stated that renewal costs have been as high as 55% from year-to-year but the City of Benson has been implementing strategies to contain costs, mentioning the health reimbursement arrangement, which began in 2009. Mr. Thunberg noted that the City's premium costs used to be upwards of \$750,000 annually, but costs have dropped to \$582,000 as the City uses aggressive tactics to help control costs. He stated ESG is continuing to provide the employees with ideas on how to maintain coverage at a reasonable cost. Mr. Thunberg acknowledged that Health Net's original offer was an 8% increase in costs, which was competitive to other providers who offered between 8% and 10% cost increases, noting upon further negotiations, Health Net offered a rate pass, meaning there would be no increase in costs. Mr. Thunberg stated this rate pass is a tribute to Benson since rate passes do not occur often, adding the City actively helping control costs provided some leverage.

Mr. Thunberg stated the health reimbursement arrangement is continuing, noting this has helped secure premium savings and at the same time, manage the City's risk under those plans, adding the City beats the expected claims numbers every single year, again noting this is a tribute to the employees using the healthcare plan wisely and that it has contributed toward the savings in premiums. Mr. Thunberg then stated the City implementing strategies has been very effective.

Mr. Thunberg then addressed the Flexible Spending Accounts (FSA) and stated the new benefit this year is the Health Savings Accounts (HSA), acknowledging they are similar in nature as they are both consumer directed healthcare strategies to help manage premium costs. He hopes that some employees will use the new HSA account which allows employees to "bank" pre-tax funds to spend on medical events.

Mayor King questioned if this account could be used for OTC (over-the-counter) medications and pharmacy benefits. Mr. Thunberg replied that this account can be used for OTC items, but is directed toward co-pay and deductible expenses as well as vision or dental costs that are not covered by insurance. Councilmember Maldonado asked if this plan is similar to a 125 account. Mr. Thunberg clarified that section 125 creates the FSA account, not the HSA account, with a major difference being HSA funds can be invested in hopes of growing the amount available for medical expenses. Councilmember Maldonado asked if this is a use-it-or-lose-it account with Mr. Thunberg replying that FSA is use-it-or-lose-it, but HSA funds carry over from year-to-year to accumulate. Mr. Thunberg did acknowledge the City will not be fully governed by the Affordable Care Act, aka Obamacare, until the next open enrollment in 2014, but the goal is to start informing employees of new options already.

Mr. Thunberg reiterated that employees still have the traditional PPO and HMO plans to choose from, along with the new HSA plan. Mayor King stated he is glad to have the new plan feature.

Vice Mayor McGoffin asked about excusing herself and Interim City Manager Jim Cox agreed it would be prudent.

Councilmember Lambert then moved to approve the health insurance contract with Health Net for the employee benefits for Fiscal Year 2013-2014 and for the City Manager to sign said contract. Seconded by Councilmember Maldonado. Motion passed 3-1 with Councilmember Sacco voting nay and Vice Mayor McGoffin abstaining.

3. **Resolution 19-2013 of the Mayor and Council of the City of Benson, Arizona, approving a Final Budget for Fiscal Year 2013-2014**

Finance Director Megan Moreno noted that the Council has the final version of the budget, including changes discussed at the prior meeting. She stated that new titles for the binder cover sheet will be updated with the "Final" wording. She then asked if there were any questions and opened the floor for discussion.

Mayor King emphatically stated that this Council is not doing anything differently from prior Councils in passing the budget prior to the seating of the new Council. Vice Mayor McGoffin stated that the incoming Councilmembers have been allowed and encouraged to participate in the budget process and their input has been considered so they have not been excluded, but have been actively included in the budget process.

Councilmember Lambert motioned to approve Resolution 19-2013. Councilmember Maldonado seconded. Motion passed 3-1 with Councilmember Sacco voting nay and Vice Mayor McGoffin abstaining.

**ADJOURNMENT:**

Councilmember Lambert moved to adjourn at 7:25 p.m. Seconded by Vice Mayor McGoffin. Motion passed 5-0.

ATTEST:

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Toney D. King, Sr., Mayor

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Vicki L. Vivian, CMC, City Clerk