

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 343 Revising the City's Policy for Paying for Medical, Dental, Vision, Life and Disability Insurance and Other Benefits for City Employees; and Amending Ordinance No. 220
DEPARTMENT:	Human Resources & Finance
PRESENTED BY:	Marci Wright, Human Resources Director Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

The City has seen double digit health insurance cost increases over the last two years. The City's health insurance provider has indicated that health insurance premiums will increase an average of 15-20% annually over the next five years. Given the City's current health benefits policy, if no change is made, the City's costs related to health benefits could increase by 48% over the next four years.

ALTERNATIVES ANALYZED:

Anticipating that the City would be facing large health benefit cost increases over the next few years, an employee task force was established early in 2003 to develop a recommendation that would limit the City's health benefit costs to approximately one-half of future premium cost increases. Alternatives reviewed include:

- Self-Insurance
- Joining Alternative Pools
- Joint Venture with Other Agencies
- Plan Alternatives within the Association of Washington Cities
- Alternatives to how the City provides health benefits.

Based on the research of the employee task force, the task force recommended that the City modify its current health benefit policy. The recommendation from the task force maintains a component of the City's current policy, by providing a flat amount for each regular full-time employee, but this amount will remain at the current rate of \$739 per month through 2005. Beginning in 2006 this amount will have a 5% growth cap. In addition, the task force recommended that employees whose insurance choices have a premium cost in excess of the minimum benefit level be eligible to receive an additional contribution from the City up to a maximum of 95% of the cost of health insurance (medical, dental, and vision) premiums for an employee, spouse, and two children.

FINANCIAL IMPACT:

The 2004 proposed budget includes \$1.2 million for employee health benefits. If the City were to make no changes to its existing health benefits policy, it would require that an additional \$165,000 be budgeted for health benefits in 2004. The recommended

policy changes reduce anticipated health benefit cost increases by \$1.3 million over the next 4 years as compared to the existing policy.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 343 revising the City's policy for paying for medical, dental, vision, life and disability insurance and other benefits for City employees.

Approved By: City Manager  City Attorney 

ATTACHMENTS

- A. Proposed Ordinance No. 343
- B. Ordinance No. 220

ORDINANCE NO. 343

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
REVISING THE CITY'S POLICY FOR PAYING FOR MEDICAL,
DENTAL, VISION, LIFE AND DISABILITY INSURANCE AND OTHER
BENEFITS FOR CITY EMPLOYEES; AND AMENDING ORDINANCE
NO. 220.**

WHEREAS, Ordinance No. 220 amended Ordinance No. 185 to establish medical, dental, vision, life and disability insurance benefits for City employees; and

WHEREAS, Section 1 of Ordinance No. 220 established the City's policy for determining the maximum monthly payment which may be made for the benefits offered to City employees; and

WHEREAS, as a cost savings measure, the Council now desires to change the City's policy for determining the City's contribution.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE DO
ORDAIN AS FOLLOWS:**

Section 1. Amendment. Section 1 of Ordinance No. 220 is hereby amended as follows:

Section 1. *Authorizing expenditure of City funds to provide for an employee benefits package.* The City Manager is authorized to expend such funds as may be necessary to carry out this section.

- a)** The maximum monthly payment which may be made for the employee's benefit package offered for regular City employees shall be 95% of the cost for the least expensive City-offered medical, dental and vision coverage for an employee, spouse and two children; and
- b)** The minimum monthly payment for a full-time regular employee shall be \$739 for 2004 and 2005. Beginning in 2006, the minimum monthly amount will be increased annually by 50% of the increase of the maximum monthly payment from those of the previous year, but in no case more than 5% annually. The City's contribution shall be pro-rated for a part-time regular employee.

Section 2. Effective Date. A summary of this Ordinance, consisting of its title, shall be

published in the official newspaper of the City. This Ordinance shall take effect and be in full force January 1, 2004.

PASSED BY THE CITY COUNCIL ON NOVEMBER 24, 2003.

Mayor Scott Jepsen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli, CMC
City Clerk

Ian Sievers
City Attorney

Date of Publication: December 1, 2003
Effective Date: January 1, 2004

ORDINANCE NO. 220

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING ORDINANCE NO. 185, WHICH ESTABLISHED MEDICAL,
DENTAL, VISION, LIFE AND DISABILITY INSURANCE AND OTHER
BENEFITS FOR CITY EMPLOYEES, IN ORDER TO PAY FOR THE
INCREASE IN THE COST OF BENEFITS**

WHEREAS, Ordinance No. 185 amended Ordinance No. 151 to establish medical, dental, vision, life and disability insurance benefits for City employees; and

WHEREAS, Section 1 of Ordinance No. 185 provided that the maximum monthly payment which may be made for the benefits offered to City employees was \$509.00; and

WHEREAS, due to an increase in the cost of the benefits provided, the maximum monthly payment must be increased.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE DO
ORDAIN AS FOLLOWS:**

Section 1. Section 1 of Ordinance No. 185 is hereby amended as follows:

Section 1. Authorizing expenditure of City funds to provide for an employee benefits package. The City Manager is authorized to expend such funds as may be necessary to carry out Section 2 of this Ordinance: PROVIDED, that the maximum monthly payment which may be made for the benefit of any City employee shall be \$509 the lowest cost for medical, dental and vision coverage for an employee, spouse and one child as provided for in the Memorandum referenced above.

Section 2. A summary of this Ordinance, consisting of its title, shall be published in the official newspaper of the City. This Ordinance shall take effect and be in full force January 1, 2000.

PASSED BY THE CITY COUNCIL ON DECEMBER 13, 1999.



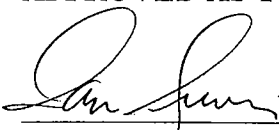
Mayor Scott Jepsen

ATTEST:



Sharon Mattioli, CMC
City Clerk

APPROVED AS TO FORM:



Ian Sievers
City Attorney

Date of Publication: December 16, 1999
Effective Date: January 1, 2000

This page intentionally left blank.