



WHERE COMMUNITY AND SPIRIT MEET®

WORK SESSION MINUTES

A work session of the Kirkwood City Council was held on December 19, 2019 at 6:00 p.m. Present were Mayor Griffin, Council Members, Luetzow, Edman, Duwe, Zimmer, Wurtz and Ward. Also in attendance were Chief Administrative Officer Russell Hawes, Assistant Chief Administrative Officer Georgia Ragland, City Clerk Laurie Asche, Deputy City Clerk Fredrick Doss, Public Information Officer Beth von Behren, Public Services Director Bill Bensing, Finance Director Sandy Stephens, and City Attorney John Hessel.

APPROVAL OF DECEMBER 5, 2019 WORK SESSION MINUTES

Motion was made by Council Member Ward and seconded by Council Member Wurtz to approve the December 5, 2019 minutes. The motion was unanimously approved.

BENEFIT/INSURANCE RENEWAL WITH ANTHEM

Assistant Chief Administrative Officer Georgia Ragland and Chris Snell with Gallagher Benefit Services distributed handouts regarding the City's insurance renewal and Benefits recommendations for employee Health, Dental and Vision coverage. Gallagher Benefits evaluates plan's performance and monitors it month to month and brings that information to the marketplace to get bids for coverage, and 2019 is bid year. Gallagher shared information about the City's program and pricing to the marketplace and received quotes from several companies and they conducted an in depth analysis. After assessing market competitors, Anthem came back with some competitive options. The City chose to move to being fully self-insured for health insurance. There has been an overall 8.4% increase in health insurance costs due to increases in City's claims over the years. Insurance rates provided are driven by the number of claims. Dental and vision rates will remain unchanged. Gallagher also solicited bids for Basic Life Insurance, Accidental Death & Dismemberment insurance (AD&D) and long-term disability insurance. Staff is recommending that the City renew Basic Life, AD&D and Voluntary Life insurance (employee paid) contracts with Minnesota Life (Securian) for a three year period during which time the rates are guaranteed. Minnesota Life is also reducing the Basic Life rate, saving about \$3,100 annually. Our current provider for Long-Term Disability insurance, Ochs/Madison National offered an unrealistic quote, as they had evidently underestimated the number employees that qualified for long-term disability during the last couple of years. Staff is recommending the City enter into contract with Standard for long-term disability insurance, as they were able to match our current policy and slightly reduce the rate and guarantee that rate for three years. Legislation is on tonight's Council Agenda for consideration.

2ND QUARTER FINANCIAL REPORT

Finance Director Sandy Stephens presented the financial report for the second quarter period ending September 30, 2019, which is the halfway point though the municipal fiscal year. The financial statements provided are on the cash basis and do not reflect any fiscal year-end adjustments or accruals. Sandy Stephens reviewed the balance sheet for all governmental funds on page 1 one of the report, then reviewed the revenues and the change in fund balances compared to the same period in the previous year. Fund balances are typically low around this period of time. The general fund unrestricted cash balance equals 34% of the budgeted general fund annual expenditures. This provides the city with adequate cash flow and emergency funds. As of September 30, 2019 the General Fund has a fiscally healthy balance sheet, however; the General Fund balance equals \$6,160,450 which is 23% of budgeted annual operating expenditures. Fund balance guidelines approved by council calls for 30% to 50% of annual operation expenditures. Property tax receipts will be received during the next two quarters and we expect that will

help bring the fund balance to the City fund balance guidelines. Tax receipts decreased by about 4% or \$280,500 compared to the same period last year. Licenses, Permits and fees decreased 27% or \$222,800 compared to the same period last year. Intergovernmental Revenues increased 52% or \$147,200 compared to last year. Charges for Services increased 3%. On the Expenditures side the General Fund has utilized under 50% of the budget authorization and the net change in fund balance though the second quarter is a decrease of (\$1,815,876). Finance Director Stephens then reviewed the cash balances of the City's enterprise funds. The Electric Fund has a cash balance of \$8 Million, and that fund is expected to see some grant revenue. \$1.2 million has been received thus far and total grant revenues will be around \$3.8 million. Generally, Electric revenues have decreased compared to the same period last year due to unfavorable weather, however the majority of revenues exceed 50% of budget projections. The Water Fund has a healthy cash balance of \$5.8 million. Water revenues decreased 13% from the same period last year due to unfavorable weather. The Sanitation Fund has a cash balance of \$523,118 and we're a little ahead of what we've budgeted for. Revenues have remained stable, however; recycling revenues have decreased dramatically, so this fund should be monitored closely.

There being no further matters to come before the council, the meeting was adjourned.

Laurie Asche, CMC/MRCC
City Clerk