PORTERVILLE CITY COUNCIL MINUTES
ADJOURNED MEETING - AUGUST 10, 2004
CITY HALL - 6:00 P.M.

Call to Order: 6:00 p.m.
Pledge of Allegiance - Council Member Cameron Hamilton
Invocation - Mayor Pedro Martinez
Roll Call: West, Irish, Hamilton, Martinez
Absent: Stadtherr

ORAL COMMUNICATIONS

- Russell Bettencourt, 67 North Kessing, spoke regarding the proposed RMA healthcare plan. Mr. Bettencourt indicated that as a member of the Healthcare Task Force (HTF) he understands the problems with our current healthcare, however, stated that change in costs to retirees in the proposed plan would make it unaffordable for him to retain coverage when he retired. Mr. Bettencourt estimated that if he retired under that plan, he would take home approx. 50% of his wages. Mr. Bettencourt pointed out that he, as well as many other City employees, used to and could make more in wages at another job, yet choose to work for the City because of its good benefits. Although something needs to be done to control the costs of insurance, he stated that the solution should not be at the detriment of employees and/or City retirees. Mr. Bettencourt also stated that he is concerned that the individuals proposing such change are individuals whom have their benefits and their family’s benefits fully paid by the City.

SCHEDULED MATTERS

1. AWARD OF CONTRACT - NELSON BUILDING DEMOLITION PROJECT

Recommendation: That the City Council award the Nelson Building Demolition Project at 296 to 308 North Main Street to Bowen Engineering & Environmental in the amount of $128,000.

The City Manager, John Longley, presented the item and Baldo Rodriguez, Public Works Director, presented the staff report. Mr. Rodriguez stated that the consultant hired by the City to determine a probable cost of the project came in at $267,000. Informal quotes obtained by the City suggested a cost less than $200,000, and so $200,000 was set for the limit. Mr. Rodriguez indicated that the actual low bid came in at $128,000, which is 36% less than our limit and 52% less than what our consultant indicated that it would be. Mr. Rodriguez stated that funding for this project was approved during the July 6, 2004 Council Meeting, with building construction costs at $75,000.00 and equipment/replacement in the amount of $125,000.00. Again, the lowest bid was submitted by Bowen Engineering & Environmental out of Fresno at $128,000. Mr. Rodriguez stated that Mr. Perrine, Director of Parks and Leisure, would also like to comment.

Mr. Perrine indicated that the demolition of the Nelson building is the first step in the construction of the Centennial Plaza Project, accordingly, he will present some information on the anticipated sequence of events. Mr. Perrine stated that in addition to the demolition of the

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Nelson building, they will also do the master design of the Plaza and the specific design the initial phase. He stated that the approval of those design services is anticipated to be on the next City Council Agenda for August 17, 2004. Mr. Perrine indicated that design completion is anticipated to occur within a couple of months, and the construction would be anticipated to be initiated before the end of 2004, with completion of that initial phase to be in early 2005, with February as a target.

Mr. Perrine stated that the cost information and confirmation of the budget will also be included as an agenda item for the August 17, 2004 Council Meeting. He indicated that the anticipated building demolition, the design, and the initial phase of the Plaza construction, are all expected to be accomplished within the $200,000 City funding which has been previously discussed. In addition, Mr. Perrine pointed out that the Rotary organization has made commitments of approximately $47,000 to augment the initial phase of the Plaza construction, and Rotary is working on further funding efforts to enhance that initial phase commitment.

Mr. Rodriguez indicated that staff recommends that City Council award the Nelson Building Demolition Project to Bowen Engineering & Environmental in the amount of $128,000, and further that Council authorize statements up to 90% of the contract amount, and that Council authorize a 10% contingency to cover unforeseen construction costs. He stated that he would be happy to answer any questions.

Mayor Pro Tem Irish asked what the finish date of the demolition would be and requested that the accounting for the 10% contingency come back to the Council to review.

Mr. Rodriquez stated that the finish date would be 35 working days, and that typically within 2 weeks the City would meet with the contractor for a pre-bid meeting, and then schedule a start date as quickly as possible. He also indicated that Council could review the accounting for the 10% contingency.

Mayor Pro Tem Irish questioned if the City would be able to construct this Project with $72,000 and $47,000 from Rotary, if the costs for the Project would go over $200,000, and if that $200,000 included costs for demolition.

The City Manager stated that the Project would be done within the $200,000 and the $47,000, and stated that the budget would be brought back to the City Council at the next Council Meeting. He indicated that although he could not speak down to the last $10,000 this evening, staff would bring the budget to Council at the next meeting. Mr. Longley indicated that there are some items that need to be discussed and worked through, such as the P.A. system which is a commitment in the Project. He stated that these items should be contemplated in the budget, and as well as the design. Mr. Longley stated that only general parameters of the budget were provided this evening. He indicated that costs would not go above $200,000, and that staff would not make a proposal above $200,000 of City monies, and that the $200,000 figure includes the demolition costs.

Mayor Pro Tem Irish stated that then, that should leave $72,000 left for construction.
The City Manager stated that the $200,000 does not include the property purchase, but does include the demolition.

Mayor Martinez asked for any other questions or comments from the Council.

COUNCIL ACTION: MOVED by Council Member Hamilton, SECONDED BY Mayor Pro Tem Irish that Council award the Nelson Building Demolition contract to Bowen Engineering & Environmental.

AYES: West, Irish, Martinez, Hamilton
NOES: None
ABSTAIN: None
ABSENT: Stadtherr

M.O. 01-081004

Disposition: Approved.

2. RECOMMENDATION OF THE HEALTHCARE TASK FORCE (HTF)

Recommendation: That the City Council consider the recommendation of the Healthcare Task Force for the enrollment in the RMA Healthcare Plan, and provide staff with direction.

The City Manager presented the item and stated that this item is a review of the discussions of the Healthcare Task Force (HTF) and that this would be a concerted effort over time. He indicated that staff would not be requesting any specific approval this evening, but thought it important to publicly present the general information. The Deputy City Manager, Darrel Pyle, presented the staff report.

The Deputy City Manager stated that this study session would look at actions that can be taken to balance our current healthcare system. He pointed out that the City is currently self-insured for healthcare benefits, and explained exactly what self-insuring entails. Mr. Pyle stated that funding for our healthcare programs is made up of two major components: departmental contributions on behalf of employees, and employee contributions on behalf of their dependents. He stated that this current revenue stream generates approximately $1,076,50. Current costs incurred for most recent fiscal year are $1,628,000, which shows we were under-funded a little over $500,000. Mr. Pyle pointed out that over the past four fiscal years, this problem has been with us, and during this time, the City has collected approximately 1.8 million dollars less than the City has paid out to provide the healthcare services.

The Deputy City Manager stated that the effect on risk management reserves is interesting to look at. He indicated that the cash balances in fund 50 of the risk management fund have held relatively constant during that period. Mr. Pyle pointed out that in that pot of money are the reserves for workers’ compensation, general liability, healthcare, property and casualty loss, and employment practices liability. The Deputy City Manager stated that because the healthcare program has spent more than it has collected, it can be considered that what was
collected from departments for workers’ compensation and general liability has been subsidizing the healthcare program. Mr. Pyle stated that because of this, we do not have an accurate reflection of what the City is collecting from departments for workers’ compensation and general liability. He indicated that we are collecting amounts that accumulated over time that have been sufficient to maintain cash reserves, but that do not accurately reflect the costs of workers’ compensation and general liability.

The Deputy City Manager indicated that there are three ways to correct the problem. We can collect more money, pay out less money, or a combination of both. Mr. Pyle stated that the HTF has met over the past 18 months and has determined that to provide a healthcare plan similar to our current plan, the cost is approximately $800 to $1,000 per month per employee and dependents. Mr. Pyle indicated that this figure appears to be a constant in the marketplace.

Mr. Pyle discussed ways to reduce program expenses, such as changing our provider network of doctors. He stated that currently the City uses the contract list of doctors known as the Interplan. Mr. Pyle explained that this is a contract that was negotiated between the Interplan Group and doctors in our area to provide services for a certain amount. Mr. Pyle also stated that the HTF also looked at different networks, such as Blue Cross, and indicated that it appears to have negotiated larger discounts with these same doctors.

The Deputy City Manager suggested another way to lower healthcare costs would be to negotiate increase stop loss levels. He stated that currently the City of Porterville pays the first $60,000 out of reserves for any medical claim incurred that exceeds $60,000. Mr. Pyle indicated that anything over $60,000 is currently reimbursed by our stop loss insurance coverage.

Mr. Pyle stated another method to reduce expenses is to reduce the benefit, such as increasing co-pay amounts, dropping prescription drugs, increasing deductibles, or any combination thereof. He also stated another alternative is to spread the risk, such as what has been successfully implemented in the workers’ compensation program and the general liability program.

Mr. Pyle also stated that different combinations of increased revenues and decreased expenses have been reviewed and there appears to be opportunity to reduce expenses in our current plan in an approximate amount of $100,000. Mr. Pyle indicated that reductions in benefits have also been reviewed and that the HTF has been working with RMA GPA to create a healthcare program with a modified level of benefits to our current plan which will allow the City to spread the risk. He stated that this would require additional contributions.

Mr. Pyle stated that the staff’s recommendation this evening is that the Council review the materials that have been provided, and commence a full review of the City’s health insurance program with assurances that the costs of such program will not exceed resources allocated in the City budget and employee’s contribution. He indicated that further resources that impact the employees will be negotiated through the meet and confer process. Mr. Pyle further stated that staff recommends that the HTF should continue to meet with the City’s management team to review issues, and that initial consideration is requested of the Council to participate in the RMA’s program for similar benefits at lesser costs.
Mr. Pyle stated that two individuals are present to speak and answer questions: Charlynn Harless, CEO of Legacy Enterprises, the consultant hired by RMA GPA to assist in the establishment of a healthcare program; and Ron Riley of CEB, who has been our broker for the past number of years and who finds the stop loss coverage for our current program. Mr. Pyle then introduced Ms. Harless.

Ms. Harless thanked the Council and the staff for inviting her to speak about the RMA benefits program and to respond to any questions. Ms. Harless stated that she will go over the process of the feasibility study and the actuarial analysis, and the resulting program that the RMA has established.

Ms. Harless stated that approximately 15 months ago, her company, Legacy Enterprises, was hired to conduct a feasibility study to determine if there could be long term costs savings to existing members of the RMA if they combined resources to establish a self-funded employee benefits program in the same manner that they have successfully reduced costs in the workers’ compensation and liability programs. Ms. Harless stated that her firm collected data from all of the member cities that were eligible to participate in this program, of which 55 cities submitted census information. She stated that those cities that were self-funded submitted 24 months of statistical data on their self-funded program, which information included items such as claims, administration costs, etc. Ms. Harless indicated that other cities that were not self-funded also provided information on their census sheet, including 3 years premium experience, benefit programs, etc. She stated that this information was then compiled into comparisons of benefits, premiums, claims experience, then submitted as a request for proposal to all insurance companies licenced in the State of California, including HMOs. She indicated that fully-insured and self-insured benefits programs were requested.

Ms. Harless stated that initially the expectation that in the first year of operation, the program would be fully insured, the basis of which being many of the insurance companies to whom request for proposals were sent were already insuring many individuals. Ms. Harless stated that unfortunately all HMOs declined to submit proposals because their either did not have a network in all of the cities that were participating in the study, or because they were currently providing coverage through the PERs program and felt that it would be a conflict of interest. Ms. Harless indicated that Blue Shield also declined to quote because it is currently a carrier under the PERs program.

Ms. Harless stated that the only proposal received was from Blue Cross of California, which provided a quote for a self-insured program only, meaning they would allow the RMA to purchase their PPO Network, which is the network referenced in Mr. Pyle’s presentation. Ms. Harless stated that Blue Cross in self-insuring medical plans typically gives the option of either providing claims administration, or allowing third party administration, such as by Delta, the City’s current administrator. She indicated that because of the lack of proposals, the contract for third-party claims administration was awarded to Healthcomp. Ms. Harless stated that they had hoped to obtain a proposal from Delta Health Systems, but that Delta ultimately declined to quote stating a potential conflict of interest due to current negotiations with another group of municipalities.
Ms. Harless indicated that once the determination was made to proceed with a self-funded program, Deloitte Consulting, formerly Deloitte & Touche, was hired to perform an actuarial study to establish what the contribution rates would be for the benefits program. Ms. Harless referred Council and staff to the packet of information provided, specifically the comparison of 5 benefit plan options. Ms. Harless stated that the philosophy of the RMA program is to establish 5 self-funded benefits programs from which each employee could individually choose. She stated that this philosophy was chosen to hold down the costs of future healthcare. Ms. Harless indicated that they have contracted with providers, created a competitive environment for contracting with those providers, and have put in place significant changes in terms of utilization review and prior authorization. Ms. Harless stated that the hope is to convert current beneficiaries of benefit programs into informed consumers, and she stated that the only hope in achieving this is to give employees choices that meet their specific needs. She complimented the City on the creation of the HTF as a great idea for involving and educating employees for the future.

Ms. Harless then discussed that the actuary was requested to set contribution rates for each of the 5 programs, meaning the premium rate that the City would pay into the plan to purchase the insurance coverage. She stated that the plan was specifically designed not to create a conflict with collective bargaining. Ms. Harless stated that the larger cities, of which there were 5, were grouped to establish a baseline to establish an average cost per person and to adjust that based on the benefit relative value of the differences in the benefit structures of the 5 separate plans, and to blend all of the census for all of the plans to create a baseline of what the averages were for the census.

Ms. Harless explained that because experience information was not available from most cities, the methodology used in creating rates to incorporate those cities was based solely on an age/gender factor. She indicated that each city was rated with a baseline of 1. She stated, for example, Merced was rated 1.69, and that some cities have ratings of .62 or .84. Ms. Harless indicated that where the city falls in that rating determines whether the city is a very good risk, or a high risk. She stated that Merced at 1.69 is considered a high risk city, and that a city at a .62. or a .80 is considered a good risk city. Ms. Harless indicated that Merced’s high rating is due to their older population. Ms. Harless stated that from establishing that one baseline of rates for one plan, the other plans’ rates were established solely based from the relative value of the benefits from that base plan. She indicated, for example, if one plan had a greater deductible, then that plan would have a lower premium rate that the base.

Ms. Harless explained that the objective of the RMA is to pool the resources of the member cities in order to create a larger risk pool, following the principals of insurance, the greater the risk, the smaller the cost per average person.

Ms. Harless stated that the program has been well received except for one issue, that being the cost of the retiree rates. She indicated that originally, the actuarial study was presented with blended rates, meaning the rates were the same for a single person, a person with one dependent, or a person with family coverage, regardless of whether or not that individual was an active employee or retired, or retired with Medicare. Ms. Harless explained that when the actuarial report was delivered to the Board of the RMA, the rates appeared high based on the blending factor. She stated that the actuary was then asked to amend the study to present a
second scenario of rates splitting out the actives and the retirees. She indicated that the reason
for this request was because in the total population of the participants, the majority of cities did
not pay for retiree coverage, or did not offer retiree coverage. Ms. Harless stated that the
majority of the cities had over the years negotiated a contribution cap. She stated that since the
majority of the membership are active employees with caps, the employee contributions would
be higher because of the need for subsidizing retiree costs because of those cities that provide
coverage for retirees.

Ms. Harless stated inclusive in the rates are the costs to administer the program, such as
processing claims, premiums for stop loss coverage, etc., such as in the current plan. She
indicated that, in addition, the RMA program includes funding for “incurred but not reported”
claims (IBNR) to establish a reserve. Ms. Harless stated that funding of IBNR reserves is
important in self-funded programs and that this reserve would cover claims incurred during the
time the program was offered, but that were presented after such program ended. She indicated
that to determine the IBNR reserves, a lag study is used. Ms. Harless explained that the lag
study would entail a review of 12 months and look to the date the claim was incurred, then look
to the date the claim was paid. She stated that this provides a time period, or a lag period, and
that this period establishes the best estimate of the run-out.

Ms. Harless then spoke about trust that each member city must bring to the RMA, as well
as an assurance to the member cities that each member will remain stable, thereby creating the
provision of a 3 year commitment by each member city to the RMA program. Ms. Harless then
discussed that the first year of coverage through the RMA plan would not be reflected of the
actual costs, as no claims would be paid on claims on average for the first 3 months. Ms.
Harless stated that the second year of coverage would be more reflective of determining average
claims and how to fund for the future. She indicated that this is why a 3 year minimum was
established by the RMA as that provided the most stable environment for comparing costs.

Ms. Harless indicated that the IBNR reserves for the plan proposal estimated a 3 month
IBNR reserve, meaning 3 months of projected claims, and 3 months of administration costs. The
RMA decided to fund the IBNR over a 3 year period, with 1 month funded in the first year.

Ms. Harless stated that she believes that the RMA is the best option for the City and its
employees, and that she also agrees with Mr. Bettencourt’s comments regarding the concerns for
costs to retirees. She indicated that joining a larger risk pool is the best opportunity to ensure
costs for retiree coverage stay as low as possible in the future, irrespective of who funds that
cost. Ms. Harless pointed to the successful pooling of risk by the school districts in the State, as
well as what has been proven successful in the City’s workers’ compensation and liability
programs. Ms. Harless summarized that joining the RMA plan is basically a trust issue and that
if enough cities do not decide to join, the program will die within the next 2 to 3 months, and she
sees no hope of another opportunity in the near future. Ms. Harless then indicated that she
would be happy to answer any questions the Council may have.

Mayor Pro Tem Irish questioned how long the trust has been trying to be formed.

Ms. Harless responded that a feasibility study commenced approximately 15 months ago,
with a 3 month delay due to the State budget crisis, with many smaller cities delayed trying to
respond to that budget crisis. She indicated that this delayed the study approximately 5 months as a result. Ms. Harless stated that the Board adopted the program and the rates in April 2004, and they have spent time from April to today meeting with various cities and employee groups explaining the program. She indicated that many of the member cities are currently participating in PERs, which requires notification by August 15, 2004 if they intend to withdraw. Ms. Harless explained that this is why they should know who is participating in the program on August 15, 2004.

Ms. Harless stated that the quoted rates were predicated on 4,400 employees participating, and that whether or not the rates will change with less employees depends solely on what the final number is and what the make-up or rating of the city is. Ms. Harless stated that the rating would then determine the level of stop loss coverage that would be purchased, thereby also affecting costs. Ms. Harless used Port of Stockton and Alex Spanos and Company as two examples of small companies with successful self-funded programs.

Mayor Pro Tem Irish then asked for the names of the other 4 cities grouped with Merced as self-funded cities.

Ms. Harless stated that Merced was not a self-funded city, and indicated that the self-funded cities are: Dinuba, Kingsburg, Livingston, Porterville, Sonora, Tulare, and Turlock. She stated that Livingston and Dinuba were high-deductible cities.

Mayor Pro Tem Irish thanked Ms. Harless.

Mayor Martinez asked if Council had any further questions.

The City Manager stated that the main purpose of tonight is to begin the presentation of information and to include the Council in the process. Mr. Longley indicated that the City has met with the HTF and stated it is important to continue to meet. The City Manager stated that it is a very complex area and that staff is requesting to proceed to work with bargaining units through meet and confer and to work with the HTF in terms of the plan’s formulation, comparisons, and a continuation of our self-funded plan versus the RMA program, and that in due course to bring information back to the Council.

Mayor Martinez thanked the City Manager and asked Council if direction should be given to continue with the process.

Mayor Pro Tem Irish commented that they received a great deal of information and noted that there was a large number of employees and retirees present in the audience. He indicated that he would like to hear from them if anyone had any comments.

Mayor Martinez welcomed comments from the public.

Gary Irish, 1881 Doris Avenue, Los Osos. Mr. Irish congratulated the Council and indicated that he was representing approximately half of the City’s retirees. He stated that the retirees had voiced concerns to him and requested his assistance. He acknowledged the good things the RMA has done with respect to pooling programs in liability and workers’
compensation. He stated that he has some concerns regarding the likelihood of real savings in the pooled healthcare plan, at least in the initial years. He commented that the savings in the initial years is unclear at this point, although that may change.

Mr. Irish stated he is convinced that the same results may be achieved if the City takes the proposed rate structure and applies same to the current plan. Mr. Irish stated that by doing so, the City could generate approximately $1,852,698, which is above the threshold mentioned in the HTF meeting this afternoon. He also stated that other measures could be implemented as well.

Mr. Irish stated that the RMA plan increases the costs and lowers the benefits, and the City could do this with its current plan, although maybe not lowering the benefits quite as much. Mr. Irish pointed to a 60% coverage for out-of-network care, which he stated seems to be excessive. He stated that through no fault of the employee, often times specialists, or anesthesiologists are typically not in the network, thereby penalizing the employee by having to pay more.

Mr. Irish suggested looking at other measures within the current plan for savings, such as going to the Blue Cross network instead of the Interplan. Mr. Irish pointed out that although the Blue Cross Network would cost more, the ultimate savings in stop loss coverage would greatly off-set that cost. He also stated that the administrative fees that the City currently pays appear to be less than the fees that the City would incur if it chose the RMA program.

Mr. Irish stated with respect to the cities in the RMA he considers Porterville one of the bigger cities. He stated there are: Turlock, Tracy, Clovis, Tulare, Hanford, Merced, none of which have chosen to participate in the healthcare program. He stated that as of this week, it is his understanding that only approximately 6 other cities, in addition to Porterville, are still considering participating.

Mr. Irish then commented on the threshold being 4,400 participants, and the total of participants for the 6 cities still considering participation totaling 1,182, which is 26.8% of the total needed. Mr. Irish stated that this deficit means a most-certain increase in rates in the next couple of years until the threshold is met.

Mr. Irish disagreed with the strategy of the RMA that Ms. Harless spoke about. He indicated that he believed the strategy was determined due to initial rates being too high. Mr. Irish stated that it appeared that the Board decided to take out 2/3 of the IBNRs of the first year to lower the initial costs, but that the City would still pay those, just in the second and third years, along with those years’ reserves.

Mr. Irish then stated that if the City chose the RMA program, and that program failed, then the City would have a difficult time in returning to the marketplace and receiving good rates. He stated that Tulare is considering this program in the future once it has a good track record. He then indicated that Tulare is currently in a lawsuit with the third-party administrator that the consult has recommended, Healthcom, which lawsuit involves alleged overpayment by Healthcom to service providers.
Mr. Irish then commented on the rates for retirees being 2 ½ times the current plan’s rates. He stated that he would like to see an actuary for retirees under 65 years of age and stated that an actuary reflecting retirees in more categories other than just “retired without Medicare” and “retired with Medicare,” would be more useful. He pointed out that many City employees, such as police and fire employees, retire at younger ages, often while in their 50s. Mr. Irish stated he does not feel that a retiree poses any more risk than a employee the same age, and thus the costs and rates should reflect that. Mr. Irish also stated that he disagreed with Ms. Harless in that he does not believe the City should pay 100% of his healthcare benefits as a retiree. He stated that he wants to pay his fair share, as do other retirees, but he does not want to pay 2 ½ times that.

Mr. Irish then stated that, after he mentioned to somebody that the HTF did not have any retirees represented, he was asked by Deputy City Manager Darrel Pyle to attend the HTF meeting on August 10, 2004. He stated that he hoped that meeting was not the only meeting he would be invited to attend. He stated regardless of who represents the retirees, there should be a retiree represented on the HTF.

Mr. Irish pointed out that the proposed RMA plan included coverage for Council Members, although he was not certain how that would fall under the City’s Charter, and stated that the Charter may not be affected if the premiums were paid by the Council Members. Mr. Irish then questioned which rate would a Council Member pay: the active employee rate, or the retiree rate? He stated that this is just one of the aspects of the proposed plan that needs further clarification.

Mr. Irish stated that it may be in the City’s best interest to wait until the RMA plan is up and running and the participating member threshold is met before committing to participating. Mr. Irish then thanked the Council for listening.

Mayor Martinez thank Mr. Irish for his comments and asked if anyone else wished to express concerns or make comments. No one else had any comments.

Mayor Martinez then asked for comments from the Council Members.

Mayor Pro Tem Irish commented that he believed the HTF knew what they were talking about. He asked how many times that the HTF has met and if everybody was represented.

The Deputy City Manager commented that the HTF has met approximately 18 to 24 times over the last 18 months. He stated that the turnout for that particular process has been pretty good in that the employees recognize the importance of the issue and the opportunity to participate in what recommendations are brought before the Council.

Mayor Martinez asked the City Manager for comments.

The City Manager stated that, related to participation, it should be understood that there is a standing invitation for Mr. Gary Irish to participate anytime and that the staff will make sure to provide Mr. Irish with plenty of notice of future HTF meetings.
Mayor Pro Tem Irish commented that he has experienced the same issue with rising healthcare costs at his work and that the bottom line comes down to two things: cost to employees and what coverage is provided. Mayor Pro Tem Irish then requested a comparison chart reflecting the pros and cons, the benefits to both active employees and retirees. He then stated that he recognizes that employee insurance coverage is a problem and that the City cannot continue on the path that it is on.

Council Member West stated a comparison chart would be fine with him.

Council Member Hamilton stated that the last time this issue was discussed the Council recognized the complexity of the situation and that the City should not jump in, as it is not yet a crisis, and that the City should take its time in selecting its course.

Council Member West agreed with Council Member Hamilton and expressed concerned for employees like Mr. Bettencourt being affected by the increased costs. Council Member West stated that the City should be careful in proceeding.

Mayor Pro Tem Irish agreed with Council Member West, but stated that the problem was not with what the City is willing to give, but with what the healthcare is not willing to give.

Council Member West stated that the problem is with what the City can afford.

Mayor Pro Tem Irish again requested a comparison chart and to meet again to discuss the issue.

Mr. Longley stated that discussing this issue was the goal for this evening.

ORAL COMMUNICATIONS
None.

OTHER MATTERS/COUNCIL COMMENTS
None.

ADJOURNMENT
The Council adjourned at 7:15 p.m. to the meeting of August 17, 2004.

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Georgia Hawley, Deputy City Clerk

SEAL

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Pedro R. Martinez, Mayor