

**BUDGET COMMITTEE OF THE WHOLE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
June 17, 2009 3:00pm**

Members present: Stacy Rye acting as Chair; Marilyn Marler; Renee Mitchell; Pam Walzer; Dick Haines; Lyn Hellegaard; John Hendrickson; Dave Strohmaier; and Jon Wilkins; Bob Jaffe.

Members absent: Ed Childers, Jason Wiener.

Others present: Alisa Mathews, Don Verrue, Krystal Aucutt, Gail Verlanic, Scott Paasch, Bruce Bender, Jim Hausauer, Steve King, Mayor Engen, Dee Kreyev.

I. Administrative Business

A. Approve committee minutes dated: [June 10, 2009](#)-approved as submitted.

B. Public Comment on items not listed on the agenda-None

II. Regular Agenda

A. Resolution fixing the annual appropriations for the Fiscal Year 2010 budget ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 04/20/09)**HELD IN COMMITTEE**

MOTION: The committee recommends the City Council approve the FY10 Preliminary Budget.

Employment Benefits Committee:

Jilayne Lee, Chair, Employee Benefits Committee (EBC), reviewed the EBC [memo](#) and presented the committee's final recommendations for FY10 as follows:

- To maintain four months of Health Plan operating expenses for FY10, which would be approximately \$1.562 million in reserve as a minimum.
- Increase Chiropractic visits.
- Add/increase previous Vision benefit.
- Added basic Hearing Examination benefit.
- Eliminate the \$10 monthly premium.
- To work with each union and non-union/association/elected employee group to determine whether to implement using any portion of the Health Benefit, paid on behalf of employees, towards calculation of benefits.
- Implement Autism benefit.
- The City of Missoula should *not* reduce its premium contribution by \$100 per employee per month, from \$670 to 570 as requested.

Mayor Engen thanked Ms. Lee and the EBC for the work they do for the City of Missoula. He suggested building the fund balance before increasing any benefits to the Health Plan. He said this plan is solid and does not change year after year, and he would be happy to revisit this in September, if the taxable values are good, to perhaps restore some benefits or fund the Autism benefit.

Pam Walzer asked about the Union Contracts and how they would be impacted by the \$100 per employee per month reduction in the Health Plan Contribution.

Mr. Bender replied that we have given them our notice and our intent and it is up to each union to respond. He said they have heard from fire who wants to discuss it. We haven't heard from the others yet.

Ms. Walzer stated in summary, that at this time, no employee will have to pay more deductible or experience any decrease in benefits, the only change is that the fund balance may vary from its current value.

Gail Verlanic replied that she spoke to Allegiance yesterday and they said the fund balance will continue to grow even by a small amount of \$ 50,000 or so.

Ms. Walzer commented that it's obvious the fund balance continues to grow and she feels that the Wellness Program is a main reason for that, she said maybe the City hasn't quite figured out the right amount of contribution to the Health Plan to keep it healthy and stable, its probably less than the \$670, and more that the \$570. We should keep trying every year to pinpoint the right amount. She would like to see us bring back some benefits this year but realizes it would be very difficult, but for next year we should definitely try to bring back some benefits.

John Hendrickson inquired as to what the historic three month reserve of the Health Plan fund balance has been. He said he is in support of the City's reduction in contribution for this year only, and expressed concerns regarding solutions to balancing the FY11 budget as he doesn't feel the economic climate will be much improved. He would like to discuss next year's budget plan this year. He pointed out that if the City reduces the Health Plan's contribution the Union's are going to want something in return.

Mr. Bender said the three month reserve is 1.2 million, at this time we have 2.45 million but have not yet paid out our most expensive benefit month.

FY10 Preliminary Budget Resolution:

Brentt Ramharter, Finance Director, requested the committee adopt the Preliminary FY10 Budget. He explained that what we have done in the past is to adopt a preliminary budget by year end. It authorizes us to operate on a baseline level going forward and spells out any special items that need to be addressed. The one item we have identified as a special consideration is what we have been discussing, the \$100 reduction to the City Health Plan per employee per month. The Administration would prefer to have that adopted as a component of this preliminary budget, as the Health Plan contributions are always done in advance, so there would be no need to do a retro-active adjustment. He said it's likely we won't adopt a final budget until September.

Mr. Hendrickson said he was not comfortable with that.

Ms. Rye says we don't want to see layoffs and this the least painful way to do this.

Mr. Hendrickson said we can't do this arbitrarily as it's beyond our power to speak for the Union Representatives.

Mayor Engen stated it is not a change to benefit, if bargaining units come to us and say this is unacceptable this would be a bad time for collective bargaining. He said I think you are really safe in pursuing this action.

Ms. Walzer moved to approve resolution.

Upon a voice vote the motion passed with Hendrickson voting nay, Wilkins and Mitchell abstaining.

III. Adjournment

The meeting was adjourned at 4:03pm

Respectfully submitted,

Dee Krevey
Administrative Secretary