



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Michelle Fischer, City Administrator; Laura Mueller, City Attorney

Council Meeting Date: January 18, 2022

Agenda Item Wording: **Discuss and consider approval of a Resolution and Agreement extending access to City health benefits to the Dripping Springs Visitors Bureau under current City contract with Texas Municipal League Health Benefits Pool. Sponsor: Mayor Foulds, Jr.**

Agenda Item Requestor: Pam Owens, President, Dripping Springs Visitors Bureau

Summary/Background: The Dripping Springs Visitors Bureau has requested the City Council authorize its employees be eligible for enrollment in the city's Texas Municipal League Health Benefits Pool's benefits. The Visitors Bureau qualifies as an affiliated service contractor. An "affiliated service contractor" means an organization qualified for exemption under Section 501(c), Internal Revenue Code (26 U.S.C. Section 501(c)), as amended, that provides governmental or quasi-governmental services on behalf of a political subdivision and derives more than 25 percent of its gross revenues from grants or funding from the political subdivision.

In order for the Visitors Bureau employees to be eligible for the TML Health Benefits Pool benefits, the city must pass a resolution of authorization and the Visitors Bureau must submit (1) proof of 501(c) status, (2) a statement explaining that it provides governmental or quasi-governmental services on behalf of a political subdivision and derives more than 25 percent of its gross revenues from grants or funding from the City, and 3) documentation regarding gross revenues and the city's contribution, such as a profit and loss statement. The Visitors Bureau has provided the required documentation to the City, attached.

As an affiliated service contractor, the Visitors Bureau employees would be added to the City's plan and treated by TML Health like an employee of the City. The Visitors Bureau's employee census and claims experience (if applicable), etc. would be included in the City's demographics and loss ratio utilization.

TML Health Benefits Pool would include the Visitors Bureau's employee plan expenses on the City's monthly invoice. The City's Finance Director

would prepare a monthly invoice for reimbursement and submit it to the Visitors Bureau for payment.

City Staff recommends approval of the resolution and agreement regarding the eligibility of the Visitors Bureau employees for TML Health Benefits. The agreement includes provisions related to the Visitors Bureau's reimbursement of the costs to the City and notice to the employees of the Agreement. It also includes termination provisions that clarify that the coverage is only provided so long as it is paid for by the Visitors Bureau. The Agreement ends on September 30, 2022. Should the City or the Visitors Bureau terminate the agreement, the City would notify TML Health Benefits Pool and the coverage for the Visitors Bureau's employees would be terminated.

The Visitors Bureau's representatives informed City representatives that they plan to request additional Hotel Occupancy Tax (HOT) grant funds from the City to pay for the insurance, but this formal request has not been made or approved. NOTE: the City was not able to fund the full amounts of the HOT Grant Funding requests from Dripping Springs Ranch Park, the DS Visitors Bureau, the Texas Market Guide, and the Dr. Pound Historical Farmstead. Should additional HOT funds be available, City Staff recommends that these requests be considered in addition to the DS Visitors Bureau's request for additional funds. For example, the Dripping Springs Ranch Park's budget has over \$300,000 in expenses that are eligible for HOT funds that are not being paid for with them and many of these items are reoccurring expenses.

**Commission
Recommendations:**

N/A

**Recommended
Council Actions:**

Approve resolution and agreement.

Attachments:

DS Visitors Bureau's request, Summary of TML Health Benefits Pool Employee Benefits. Resolution. Agreement.

Next Steps/Schedule:

Coordinate coverage of Visitors Bureau employees with Visitors Bureau.