



REQUEST FOR COUNCIL ACTION

AGENDA DATE: July 14, 2025

AGENDA ITEM: Consider one-time special payment to MSRS Health Care Savings Plan to insurance eligible employees, due to increase in health insurance deductible.

PREPARED BY: Chery Pierzina, Human Resources Officer

BACKGROUND:

The Operating Engineers Local 49 Health & Welfare Fund, providing health insurance to city employees, increased the health insurance deductible by five-hundred dollars (\$500) in 2025.

Based on our collective bargaining agreement(s) in effect January 1, 2023, until December 31, 2025, in the event that the level of benefits offered by the existing or new provider is modified downward, the parties agree that Appendix B may be opened up by either signatory party for the purpose of discussing the effect of such change; and

Minnesota Statute 471.6161, Group Insurance; Governmental Units, states in 471.6161, Subd. 5. Collective bargaining: The aggregate value of benefits provided by a group insurance contract for employees covered by a collective agreement shall not be reduced, unless the public employer and exclusive representative of the employees of an appropriate bargaining unit, agree to a reduction in benefits.

The City has created a Memorandum of Understanding (MOU) to address the change in benefits with the following bargaining units: LELS-239, LELS-345, IUOE-Clerical, and AFSCME-Local No 3456A.

Since the health insurance deductible increased by \$500.00 in 2025, the City will provide a one-time \$500.00 special payment to Minnesota State Retirement System (MSRS), Health Care Savings Plan (HCSP) account, established for insurance eligible employees, of the above-mentioned bargaining units, as well as non-represented employees, employed at the time of City Council approval, July 14, 2025. This one-time \$500 special payment will be paid on behalf of the forementioned insurance eligible employees following City Council approval.

REQUESTED COUNCIL ACTION:

Make a motion to approve a one-time \$500.00 special payment to Minnesota State Retirement System (MSRS), Health Care Savings Plan (HCSP) account, established for insurance eligible employees, of the above-mentioned bargaining units, as well as non-represented employees, employed at the time of City Council approval, July 14, 2025, with this one-time \$500 special payment paid on behalf of the forementioned insurance eligible employees following City Council approval.