

## **Meridian City Council Work Session**

**October 14, 2025.**

A Meeting of the Meridian City Council was called to order at 4:30 p.m. Tuesday, October 14, 2025, by Mayor Robert Simison.

Members Present: Robert Simison, Luke Cavener, John Overton, Doug Taylor, Anne Little Roberts and Brian Whitlock.

Members Absent: Liz Strader.

Other Present: Chris Johnson, Bill Nary, Christina Barney, Berle Stokes, Steven Taulbee and Dean Willis.

### **ROLL-CALL ATTENDANCE**

|                                                             |                                                    |
|-------------------------------------------------------------|----------------------------------------------------|
| <input type="checkbox"/> Liz Strader                        | <input checked="" type="checkbox"/> Brian Whitlock |
| <input checked="" type="checkbox"/> Anne Little Roberts     | <input checked="" type="checkbox"/> John Overton   |
| <input checked="" type="checkbox"/> Doug Taylor             | <input checked="" type="checkbox"/> Luke Cavener   |
| <input checked="" type="checkbox"/> Mayor Robert E. Simison |                                                    |

Simison: Council, we will go ahead and call this meeting to order. For the record it is October 14th, 2025, at 4:30 p.m. We will begin this afternoon's work session with roll call attendance.

### **ADOPTION OF AGENDA**

Simison: Next item up is adoption of the agenda.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Move we adopt the agenda as presented.

Overton: Second.

Simison: Have a motion and a second to adopt the agenda. Is there any discussion? If not, all in favor signify by saying aye. Opposed nay? The ayes have it, and the agenda is agreed to.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

### **CONSENT AGENDA [Action Item]**

- 1. Approve Minutes of the September 16, 2025 City Council Work Session**

- 2. Approve Minutes of the September 16, 2025 City Council Regular Meeting**
- 3. Approve Minutes of the September 23, 2025 City Council Work Session**
- 4. Brundage Estates Subdivision No. 1 Pedestrian Pathway Easement (ESMT-2025-0099)**
- 5. Horse Meadows Subdivision No. 2 Sanitary Sewer and Water Main Easement (ESMT-2025-0104)**
- 6. Horse Meadows Subdivision No. 2 Pedestrian Pathway Easement (ESMT-2025-0011)**
- 7. Wadsworth Meridian Subdivision Water Main Easement No. 3 (ESMT-2025-0117)**
- 8. Termination of Access Easement - Millwood Subdivision**
- 9. Final Plat for Southridge South Subdivision No. 2 (FP-2025-0011) by The Land Group, located at 2347 W. Overland Rd.**
- 10. Final Order for Mogul Industrial Park Subdivision No. 1 (FP-2025-0024), by The Land Group, generally located at the northwest corner of Black Cat Rd., and I-84**
- 11. Final Order of Denial Reasoned Statement for In-N-Out Burger (CR-2025-0002) by In-N-Out Burger, located at 5985 & 6037 N. Ten Mile Rd.**
- 12. Development Agreement (Ten Mile Flex H-2025-0027) Between City of Meridian and Ten Mile Storage Condos LLC for Property Located at 4255 N. Ten Mile Rd.**
- 13. Music License Agreement Between AllTrack Performing Rights and the City of Meridian**
- 14. Memorandum of Agreement between the City of Meridian and Capital Educators Federal Credit Union (CapEd Credit Union) for 2025-2026 Water Tower Championship Competition Sponsorship**
- 15. Amendment to the Co-location agreement at Fire Stations 7 to Change Invoice Dates**
- 16. Amendment to the Co-location agreement at Fire Stations 8 to Change Invoice Dates**

- 17. Fire Safety Center Asset Transfer Agreement Between the City of Meridian and the Joint School District No. 2**
- 18. Renewal Agreement between Ada County Emergency Medical Services District and City of Meridian for Fiscal Year 2026 Training Center Access**
- 19. Authorize and approve Procurement Manger to Issue Fiscal Year 2026 Purchase Order on behalf of the Community Development Department to SAFEbuilt LLC for Professional Plan Review Services for the Not-to-Exceed amount of \$243,803.73**
- 20. Authorize and approve Procurement Manager to issue Purchase Order on behalf of the Public Works Department to the City of Nampa for the Not-to-Exceed amount of \$657,422.80**
- 21. Authorize and approve Procurement Manager to issue Purchase Order on behalf of the Wastewater Department to the Dubois Chemicals for Ferric Chloride Chemicals for the Not-to-Exceed amount of \$224,000.00**
- 22. Authorize and approve Procurement Manager to issue Fiscal Year 2026 Purchase Order on behalf of the Water Department to Ferguson Enterprises, Inc. for New and Replacement Water Meters for the Not-to-Exceed amount of \$1,116,348.76**
- 23. Approval of Request for connection to City Water and Sewer System by Bae Jong at 3780 E. Overland Rd.**
- 24. Farm Lease Agreement Between Douglas J. Thurgood (dba DJ Thurgood Farms) and the City of Meridian for Fields District Park Property**
- 25. Resolution No. 25-2543: A Resolution Approving Lease Agreement with DJ Thurgood Farms for Land Owned by the City of Meridian**

Simison: Next up is the Consent Agenda.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: I move we approve the Consent Agenda as presented, for the Mayor to sign and the Clerk to attest.

Overton: Second.

Simison: I have a motion and a second to approve the Consent Agenda. Is there any discussion? If not, all in favor signify by saying aye. Opposed nay? The ayes have it and the Consent Agenda is agreed to.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

### **ITEMS MOVED FROM THE CONSENT AGENDA [Action Item]**

Simison: There are no items moved to the -- moved from the Consent Agenda.

### **DEPARTMENT / COMMISSION REPORTS [Action Item]**

#### **26. Recognition of Lieutenant Jeff Brown for 25 Years of Service**

Simison: So, we will go into Department/Commission Reports. First item up is Item 26, which is the roasting of Lieutenant Jeff Brown for 20 -- oh. Recognition. Sorry, Recognition of Lieutenant Jeff Brown for 25 years of service. Council, I'm going to recognize Chief Basterrechea, who is joining us remotely as we kick off this item. Chief.

Basterrechea: Thank you, Mayor, Members of the Council. I wish I was there, because this is a very big deal for us as a department and, really, on a personal note, very important to me. Jeff is -- what I would say is the epitome of a professional when it comes to police work and when it comes to his dedication to the city and his dedication to the peer -- to his peers. He is somebody that has always led from the front. Always has the best interest of those around him in mind and this will embarrass him a little bit, but he is kind of the type of guy you would want your daughter to marry. He is a great dad and a -- and a great husband, which is even -- even more important and I just -- it's really hard to put in words truly how dedicated he is to the city and he is an employee that believes in the city and believes in doing things the Meridian way, believes in the way that we police, the way that we expect our officers to treat people. He really gets it. And so I'm very -- very proud to recognize him for his 25 years with the city and make him stand up and be embarrassed a little bit here today.

Simison: Thank you, Chief, very much for -- for those -- those words. Berle, he is going to come up as well and I want to turn this over to maybe -- maybe Councilman Overton I'm sure for a few comments, so you can come up and be in front while he makes his comments as well, but --

Overton: Mr. Mayor?

Simison: Councilman Overton.

Overton: I was just checking to see if he was armed before I say this. You know, Jeff Brown is one of those people that he is literally not just been the poster child for Meridian PD, but he has been that way through his entire career. I remember him when he came on and he -- he was too happy. In fact, I think we even told him sometimes

when he was starting he just had too big of a smile and he just seemed too happy as he was doing the job and we came to realize that it wasn't just his personality, but he was just so happy to be here and be part of that family and I couldn't be more proud to see him today after this many years to still be there, to still be smiling, because you have got that same smile on your face right now and it just warms my heart to see you hit the 25 year mark and to keep going for another ten. I appreciate that a lot. Thank you.

Simison: Captain -- oh. Councilman Cavener.

Cavener: Mr. Mayor, I was going to let the presentation commence. I have got plenty to say, but I think let's --

Simison: Okay.

Cavener: -- let's -- let's recognize the man of the hour instead.

Stokes: So, again, I literally had to order Jeff to be here today. He does not like the spotlight at all. He is a quiet, humble leader and he is always been that way. A few details about his career. I will keep it brief, again, at Jeff's request, but, you know, he has been a field training officer, a patrol corporal, a K-9 handler, a drug recognition expert, patrol sergeant, CID sergeant. He has been a lieutenant in both patrol and CID -- or patrol and, then, is now in our OPS division, which does hiring and, you know, all those kinds of things. His biggest challenge in his entire career was being my field training officer and somehow he made it through that. So, he is absolutely, like the chief said, he is a pillar in our department and the day he retires we will lose something that cannot be replaced, so -- I don't know if we want to take pictures. Do you want to say anything? We got to get pictures with this. Okay. There is lots of swag for you, Jeff. And the last thing I'm supposed to say is there is cake in the lobby.

Simison: Well, thank you for 25 years with the city and, Council, we appreciate you allowing us to continue to recognize these employees here and as was mentioned there is cake in the -- in the lobby. So, the quicker we get through the next item the quicker we can all enjoy the cake. But those that showed up, it's great to see some old friends back to recognize milestones of current friends and family. So, thank you, captain, for being here.

## **27. Employee Benefits Plan Trust Financial Status and Funding Discussion**

Simison: Okay. With that we will move on to Item 27, which is employee benefits plan trusts financial status and funding discussion. Christena is going to take the mic initially.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Before we jump in just a couple of quick comments and conversations for the Council. Council, I don't think it's any surprise that you know that my wife works for an insurance company Regents of Idaho. However, through the course of our conversation with the trust over the summer and into the fall -- I have met with the legal department to discuss this as it's contemplated by that -- by the state statute. I did request an opinion from the Meridian legal department regarding whether it would present a conflict of interest for me to participate in the City Council discussions related to the trust, given that a member of my household works for Regents. I met with legal over the course of summer and concluded a conversation October 10th, 2025, where it was confirmed that Adrean's job as title of director of public affairs and government relations and her tasks include representing Regents primarily on state issues and lobbying at the state level on public policy priorities on behalf of Regents and their industry. Her tasks do not include soliciting business from local government agencies, responding to requests for proposals on behalf of Regents, or making decisions whether -- regarding whether to pursue new accounts or which new accounts to pursue. Agent role at Regents does not put her in a position to vote or otherwise influence any decision to bid or to accept a bid on any particular account. Adrean has a fixed salary. She does not receive commission, salary increases or bonuses when Regents obtains new accounts. In reviewing Idaho and Meridian code, though, the city legal department has identified that most of our discussions on the trust pose no conflict. However, there are some rare instances where a possible conflict or a perceived conflict could exist. I plan to make a disclosure similar to this each time our trust or benefits plan is discussed and would encourage the Council to talk to me or ask me to recuse myself at any point if you believe my attendance or participation could create an issue of concern for the Council. I'm happy to answer any questions from the Council now or if you would like me to recuse myself from this conversation moving forward I'm happy to take that direction as well.

Simison: Council, any comments, questions?

Little Roberts: Mr. Mayor?

Simison: Council Woman Little Roberts.

Little Roberts: Mr. President, I am perfectly comfortable with you participating. I think it's the more voices the better at this point. I think if we ever do go out for bid and Regents is part of the bid process at that point we may need to have a different discussion.

Cavener: Mr. Mayor. Council Woman Little Roberts, I appreciate that feedback.

Simison: All right. Seeing nothing else, Christena, I will turn it over to you for initial turning over.

Barney: All right. Well, thank you, Mayor, Council. I have Scott from Gallagher here. He is going to do the presentation on behalf of the trust. I'm going to stand here,

though, just so that I can answer any questions when he completes the presentation. So, I will turn it over to Scott.

Howell: Thank you. Mr. Mayor and Council, thanks for having us here. Probably recall we were here a few months ago talking about the -- the funding status of the trust as of the end of the first quarter of 2025 at the end of Q1 2025 the trust was running at a deficit of 418,976 dollars. The Board of Trustees came before the Council that time asking for a funding request to cover that deficit and the projected deficit for the -- for the remainder of the year. Total request at that time was 1.14 million dollars. At that time Council approved a funding increase in the amount of 550,075 dollars and at that time requested that we come back to -- with updates as -- as the year progressed. At the time we also did have some discussions about the -- the carrier partners of the trust and the contract status of those partners. Talked about likely -- well, talked about being in a rate guarantee with Blue Cross of Idaho through 2026, so possibility of evaluating new partners next year. So, now we have our Department of Insurance filing -- filed for the second quarter, so with an update through the end of the second quarter as of June 2025 the deficit is up to 733,063 dollars. The 550,000 dollars that was approved by Council previously was credited in July, so it is not reflected in that 770 -- or 733,000 dollar deficit. It will be reflected on the quarter three financials. So, that will reduce that 733,000 dollar deficit, but not eliminate it. The reason that the trust continues to run at a deficit is simply that our -- the claims costs have been running significantly higher than -- than anticipated this year. The timing of our actuarial analysis of the funding rates, that happens in August, September of the -- of the year prior. So, in August and September of 2024 our actuaries were reviewing claims experience in the trust. The way they do that is looking back at the prior 24 months and using that two years of experience to project forward including some inflation for -- for medical trend. The -- the claims experience kind of turned for the worse around November. So, it was after the -- the rates had been filed with the Department of Insurance for 2025, the experience turned and it has stayed high since about last November. Large claims -- so claimants with claims exceeding a hundred thousand dollars is the primary reason that the claims experience is running higher than expected. Just to give you a little bit of context there, so far through 2025 our number of large claims is up by 31 percent compared to the same period in 2024. The cost of those large claims is up 51 percent relative to that same period in 2024. Cancer is the leading diagnosis of those large claims. In the last 18 months we have had about 2.4 million dollars in claims attributed to cancer diagnosis. So far in 2025 -- so, these are numbers through -- actually through August of 2025. We have -- as a trust we have spent more on cancer than we spent the entire year of 2024. All of the other conditions are running about the same. It really is those cancer claims that are driving costs in this last plan year. So, the deficit I mentioned earlier is -- as of the second quarter -- as of the end of September the third quarter has ended. We are still waiting for September reporting to come through from Blue Cross, but we know from the weekly claims invoices that we have and the reporting that's been completed for July and August that that trend of claims exceeding the funding has continued through the third quarter. This experience report highlights that as of the end of August the loss ratio of the plan or the ratio of claims and administrative costs compared to the funding is 116.55 percent, meaning that the -- the claims and

administrative costs have exceeded the funding so far this year by just over 16 and a half percent. We don't anticipate that that will change through the fourth quarter and the rates that we have filed with the Department of Insurance for 2026 are 17 percent higher than the -- than the rates that we are currently funding. Just as a note as well, as we get later into the year that's typically when we see utilization at its highest as people have met their deductibles and maybe looking to -- to get things done before deductibles reset again in January. For the 2026 plan year the trust did approve some benefit changes to mitigate the cost increase. We are increasing the maximum out of pocket on the -- on the medical plan from 2,250 dollars per individual to 2,500 dollars per individual. That's 4,500 to 5,000 for people with family coverage. That benefit change is worth about one percent, so mitigated a little bit the cost increase. Again, the -- the rate increase that we filed with the Department was 17 percent on medical, 11.2 percent on dental and no change to the vision rates. With that funding increase and the benefit changes our -- our actuarial projections are that the -- the claims cost we expect to be covered adequately in 2026. It's never an exact science as we -- as we see this year. Things can turn quickly. However, we have seen consistent enough numbers in the last ten months to -- to expect that they will continue at -- at the rate that they are and, of course, the goal of the trust is to have the funding adequately carry the cost of the plan. So, with that increase that is -- the funding increase that will happen for next year, just to reiterate, the desired state is that that will adequately fund the trust, along with any payroll contributions from employees, so that we won't have to be here making additional funding requests and also there are plans to -- with cancer being the leading driver of claims cost, we evaluated a couple of cancer solutions this last year that will help provide some increased resources to people who are dealing with that diagnosis, help direct them to centers that can better treat their condition at -- at a more -- at a better value as well and so adding that plan is not something that we did for 2026, but it's -- the funding increase, the trust feels that that funding increase next year will allow them to further explore additional programs such as the cancer program that I just mentioned. Every year when we do our actuarial projections the intent is to -- is to set a number that adequately funds the trust, not one that provides a bunch of extra cushion necessarily, but one that -- that adequately funds the trust. In a year like we have had this year, if we are funding to just what we think it will need, if claims turn like they did this year that does put us quickly into a deficit position, but that -- the intent when the trust was first started was to build up a reserve to help protect against times like this and also to -- to fund for some future benefit initiatives around post-employment, things -- things like that. The Department of Insurance actually requires the trust to maintain the equivalent of three months of contribution as -- as a surplus and the Idaho Administrative Procedure Act, Section 18.04-05-026 states that if determination of surplus reveals a deficiency the director may allow the plan up to 90 days to accumulate the prescribed surplus. Otherwise there can be consequences, such as deeming the plan insolvent. So, that's why we are here in the current deficit position. The Department of Insurance does require us to -- to add to the surplus in order to be adequately funded. So, the request from the trust -- again, the deficit as of the end of quarter two is 733,000. We do have the credit of 550,000 from the previous funding requests that -- that will be applied in July. With what we know of the quarter three experience we anticipate a deficit of an additional 411,000 in quarter three. If the trends

continue the way that they have for the remainder of the year we anticipate a deficit of an additional 343,000 in quarter four. So, our ask is the -- is -- is funding that would get us through the rest of the year. That totals 937,926 dollars, which with the 550 from earlier in the year comes to a total 1.488 million. So -- so, that is what I have. Happy to take any questions.

Simison: Thank you, Scott. Council, any questions for Scott? Christena?

Little Roberts: Mr. Mayor?

Simison: Council Woman Little Roberts.

Little Roberts: Mr. Mayor, Scott and Christena. With the actuary data how does our data compare to -- if we had just stayed outsourcing? Is there a way to tell the difference between their data versus our data? Because I think we originally did this thinking that we had a healthy population it would save money and we would be able to obtain our other goals and instead we are seeing the reverse.

Howell: Yeah. So, had we stayed fully insured or outsourced -- the claims experience that we are having would have happened that way as well. When you are fully insured, of course, you pay a level amount every month throughout the year and, then, the funding adjustments happen only at renewal time. Whether you are fully insured or self-insured an employer of your size ends up paying your way regardless of the funding method. So, the timing is really the -- the big difference. The other advantage that you always have when you are self-insured versus fully insured from a financial perspective is there is some margin that an insurance company builds into their fully insured rates, some taxes and fees that are built into a fully insured rate that are either eliminated or reduced when you are -- when you are self-insured. So, over the long term self-insurance does remain the -- the lower cost alternative. It does have volatility month to month, quarter to quarter that fully insured doesn't have.

Little Roberts: Thank you.

Simison: I like to say you pay it coming or going. Pay it now or pay it later.

Howell: That's right.

Simison: For the cost of what we receive.

Howell: That's right.

Barney: And, Council, I will just add to that. The flexibility that we have with self-insured the ability to add on these prevention programs when we start to see trends is not something that you get when you are fully insured.

Simison: Councilman Cavener.

Cavener: Thanks. Scott, this 31 percent increase in claims, recognize nobody's got a good crystal ball, so I -- no big deal on that. How many people does that represent, that 31 percent increase?

Howell: I don't have that off the top.

Cavener: Ballpark.

Howell: So, I know -- I looked at the number of cancer claims before I came here and that was seven. My guess ballpark is that we are talking overall 25 or 30 people and we can verify that, but --

Taylor: Mr. Mayor?

Simison: Councilman Taylor. Thank you for the presentation. A couple of questions. I think my first question is when you were discussing how to adjust the out-of-pocket maximum for individuals and families, did you consider increasing it above what you had? I mean I'm sure you ran some of the numbers and you settled on this as being the appropriate amount. Give me a sense that -- do you -- do you feel like that's one of the better ways to sort of address this financially is through having essentially the employees pay a little bit more? Kind of walk me through that thinking a little bit.

Howell: Yeah. So, generally the levers that we have when we are looking at saving costs on a self-insured plan, a lot of the levers are cost shifting, whether that happens through benefit design, so increasing deductibles, increasing out-of-pocket limits or through contribution, asking employees to pay more out of their paycheck to participate in the coverage. There are some other programs that are intended to reduce the overall cost of care, which is really ideal, rather than just shifting it to actually lower the cost. Some of those are similar to the cancer program that I mentioned before. We did evaluate deductible changes, higher changes to the out-of-pocket limits and the trusts settled on the -- on the relatively small out-of-pocket change that I mentioned.

Taylor: Mr. Mayor, quick follow up.

Simison: Councilman Taylor.

Taylor: I just want to ask about the -- you -- when you were talking about the cancer, you mentioned a few -- sort of -- looked like new resources or ways to try to go at that increase. Are those just resources we are making our employees aware of? Is it something that the trust will be paying for and sort of a follow on, is this -- is this normal for the trust to say, well, let's find this way to treat it or should that come through the actual -- I mean from the -- from Blue Cross. I'm just trying to kind of understand where that should -- should fall.

Howell: Yeah. So, the particular program that I mentioned is one that the trust would pay for through a third party. Blue Cross also does offer -- and any carrier offers care

management programs that are intended to help with -- with those conditions. What we typically see is because an insurance carrier has to -- they have to think about managing everything that when you are looking at managing a particular condition that oftentimes a third party that specializes in that will do a better job. It's just a matter of balancing both the cost of adding a program and the complexity of adding a program to determine whether it's -- it's the right direction to -- to outsource that or to bundle it with -- with the carrier.

Whitlock: Mr. Mayor?

Simison: Councilman Whitlock.

Whitlock: Is it on now? There it goes. Okay. New microphone. Cancer stinks all the way around no matter how you look at it, but as I was looking at one of the previous slides that indicated that pharmaceuticals I think had gone up just point .83 percent. Given that cancer is heavily reliant on -- on pharmaceuticals, how -- reconcile that in my mind for me.

Howell: Yeah. So, the -- the pharmacy or prescription numbers that you see on the reporting are retail pharmacy claims. There are -- especially with cancer there are significant drug costs that run through the medical plan, so they don't show as pharmacy claims on the reporting, they show as medical claims. But certainly there are significant drug costs for anybody that's going through a cancer treatment.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Scott, a couple of quick follow ups. One, I don't know if you or the trust or HR put together the memo. That's very very helpful. I appreciate that. As I understand you are -- you are a vendor for the trust; correct?

Howell: Correct.

Cavener: So, these changes in terms of increasing we are asking employees if they are adding somebody outside of them, is that a recommendation that comes from you, the suggestion of this third party organization that helps with folks that are on cancer, is that a recommendation that comes from you to the trust? How does that work? And maybe give this Council a little further about what your role is in working with the trust.

Howell: Yeah. So, our role is as a consultant to the trust generally the way that those -- like we use the cancer program specifically, as we are meeting with the trust reviewing claims experience we will point out that cancer is driving costs. The trust will -- will instruct us to -- to find some options to help mitigate that cost. We will go find those programs, present them to the trust and make a recommendation that is sometimes accepted and sometimes not, but -- yeah.

Cavener: Okay. Thank you.

Overton: Mr. Mayor?

Simison: Councilman Overton.

Overton: So, we are talking about a health trust. We are talking about the insurance that we self-insure all of our city employees and their families. I sometimes think we get too caught up in the numbers and we forget the people and I just want to make sure we take a second and remember that behind every one of these numbers you are talking about is we have got families out there that are hurting very badly and because we have such an insurance plan we are able to help take care of those families and keep them whole. Would you say that the trust is still the right choice for our city going forward compared to having a full service or going back to how we had it before the trust started?

Barney: Absolutely. One hundred percent without a doubt. This is the best path for us and in large part to your point the families and the people that are impacted by these, the trust gives us the ability to provide them additional resources, to modify our benefits to address those trends and those things that they are dealing with. Fully insured plan does not.

Simison: Council, any additional questions, comments? I'm just going to add, yeah, I don't talk to a lot of employees about their healthcare challenges and situations, but, unfortunately, I feel like I know half of the people personally who cancer has hit their family this year, which, you know, quite frankly, I was surprised when the number was so low, because I already know so many through that context and it just, you know, makes me realize, you know, if seven families can be impacted by this out of the over 600 that we have with the city, I mean sometimes we are touching just the tip of the iceberg and we don't know what's out there or what might come down the road and that -- you know, that's a challenge. You know, this -- these are financial challenges one way or the other, but as said we don't pay for this for free. I think that, you know, the one thing I will just mention -- say to Council is, you know, if these are concerns that we need to start having those as we head into this next year's budget year. If we need to have the trust look at these decisions in a different way from here is how much we feel comfortable that we can do or can't do, so they have better clarification on how to make adjustments for deductibles or types of coverage or those type of things. I just encourage Council to start thinking about that, you know, because if not this -- this can happen in bad years and, then, we might go three years where you never see them, except for during the budget year, because things are going well, but it can be hard when these conversations have to come forward and nobody likes them. You know, there are people behind it, but it's still -- you know, they would like to be right one hundred percent of time on their projections and when -- so, it's only during the budget year. But there are other -- there are ways we can look at this long term if we feel the need is there. But I'm not asking for feedback now, I'm just throwing that out there for you all to be thinking about over the next six months before we get to next March and April and we

start figuring out what our budget looks like for the trust for the following year.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: I appreciate you saying that and certainly right when we are in budget season we are -- we are laser focused on dollars and cents, but it's important to me that we aren't rushing to the cheapest alternative for our employees; right? Not on a cancer diagnosis, not on anything, and so to me it is important -- you know, we have had more conversations from the trust this year than we have had in the totality of the trust existence combined and so it's hard for us to grasp when we are not hearing updates, we are not getting information. So, I take that this presentation is a -- is a step in the right direction to help us understand what makes up the dollar amount. We are understanding what the utilization is and we are making sure that were we reinforcing -- I don't see anybody saying let's run to the cheapest alternative that we can find trying to save as much money as possible. Always mindful of the budget, but we got to take care of our employees and their families and that to me is always going to be top of mind, which kind of begs one additional question. When you guys were here last time there was a situation that was shared by one of our Council Members about one of our employees having a real issue getting some resolution on a claim. I don't know the employee. I don't know the history. I just -- I want to make sure that -- that issue was resolved? Okay.

Barney: Yes. It's my understanding that issue was resolved. I think the concern more was about the time it took to get it resolved and so we will continue to work with our partners to make sure that that time frame is reduced.

Cavener: And, Mr. Mayor, follow up.

Simison: Councilman Cavener.

Cavener: Is that something the trust has, then, discussed is what steps the trust is taking or our vendors are taking to ensure that our employees aren't waiting and waiting and waiting to get an answer on these claims?

Barney: Not necessarily, because our focus is still on funding the deficit, but I think one of the things that's going to be important for the trust to discuss -- and we actually have a meeting tomorrow, so I will likely bring this up -- is the communication to our employees that they have access to the trust. The trust is a public meeting. If anyone ever has any concerns they can disclose it to the trust to consider, whether they want to do that at a trust meeting or confidentially and just maybe exploring ways to communicate to the employees how they can access the trust.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Christena, I applaud you. I think there is a big disconnect between the trust as a board and our employees, as well as the Council, so you taking proper steps to be in front of us more and give us more updates I applaud you doing the same for our employees. You guys are a critical junction point for our employees and we have got to be proactive and really lean into that.

Whitlock: Mr. Mayor?

Simison: Councilman Whitlock.

Whitlock: I'm just trying to recollect some of the prior conversations and I recall our Finance Department -- and correct me if I'm wrong, but I think their budget assumption is that health insurance would increase about eight percent a year. We didn't have an increase last year and, then, we are talking about a 17 percent increase here. So, I'm just wondering, reading the headlines the Department of Insurance plans on the exchange are probably going to increase ten to 11 percent. I'm wondering if our budget assumptions and the trust needs to maybe factor in a higher budget assumption on the front end moving forward.

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Maybe our folks from the trust can confirm. As I understand -- I mean that was a big frustration that there was an increase, they just used reserves from the trust to pay for that. So, what was communicated to us no increase, there really was and so I -- I would be concerned as well is that double dip, kind of -- there wasn't, but now there -- we are going to be hit twice. We did have an increase last year. We should still expect an increase this year, but I guess I'm not as concerned that it will be as large as it would have been had, quote, unquote, an increase not occurred last year.

Whitlock: Mr. Mayor?

Simison: Councilman Whitlock.

Whitlock: I'm just reacting to headlines in the last week. You know, we have had this discussion over the course of a couple of months, but out in the rest of the world we are looking at ten and 11 percent increases and so as we begin to plan for next budget cycle and look ahead, I think finance probably ought to come up with a different budget assumption.

Cavener: I agree.

Whitlock: Mr. Mayor?

Simison: Councilman Taylor.

Taylor: This is a little bit of an elementary question, but when you talk about your different quarters, are you on the same fiscal year as the city or are you on a calendar year?

Barney: Calendar year.

Taylor: So, your fourth quarter would be October, November, December. So, we won't know until January, February of '26 where we were with the projections from quarter four. You are projecting about 343,000 deficit. That could go up, that could go down, but we won't know until February.

Barney: Correct.

Taylor: So, then, I guess the question I have, maybe operationally when we have that is that something that we make up for with the next year's budget request and timing or do we come back with a budget amendment? I would like to understand how we need to pay for that deficit. In terms of that -- is that something we do through budget amendments a couple of times? Are we going to do some now? Are we going to do some in February? I -- I would like to just have some clarity in my mind how we actually handle that.

Simison: How would you all like to do that? I think that just go quarter by quarter to meet each deficit.

Cavener: Mr. Mayor, I think -- my hope is that we are hearing from you every quarter anyways and so, great, here is how utilization has been, here is the response from the employees, we don't have a deficit. Hey, here is how are things going. Here is the impact to the employees. We do have a deficit and a budget amendment request is to follow. I think that's the most appropriate way. I would be very reluctant to do kind of what was proposed last time, which is here is what we think our whole deficit is going to be, let's just do one budget amendment. I want to hear from you guys more often.

Simison: And maybe an operational question that I don't know is when does the city fund the trust from our -- you know, we start a brand new fiscal year. So, Todd just said here is a bunch of money, when does that come into the trust -- oh, here he comes. When does it go into the trust to maybe negate the need immediately for a deficit or not or will the -- is it that -- does it not work that way? If Todd gives you five million dollars tomorrow, you got plenty of money in the bank, do not need it to fund the deficit right now. That make sense?

Barney: Yes and no. So, if approved, the funding request tonight, it usually takes anywhere from 15 to 30 days for us to get the funding in the trust, which we anticipate will mitigate the deficit for the remainder of the year and, then, we are hopeful that with the rate increase in the plan design changes that we have done that will sustain the

claims for the following year. But as I understand it we want to bring reports back to you quarterly to let you know where we stand with that and if we need any additional funding due to claims.

Taylor: Just ongoing funding happen month to month, pay period to pay period?

Barney: Yes. So, each month the contributions are taken from employees' paychecks and the city pays their 80 percent contribution as well to the trust. So, it's a month-to-month basis.

Simison: So, these numbers can change monthly if the claims go down or up of what you may or may not need in six months from now based on projections. So, while we may have more of one, we may or may not and you may have the money.

Barney: Correct.

Simison: So, does that help answer maybe from a process standpoint?

Taylor: Yeah. It does for me and I think that -- I know we don't typically like to come back with -- you know, multiple times, but --

Simison: Todd -- Todd loves budget amendments. More the merrier.

Taylor: In this circumstance I think it makes sense. It feels like we are a little bit more on top of it and the fact that the -- you know, depending on what's actually happened determines what the outflow is and I think that makes more sense. I also want to make the comment -- I think I agree with Councilman Whitlock, I -- it feels like we are maybe -- the projections we have from the city on what the costs are unrealistic with what we are seeing, because you look at the state of Idaho, you look at just the trends nationally, I feel like we are just a little bit -- we are probably going to be -- end up having deficits every quarter with these projections.

Howell: Yeah. I would echo that and what Councilman Whitlock said as well. Our -- our actuarial forecasts right now blended between medical and pharmacy is closer to a ten percent assumed trend right now. So, if -- if the target is eight that would assume that we are going to make two percent benefit reductions to come from ten to eight. So, yeah, it is -- we are in a -- an inflation or trend cycle that I haven't seen in probably about 15 years.

Simison: All right. So, next steps, bring back a budget amendment next week?

Barney: Sounds good. Thank you.

Simison: Okay. Thank you very much. Council, we are the end of our meeting. Do I have a motion?

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: Move we adjourn the work session.

Overton: Second.

Simison: Motion and second to adjourn. All in favor signify by saying aye. Opposed nay? The ayes have it. We are adjourned.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

MEETING ADJOURNED AT 5:21 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

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|-------------------------------|------------------------|
| _____<br>MAYOR ROBERT SIMISON | _____<br>DATE APPROVED |
|-------------------------------|------------------------|

ATTEST:

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CHRIS JOHNSON - CITY CLERK