



City of Sidney, MT
Budget and Finance Committee Meeting 5-7-25
May 07, 2025 6:15 PM
115 2nd Street SE | Sidney, MT 59270

The City Council meetings are open to the public attending in person, with masks encouraged when social distancing cannot be accomplished. If the public does not wish to participate in person, they are also invited to participate via a Zoom meeting. You can participate via phone:

Meeting ID: 713 080 5898 Passcode: 4332809 Call: 1-346-248-7799

Alderman Present: DiFonzo, Buxbaum and Koffler (for Christensen)

Others Present: Mayor Norby, PWD Hintz, Clerk/Treasurer Chamberlin, Seitz Insurance: David Seitz, Cami Skinner. Via zoom: Alan Hulse (MMIA)

1. New Business

a. Workers Comp FY25-26

Clerk/Treasurer Chamberlin provided the estimated cost of the MMIA Workers Comp Program with the current rates based off of last year's payroll for \$78,382 and the same for the quote of Seitz Insurance for the State Fund Program of \$72,466.57. She stated there is a \$5,915.43 estimated difference and that these numbers are estimates and cannot be held true for the actual payment this year as payroll changes will affect the quarterly payments.

Mr. Hulse stated the quotes are comparable, with MMIA being a member owned pool operating 4 separate risk pools, with Sidney being a part of all 4 currently. MMIA was created to provide stable rates. He stated besides price something to consider is that MMIA gives transparency, ownership and stability that is critical. He lastly stated they have provided good services over the years and a great partnership.

Mr. Seitz stated they have sold workers comp with the Montana state fund since 1996 when it was initially offered, and their program is long standing and beneficial. He stated they have focused on value to policy holders with 19% decreases in rates over 3 years when actuarially they could take more but because market volatility have not. He stated the provided quotes are consistent, but one component their quote does not have is the XMod factor calculated in, and should the City elect to pursue the state fund quote they will take their claims history and premiums and create MOD factor. He stated to get an estimate he took the City of Sidney's information with current losses and compared with other municipalities to get an 85% MOD estimate, so another \$10,000 off the current quote. He also stated that after the 3rd year the dividend program will start which is around 19-20% and you don't see with other insurance

carriers. He stated the MT State Fund is proficient in BM and can modify system for reporting as they have done with others and counties. Mr. Seitz stated 5 years ago they started the MACO program for the counties and their product has changed since MMIA was created to help the cities and towns and that workers comp is not a volatile class of business because losses are expected.

Alderman Koffler asked Mr. Seitz when the dividend starts and if it is based off of claims and Mr. Seitz stated after the 3rd year in the program and it was previously but it was changed to flat dividend. He added he looked at several years of the Cities claims and that they are a phenomenal insurer because of low claims.

Alderman DiFonzo asked about the challenges between MMIA and MT state fund and Mr. Seitz stated the quote they gave in 2020 almost exact same as tonight's and that with market and rates that is why MACO elected to go with State Fund. Alderman DiFonzo asked if other cities are switching and Mr. Seitz stated he has heard some of larger ones have or plan to.

Alderwoman Buxbaum stated she appreciates the 10% plus rate reduction this year from MMIA and asked how the rates have trended over the last several years? Clerk/Treasurer Chamberlin stated they have been reducing their rates substantially since 2020. Alderwoman Buxbaum asked if there was a preference on who to work with and Clerk/Treasurer Chamberlin stated it is a toss up with MMIA being the workers comp carrier they know and have enjoyed working with but also Seitz insurance is literally across the street and we know them also.

Alderman DiFonzo asked if there is a legal challenge? Mr. Hulse stated MMIA was in Sidney 4 years ago discussing the difference in rates at that time MACO chose to shut down their workers comp program to go with the state fund but MMIA opted to lower prices to compete. He stated since then they have seen the state fund price larger members of MMIA at a loss using credit to entice them to leave. He stated the downfall MMIA has is they insure cities only, and they believe they want all cities and schools like they have with the counties. He stated they are seeing up to a 35% credit without even looking at losses, creating not sustainable losses. Mr. Hulse stated in response to this MMIA has filed in Federal court filed a law suit recently, and they do not know where it is going to go but they have lost 5 members to date this year alone and the state fund is quoting many more.

Alderman DiFonzo asked if there is a time frame for conclusion on the lawsuit and Mr. Hulse stated it is unknown as it is at the courts pace. Alderman DiFonzo asked if the lawsuit could force the City to change back to MMIA if they choose to switch to the state fund and Clerk/Treasurer Chamberlin stated the decision tonight will not be affected by the lawsuit as it is the right of the City to choose who they insure with. Mr. Hulse added that if the City of Sidney elects to leave the MMIA program they cannot return for 3 years and then it is at the boards discretion. Alderman Koffler stated if they chose to switch they would want to stay at the state fund for at least 3 years to receive the dividend.

Motion was made to recommend switching the City of Sidney's workers comp coverage starting July 1, 2025 to Seitz Insurance and the Montana State Fund.

Motion made by Koffler, Seconded by DiFonzo.

Voting Yea: Koffler, DiFonzo

Voting Abstaining: Buxbaum

b. FY25-26 Insurance Rates

Clerk/Treasurer Chamberlin provided the insurance rate changes for FY25-26 that includes a decrease of approximately 2% in liability insurance, a 2.26% increase in the aggregate rate for auto physical damage, 1.02% increase in the aggregate for the Contractor Equipment and Real & Property Program and a 12.2% increase for Health Insurance. She stated that for the liability and property insurances, because of the flux of city property and payroll she will not be know the dollar amount of that increase until they bill in June. She stated she will be working on the payroll budget and that will include the discussion for the health insurance increase and who will be paying for it.

c. FY25-26 Budget Timeline

Clerk/Treasurer Chamberlin stated she will be starting on the payroll budget, always the first item on the list, in the next week or two and will be scheduling a Budget and Finance Committee for the last week of May to review and discuss. She stated payroll has to be approved via resolution by the 1st meeting in July at the latest to be applied to the July paychecks.

Clerk/Treasurer Chamberlin stated after payroll is completed, she will be working closely with the other Department Heads on setting the preliminary budget with the expectation of it being approved the second meeting in August and the public hearing and final budget likely at the first meeting in September or at a special meeting the end of August beginning of September. She stated because the first Thursday falls after the first Council meeting, the approval will be later than they have had recently, as the taxable valuation will not be sent out as early. She stated the Budget and Finance Committee, and other Committees should expect the budget meetings in August.

Adjourned 6:46pm.