

City of Allen Park
Receivership Transition Advisory Board Meeting Minutes

Tuesday, September 27th, 2016

Allen Park City Hall

16630 Southfield Road - Suite 3100

Allen Park, Michigan 48101

RTAB MEMBERS PRESENT:

**SUZANNE SCHAFFER
KRISTINE BARANN
SCOTT LITES**

ALSO PRESENT:

**PATRICK DOSTINE,
Michigan Department of Treasury**

Reported by:
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Called to order at 11:00 a.m.

Tuesday, September 27, 2016

MS. SCHAFER: So we're going to call the meeting to order. It's 11:00, so, Patrick, could you take roll call for us?

MR. DOSTINE: Sure. Madam Chair, Mark Wollenweber and Fred Franks have asked to be excused.

Kris Barann?

MS. BARANN: Here.

MR. DOSTINE: Scott Lites?

MR. LITES: Here.

MR. DOSTINE: Suzanne Schafer?

MS. SCHAFER: Here.

MR. DOSTINE: We have quorum, Madam Chair.

MS. SCHAFER: Thank you.

First item up is the approval of the agenda. I will entertain a motion.

MS. BARANN: So moved.

MR. LITES: Second.

MS. SCHAFER: It's been moved and supported -- Told you I'm going to forget how to do this. Any further discussion?

(No response)

MS. SCHAFER: All those in favor say aye. Aye.

MS. BARANN: Aye.

1 MR. LITES: Aye.

2 MS. SCHAFER: Opposed?

3 (No response)

4 MS. SCHAFER: Hearing none, we have approved the
5 agenda.

6 Just a reminder, to the public, to sign in for
7 public comment. We'll move on to the next item, the
8 approval of the RTAB minutes for the June 22nd, 2016
9 regular meeting.

10 MS. BARANN: Move to approve.

11 MR. LITES: Second.

12 MS. SCHAFER: It's been moved and supported; any
13 further discussion?

14 (No response)

15 MS. SCHAFER: All those in favor of approving
16 the June 22nd, 2016, regular meeting minutes for the RTAB,
17 say aye. Aye.

18 MS. BARANN: Aye.

19 MR. LITES: Aye.

20 MS. SCHAFER: Opposed?

21 (No response)

22 MS. SCHAFER: Hearing none, the regular meeting
23 minutes for June 22nd, 2016, have been approved.

24 Moving on to old business, of which there is
25 none, so we'll go to new business. First item up is

1 resolution number 16-0913-198, and I see Mr. Kibby is
2 anticipating my request to have him come provide a
3 summary.

4 MR. KIBBY: Yes, good afternoon -- I guess, good
5 morning. This is the water main project that we've been
6 anticipating for quite a while. We went out to bid and
7 received the bids on August 11th. There was a total of
8 seven bids received, and the low bidder was Bricco
9 Excavation, for a total cost of \$684,302.50.

10 This was a little bit more than what we had
11 anticipated in our original budget. A secondary project,
12 that we had going on at the same and was, the bids were
13 received about a week and a half, two weeks later, was for
14 the new SCADA system. The bids for that project came in
15 way over bid, over our estimated bid totals, and so the
16 council, at the request of the DPS director and the city
17 engineer, waived, or, rejected those bids.

18 We're going to look at doing some of that in
19 house, through other means. We're looking, I think,
20 Verizon Wireless came in to do a, kind of an interim
21 option there, that we think is going to actually work.
22 Maybe even as well as what we had thought the original
23 SCADA portion would work as.

24 So the city council did reject that SCADA bid,
25 which then freed up enough money to cover the rest of the

1 water main project. The water main project is desperately
2 needed, as we note in the one memo. The Warwick section
3 between Arno and Allen Road had 32 breaks in a 1850 foot
4 line, or an 1800 foot line. And Arlington between Watson
5 and Shenandoah had 37 breaks in a 1300 foot line.

6 And you know, when you go in to do a repair, the
7 sleeve may be anywhere from 18 inches to 36 inches or
8 thereabouts, so, in some sense we probably replaced a lot
9 of this line with sleeves, unfortunately. At a cost of
10 probably, estimated, probably \$4 to \$5,000 per break.

11 We've got a lot of money tied up in breaks, so
12 this will really help reduce those costs, then we can then
13 focus on some other areas. One of the things that we are
14 going to look at, actually through, I believe, the
15 stressed communities grant, is for pressure relief valves.

16 Which will help to reduce the pressure going to
17 these older lines that we're getting from Detroit.
18 That'll help to dial it down a little bit. So these lines
19 that are in the 80, 90 years old, aren't taking the up and
20 down fluctuation of those pressures, that's the biggest
21 cause we have here, so.

22 We're just asking now to award that bid to
23 Bricco Excavation, and construction's going to Raines, our
24 city engineer. The total cost of that project will be
25 \$773,790, zero cents.

1 MS. SCHAFER: Any questions for Mr. Kibby?

2 MR. LITES: Yes, Mr. Kibby. We've got -- is
3 there any -- has the construction by Raines that's
4 referenced in your memo, is that -- Raines is an outside
5 group?

6 MR. KIBBY: That's the city engineer.

7 MR. LITES: That's the city -- okay. So that,
8 well we say the city -- they're in house? Or outside?

9 MR. KIBBY: No, they're contract out. They're
10 outside.

11 MR. LITES: And they have an exclusive on that?
12 On all engineering for the city?

13 MR. KIBBY: They were awarded that contract
14 September of '15, for a five year period.

15 MR. LITES: That's fine. So none of the costs,
16 in making sure these bids, they're all -- there's no
17 crossover here. We're -- you're confident that we're
18 comparing apples to apples? There could be other bids, do
19 not include any engineering costs?

20 MR. KIBBY: Correct.

21 MR. LITES: Some of these numbers are
22 significant; there's big discrepancies on a line by item,
23 item by item basis?

24 MR. KIBBY: Yeah, that's a separate portion for
25 the construction engineering.

1 MR. LITES: So long as the city's -- that you
2 are comfortable that we're comparing apples to apples in
3 all the different bids.

4 MR. KIBBY: It's a matter sometimes I think, we
5 had a total there of almost \$190,000 difference between
6 the high and the low. A lot of times it could be -- we've
7 found, in a couple cases, contractors that were hungry
8 enough to get work, they were looking to keep themselves
9 busy. They maybe cut, worked out some deals with their
10 suppliers to be able to keep their costs maintained.

11 MR. LITES: Right.

12 MR. KIBBY: Because they'd been a bigger
13 purchaser.

14 MR. LITES: As long as we're -- as long as the
15 city's comfortable that we're comparing apples on each one
16 of the bids, that there's no crossover. There's a wide
17 discrepancy in the cost, between the 684, to the highest
18 one is, I think it's --

19 MS. SCHAFER: 875.

20 MR. LITES: It's more than 25 percent.

21 MR. CADY: It's broken down by line item. The
22 contractors put different items in, like Mark was saying,
23 that they could procure better deals with their
24 contractors that are hungry. They're going to be
25 competitive.

1 MR. LITES: Right. As long as we're
2 comfortable, I don't have any further questions.

3 MR. KIBBY: We see that a lot with the concrete
4 companies.

5 MS. BARANN: I would move to approve Resolution
6 16-0913197, for the water main replacement.

7 MR. LITES: Second.

8 MS. SCHAFER: Any further questions or
9 discussion?

10 (No response)

11 MS. SCHAFER: Hearing none, it's been moved and
12 supported. All those in favor of approving Resolution 16-
13 0913-198, say aye. Aye.

14 MS. BARANN: Aye.

15 MR. LITES: Aye.

16 MS. SCHAFER: Opposed?

17 (No response)

18 MS. SCHAFER: Hearing none, we have approved
19 resolution number 16-019, 0913-198. Next item of
20 business, is resolution number 16-0906-185, the city
21 healthcare program.

22 MR. KIBBY: This one here, we were working with
23 our agent on this, on the renewal for Blue Cross-Blue
24 Shield. We got quite a shock to us; that was a increase
25 of just short of \$1.1 million. We met with the union

1 leaders, the department heads and the employees, retirees,
2 explained to them there's no way the city can absorb a
3 \$1.1 million increase, a non healthcare cost for the same
4 program.

5 Working with the agent, they went back out to
6 the market to see what was available. They looked at
7 programs such as HAP, they just weren't competitive in
8 their price, and we were looking to have a match. We have
9 to match exactly what we have, based on how the contracts
10 are worded, equal to or better than.

11 We looked at also Cofinity, which is the one
12 we've selected. Cofinity PPO will be the network, and
13 that is the old Select Care, our old PPOM. And I believe
14 it was owned by Blue Cross back in the early 90's, it was
15 actually started by them. It spun off, and that's when it
16 became PPOM and Select Care owned at that point in time.

17 So we found that the match on the doctors in the
18 area are 99.9 percent; we are aware of at least one doctor
19 in Southgate that's not. We've explained to the employees
20 and the retirees that we will treat those doctors that are
21 not -- if they're a long-term doctor they've been going
22 to, we will treat them as an in network doctor.

23 We don't want to cause an issue for -- choosing
24 a doctor is not, you know, that's something you take very
25 serious, you want to be with that doctor for quite a

1 while, and we understand that.

2 The other issue we had, in addition to the \$1.1
3 million, is the split contracts. So we have individuals
4 that are with a Medicare Advantage plan. Currently that
5 is with Humana, and the problem with that is, Blues would
6 not cover the dependents that were remaining on the Blue
7 Cross plan.

8 So the individuals are, maybe a retiree or a
9 spouse, is, if it's a retiree, they're over to Humana.
10 The spouse remains, they don't have a connection back to
11 the city as an employee for the most cases, so they were
12 looking to not cover those contracts. And we had about 20
13 contracts like that. So we were going to be in a quite a
14 jam to have to find them healthcare that was not going to
15 be Blue Cross anyways.

16 And as you all know from your own practices,
17 trying to find a small, applying for a small group, is,
18 it's nearly impossible. So we were able to work those
19 with Cofinity and the third party administrator is going
20 to Automated Benefit Services, out of Sterling Heights.

21 So they'll basically serve as the Blue Cross,
22 they'll handle all the, processing their payments and so
23 forth. They'll work with Cofinity; they made sure all the
24 contracts were covered so we don't have an issue with the
25 split contracts. And everything that we have here, being

1 self-insured will be matched item for item.

2 So the benefits and the grants that we already
3 have from a Blue Cross plan will be matched by the
4 Cofinity plan, basically just repurposed under that
5 Cofinity brand, and rebrand them the Cofinity name and
6 that'll be distributed back out, so the coverage limits
7 will remain the same.

8 No change in the Rx; we're okay with Optum, Ken
9 Moran and it appears that he actually will fall under the
10 hard cap, which is one of goals we've had since the
11 beginning. A problem, myself and Bob is getting here, is
12 working on that healthcare, to get it under hard cap
13 numbers, to follow PA152, and work best for the employees
14 and for the city itself.

15 I've given you a lot of information, I
16 apologize.

17 MS. SCHAFFER: Any further questions?

18 MR. LITES: Yes. Are the specific stop loss and
19 aggregate stop loss coverages under the new plans being
20 proposed to be Cofinity's the TPA? Are they the same as
21 they were in the Blue Cross-Blue Shield existing program?

22 MR. KIBBY: They won't be -- the carrier in
23 those will actually be American Fidelity Assurance.

24 MR. LITES: No, I'm sorry.

25 MR. KIBBY: The levels are the same.

1 MR. LITES: They're identical?

2 MR. KIBBY: \$75,000 -- no changes.

3 MR. LITES: So no additional -- there's no
4 additional risk to the city; we're not taking on any more
5 stop loss --

6 MR. CADY: The stop loss stays the same.

7 MR. LITES: That's all I want to know. So the
8 coverage stays the same, we've got the same -- we have no
9 more financial risk in adopting the plan being proposed
10 than what we had before? And we think there's potentially
11 a savings?

12 MR. KIBBY: Potentially a savings of a couple
13 hundred thousand, if you have a catastrophic event, then
14 you would be at that 2.98 million.

15 MR. CADY: I think the admin fees are actually
16 lower than what --

17 MR. LITES: That was my next question, was going
18 to be, where are we on the admin fees?

19 MR. KIBBY: From one of those that we've sent
20 in, the original sheets was the one that was highlighted,
21 and then the day that we met the -- American Fidelity
22 Assurance made a big push, they really wanted this
23 business. And so that was beneficial to us.

24 They actually lowered their total fixed costs
25 down by, I think it was about \$60,000. And although the

1 maximum annual cost number is \$10,000 more. We're still
2 saving it on the fixed costs, which were lower on that.

3 I've been self-insured in another community for
4 five, six years; Bob as well. We've never come close to
5 seeing that. We hit the threshold of the specific for the
6 individuals, yes, we've hit those. You're going to hit
7 that. We had -- we have two at this point in time here in
8 Allen Park. My days in Melvindale, back, you know, ten
9 years ago, were hit at four or five. And that was a, I
10 work a 55,000 threshold, here it's a 75,000.

11 Getting to that point, both gentlemen from our
12 agent, and from ABS, been in this business a long time,
13 they have seen maybe a half dozen times somebody's hit the
14 maximum threshold. It just doesn't happen. I think they
15 kind of put enough coverage in there to make sure that
16 you're not going to hit.

17 MR. LITES: And from what I'm reading in your
18 memo is, it appears that the potential savings are
19 actually not going to be more than what they're be in '17
20 going forward, they're actually going to be less than what
21 we paid in '15. So that's before the \$1.1 million
22 increase being proposed by Blue Cross-Blue Shield.

23 MR. KIBBY: Correct.

24 MR. LITES: Is that correct?

25 MR. KIBBY: We were paying 2.988, and we'll be

1 at a maximum out of pocket would be 2.711. But then when
2 you go back to the fixed costs, you're at 807 on the fixed
3 costs for Blues, and we'd be at 562.

4 MR. LITES: I don't have any further questions.

5 MR. KIBBY: As we explained to the employees and
6 the retirees, we wouldn't be here asking for a change.
7 That's the last thing we want. This is not, this is an
8 October 1st change as well. It is not anything that we're
9 looking forward to going through. It does create a lot
10 questions, it creates a lot of, be some handholding.

11 I mean, you're going to have a couple hiccups
12 here and there. But we're prepared for that. It's in the
13 best interests of the city.

14 MS. SCHAFER: And it's good to understand that,
15 and you've done a good job of it.

16 MR. KIBBY: Yeah, we've got a good group. Their
17 biggest issue, I think so far, has been questioning the
18 dental, of all things. It's not the medical. Most of the
19 doctors are covered. We're still working on the dental;
20 we're having a couple issues that we have to fine tune.

21 MS. SCHAFER: Okay.

22 MS. BARANN: I would move to approve Resolution
23 16-0906-185, for the city health program.

24 MR. LITES: Second.

25 MS. SCHAFER: It's been moved and supported; any

1 further questions or discussion?

2 (No response)

3 MS. SCHAFER: All right, hearing none, all those
4 in favor of approving Resolution 16-0906-185, say aye.
5 Aye.

6 MS. BARANN: Aye.

7 MR. LITES: Aye.

8 MS. SCHAFER: Opposed?

9 (No response)

10 MS. SCHAFER: Hearing none, the board has
11 approved resolution number 16-0906-185. That takes us to
12 the end of new business, and we are going to move on to
13 public comment.

14 MR. DOSTINE: Madam Chair, at this point there
15 are no requests for public comments.

16 MS. SCHAFER: Easy enough; we'll move on to
17 board comments. Does the board have any comments?

18 MS. BARANN: No.

19 MS. SCHAFER: No board comments, so I will move,
20 ask for a motion to adjourn.

21 MS. BARANN: So moved.

22 MR. LITES: Second.

23 MS. SCHAFER: Been moved and seconded, meeting
24 is adjourned. Thank you.

25 (Proceedings adjourned at 11:17 a.m.)

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STATE OF MICHIGAN
COUNTY OF WASHTENAW) .ss

I certify that this transcript is a complete, true, and correct transcript to the best of my ability of the RTAB meeting held on September 27th, 2016, City of Allen Park. I also certify that I am not a relative or employee of the parties involved and have no financial interest in this case.

RESPECTFULLY SUBMITTED: October 2, 2016

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter