

**MINUTES OF SPECIAL CALLED MEETING OF THE CITY OF SAN JUAN COMMISSION**

**DATE:** Monday, July 3, 2017

**TIME:** 6:00 p.m.

**PLACE:** San Juan Memorial Library  
Multipurpose Meeting Room  
1010 S. Standard  
San Juan, Texas 78589

**MEMBERS PRESENT:**

Mario Garza, Mayor  
Jesus Ramirez, Mayor Pro-Tempore  
Raudel Maldonado, Commissioner  
Ernesto Guajardo, Commissioner  
Pete Garcia, Commissioner  
Criselda Palacios, City Attorney

**MEMBERS ABSENT:**

Tirso Garza, Chief of Fire  
Juan Gonzalez, Chief of Police  
Oscar Cuellar, San Juan EDC Director  
Leroy Gonzales, Interim Finance Director  
Patrick Willingham, Director of Parks and Recreation  
Xavier Cervantes, Director of Planning  
Carmen Gonzalez, Director of Sanitation  
David Salinas, Director of Utilities  
Mary Enriquez, Court Administrator  
Robert Rangel, Director of Information Technology

**STAFF PRESENT:**

Benjamin Arjona, City Manager  
Palmira Cepeda, Interim City Secretary  
Adelaida Cordero, Director of Human Resources  
Rene Jaime, Purchasing/Risk Management

**GUEST:**

Mr. Bowers, TML

**ORDER OF BUSINESS**

**I. CALL MEETING TO ORDER**

Mayor Mario Garza called meeting to order at 6:00 p.m.

**II. INVOCATION**

Benjamin Arjona, City Manager led the Invocation.

**III. PLEDGE OF ALLEGIANCE**

Mayor Mario Garza led the Pledge of Allegiance.

**IV. APPOINTMENTS**

- a. Consider Appointment of Board Members related to the San Juan Economic Development Corporation Board

Benjamin Arjona, City Manager stated that a member had resigned, therefore it was open for appointment. Commissioner Guajardo motioned to appoint Armando Garza and it was seconded by Jesse Ramirez, Mayor Pro-Tempore. (2-3)

Mario Garza, Mayor motioned to appoint Adrian Garza and it was seconded by Commissioner Pete Garcia. For the record, Mayor Garza stated that Adrian Garza has no relation to himself or his family. Motion passed (5-0)

- b. Consider Appointment of Board Members related to the San Juan Planning and Zoning Board

Jesse Ramirez, Mayor Pro-Tempore motioned to appoint Agapito Vargas and it was seconded by Commissioner Raudy Maldonado. Motion passed (5-0)

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V. DISCUSSION AND POSSIBLE ACTION

- a. Consider authorizing City Manager to enter into a contract for Medical, Dental, and Life Insurance with Texas MultiState Intergovernmental Employee Benefits Pool (TML)

**DISCUSSION:** Benjamin Arjona, City Manager stated that information was provided noting an increase of 10% in the City's insurance premiums. The total yearly cost that took place was at \$8,885 per month which would be about \$97,000 a year, the reason being that some stock had totaled up to \$4 million dollars. If anyone had any questions, Mr. Bowers from TML was present for a presentation and to respond to any questions. Mr. Rene Jaime, with Risk Management and Ms. Adelaida Cordero, Director of Human Resources could also respond. Mayor Garza thanked Mr. Bowers for being present and then he proceeded with his presentation.

Mr. Bowers stated he worked for the Texas Municipal League Intergovernmental Employee Benefits Pool and if someone was not familiar with them, he mentioned they were not for profit and worked solely with political subdivisions in the public sector. Because they are not for profit, they are more competitive than other insurance companies and at the present time they serve 900 political subdivisions, operate a big risk pool and part of the value of pooling. If you have heard of what is going on in Washington, the big solution they are talking about is to fix healthcare; go to interstate and do pooling, well you are actually already getting the benefit of that strategy by being with our company. Our administrative costs are extremely low. No one in our organization gets paid commission. We have an administrative overhead of 15% which is completely lean in comparison to typical insurance companies, which is usually over 20%. What that means is that for every dollar that comes into IEP, \$0.85 of every dollar goes back to pay claims and to provide service. I want to thank you for being with the pool for the past 3 years. In your first year there was not an increase but in your second year there was a 2% increase. As previously mentioned, healthcare is getting more expensive and we are trying to mitigate that cost but unfortunately for the City of San Juan, there are 12 individuals that have a diagnosis which is costing the City money. That is not unique for the City of San Juan and who is to say that it will not happen again next year which would warrant a 10% increase. Unfortunately what we also see is that the City of San Juan is not using enough of their benefit plan. Last month we brought an on-site health fair and we only had about 65 people show up. With this benefit plan they can get generic medication for \$5.00 with \$60 a year. We will be working with the staff to get the word out and if you have any questions I have additional information that I can provide.

Commissioner Pete Garcia stated that normally TML did not use agents but lately they were and Mr. Bowers stated that was correct. They didn't work with brokers like Blue Cross but if a member or City made a decision to work with a broker and authorized a 5% commission, it wouldn't come out of our money because we are not for profit. But if the City authorized us to bill, collect that 5% and turn around and give it back to the broker we can do that. Out of 940 political subdivisions about 80 are working with a local broker. We are not anti-broker but our service model is set up as not a requirement. If you make the decision to bring someone on board it would be an additional cost to do so.

Commissioner Garcia stated PSJA has a clinic and that they provide free medical and medicines to the patients. The City of Pharr is joining with that Clinic, so what's the opportunity for us to do something like that? Mr. Bowers replied that right now there is a \$10 copay for medicine and \$30 copay for community providers but if there were a way for us to partner and if it would make financial sense we would definitely do that. We could start those conversations to do our due diligence.

Jesse Ramirez, Mayor Pro-Tempore asked if the \$8,800 is an addition to what we are already paying and Mr. Arjona, City Manager responded that was correct, that was the 10% increase they were proposing. Mr. Ramirez then asked if it was on top of what they were paying, so close to \$100,000, what other options did we have? Commissioner Garcia then stated to go out for bids. Mr. Arjona, City Manager stated that there are some options they are proposing like option 1, 2, 3 and 4 in the packet which is on page 3. Mr. Bowers then stated that his goal is to lay down the landscape so you are without a doubt that you can go out for bids. You are not required to because we are a public entity ourselves so you don't have that bid requirement that would fall under other types of commodities. I can inform you on how the bidding process works and from what I have seen we can provide specific examples for that. If you do go out for bids, you will get a cheaper rate. As mentioned, we have provided some plan options and we can potentially bring it down to a 5% increase with slight changes to the plans. We definitely want to work with you and we know we can provide the type of service that you deserve.

Mr. Ramirez, Mayor Pro-Tempore asked if with slight changes to the plan, did that mean an increase for employees. Mr. Bowers responded that unfortunately trying to buy down a potential rate increase that is kind of like the by product. He stated to focus on Plan #1 Option #1 and what that does is eliminate the \$30 office visit copay. He did not recommend that one because a lot of people do not have disposable

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income and a typical doctor's visit will probably cost about \$100 and by having a \$30 copay it protects them. What you don't want is people not going to the doctor because they do not have money for the doctor visit and then there is a delay and what could have been treated turns into something chronic. Mr. Ramirez then stated that by eliminating the copay it doesn't mean they don't pay anything, it means they pay the full amount and Mr. Bowers confirmed that was correct, up to the deductible.

Mr. Bowers then stated he would probably pick Option #2 due to the same plan design with one variation, still having the \$500 deductible and the \$30 copay. Once the deductible has been met then you step into a cost sharing mode where currently the plan was paying 80% of all costs and the employee pays 20%. If the plan increases by 5% then that would mean the plan would pay 70% and the employee 30%. Mr. Arjona, City Manager then asked in reference to the 70/50 PPO. He said he knew what the 70 was, but what was the 50 for. Mr. Bowers replied that 50 is the standard for all the plans so that wouldn't be a benefits change. The employees know to go in-network because we have a contract that can minimize our out of pocket costs. However, if they choose to go out of network it will be 50%. Mayor Garza stated that then it was more expensive and Mr. Bowers agreed and added that they didn't have the contracts to do quality of care and the oversight that everyone would want to have.

Mayor Garza stated on the \$500 deductible, the reason why it's \$500 was because we are in a bigger pool vs if we go with a private insurance where their deductible can be \$1000 or \$1500 because it's a smaller pool. Mr. Bowers stated there was some truth to that but also mentioned that when we went to them three years ago it was a good benefit plan with \$500 deductible. The majority of the cities that are now serviced do not have a \$500 deductible but a \$1000 deductible.

Ms. Adelaida Cordero, Personnel Director then stated it's one of the reasons this particular plan was chosen for our employees. They cannot afford \$1000 deductible and we advocated for them to keep this deductible. Mr. Bowers added that it also helps with recruiting and retention.

Commissioner Garcia asked if they had any wellness program and Mr. Bowers responded that for anyone of the employees or their dependents over 18 if they do a local biometric screening or community doctor and they go online and do a health risk assessment, they will mail them a check for \$150. The participation in the last 3 years has not been what they wanted. Commissioner Garcia then asked if in 3 years they had not had a wellness program in the City and Ms. Cordero stated that it had been discussed but had not been scheduled.

Commissioner Garcia stated the insurance calls the employees and asks them questions on their health and Mr. Bowers stated that the website was being expanded so you could log in and connect your fitbit so you could track diabetes, sleep patterns, diet and asthma and that's also one of the things they are trying to do with the mammogram bus. Commissioner Garcia then added that is the kind of service that is wanted for the employees and that they can have a choice. Mr. Bowers stated he would love to work with the staff to build a wellness within the community.

Rene Jaime with Risk Management stated that last year there was a number of people that did the biometrics and out of 30 maybe 3 went the whole way to get the \$150. The employees need to be more involved. My question is if an employee has a \$10,000 bill what would they pay with the plan in Option #2. Mr. Bowers responded that they would first need to meet their deductible and we would pay 70% instead of the 80%. Again only about 20 of the employees met the deductible. Mr. Ramirez, Mayor Pro-Tempore asked for how long were these options good and Mr. Bowers stated that because of the healthcare reform they were required by law to put on their website for the employees their benefits even if it stayed the same 30 days before the effective date, the end of August. There is also an online enrollment system and we have to build the rates in. Our internal deadline is July 7<sup>th</sup> but that does not mean you have to make a decision by then. Then Ms. Cordero responded that the timeline matters because the City collects a month in advance for premiums so it needed to take that into consideration.

Mr. Ramirez, Mayor Pro-Tempore asked Mr. Arjona, City Manager what he recommended and Mr. Arjona stated that the presentation was very obvious. The first one is a 10% increase, so we are looking at about \$96,000, the second option is about a 4.87% increase which would be at \$45,000-\$47,000 and the other option is to go out for proposals. Now what he is saying is that he will take this proposal even if we go out for RFP's. Also I don't think there is going to be an issue about timing< I think we are going to have to work on it so our employees are covered comes October 1<sup>st</sup>. Mr. Ramirez then stated that we owed our employees and our residents, our taxpayers because personally my vehicle insurance went up so I don't want to pay more. I am looking for a better option and I think that if we don't do that for our taxpayers, where the money is coming from, then we are not doing our job.

**Commissioner Garcia made a motion to go out for bids and Mr. Ramirez, Mayor Pro-Tempore seconded. Motion passes (5-0)**

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Commissioner Garcia motioned and Commissioner Guajardo seconded.

**VII. RECONVENED at 6:27pm**

Commissioner Garcia motioned and Commissioner Maldonado seconded.

Benjamin Arjona, City Manager made a motion to appoint Maria Rosas Motioned by Commissioner Garcia and seconded by Commissioner Guajardo (2,3)

Mr. Arjona then stated he would like to make a motion to appoint Diana Cavazos as City Secretary. Motioned by Mr. Ramirez, Mayor Pro-Tempore and seconded by Commissioner Maldonado. Motion passed (5-0)

Ms. Adelaida Cordero, Personnel Director made a motion for Ms. Palmira Cepeda to continue as Interim City Secretary contingent until the appointed City Secretary can start. Motioned by Commissioner Garcia and seconded by Commissioner Guajardo. She will continue until the background has been cleared and the new City Secretary fills the position.

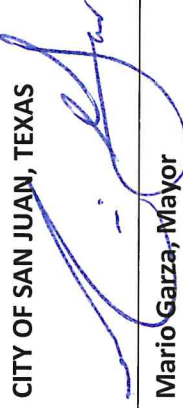
Commissioner Garcia asked Legal Council if we could put a second person in case it didn't work out with the first one. Ms. Palacios, City Attorney said yes but we would have to change the Motion. Then Mr. Ramirez asked if he had to amend his motion and Ms. Palacios responded that he had to, to amend it to list #1 appointee and then #2.

Mr. Ramirez, Mayor Pro-Tempore then stated that he would like to amend the Motion to appoint Diana Cavazos as the City Secretary with Maria Rosas as the second choice. Seconded by Commissioner Maldonado.

**VIII. ADJOURNMENT**

**Commission Ernesto Guajardo motioned to adjourn meeting and seconded by Commissioner Raudel Maldonado. Motion passed. (5-0)**

CITY OF SAN JUAN, TEXAS

  
Mario Garza, Mayor

ATTEST:

  
Diana H. Cavazos, City Secretary