

**AGENDA  
BENBROOK CITY COUNCIL  
THURSDAY, SEPTEMBER 7, 2006  
911 WINSCOTT ROAD, BENBROOK, TEXAS  
PRE-COUNCIL WORKSESSION 7:00 P.M.  
CENTRAL CONFERENCE ROOM**



1. Review and discuss agenda items for regular meeting.
2. Receive other information from staff and Boards & Commissions.

**REGULAR MEETING 7:30 P.M.  
COUNCIL CHAMBERS  
ALL AGENDA ITEMS ARE SUBJECT TO FINAL ACTION**

**I. CALL TO ORDER**

**II. INVOCATION – Pastor Todd Pylant, First Baptist Church  
PLEDGE OF ALLEGIANCE**

**III. CONSENT AGENDA (Items listed under the Consent Agenda are considered routine and are enacted in one motion. The exception to this rule is that Councilmember, citizen, or City Manager may request one or more items to be removed from the Consent Agenda for separate discussion and action.)**

1. Minutes of the regular meeting held August 17, 2006
2. Interlocal Agreement with Benbrook Water Authority for Street Repair Services
3. Interlocal Agreement with Benbrook Water Authority for Refuse Billing and Payment Collection
4. Interlocal Agreement with City of Fort Worth for Household Hazardous Waste Program

**IV. CITIZENS PRESENTATION**

1. David Hoover, TXAPA President – Certificate of Achievement for Planning Excellence
2. Danny Perkins, Benbrook Sister Cities President – Introduction of Officers from Ballymoney, Northern Ireland
3. Kevin McCauley – Request Speed Limit Change in Residential Neighborhoods

**V. BENBROOK ECONOMIC DEVELOPMENT CORPORATION**

EDC-2006-03 Ratify Benbrook Economic Development Corporation Budget for FY 2006-2007

**VI. PRESENTATION BY PLANNING AND ZONING COMMISSION**

**VII. REPORTS OF CITY MANAGER**

**A. GENERAL**

- G-1652 Appointment to Boards and Commissions
- G-1653 Adopt Ordinance Amending Section 8.08.010 of the Benbrook Municipal Code by Reducing the Maximum Height of Grass and Weeds to 10 Inches

**B. CONTRACT**

- C-220 Award Contract for Employee Health Insurance

**VIII. OTHER MATTERS OF BUSINESS**

1. Public Hearing on 2006 Property Tax Rate
2. Public Hearing on Proposed Budget for Fiscal Year 2006-2007

**IX. INFORMAL CITIZEN COMMENTS**

**X. EXECUTIVE SESSION – Pursuant to Texas Government Code**

1. **Section 551.072 – Deliberation Regarding Real Property - Consider Counter Offer for Drainage Easement at 4020 Tara Drive**

**XI. RECONVENE FROM EXECUTIVE SESSION**

**XII. ADJOURNMENT**



**MINUTES  
OF THE  
MEETING OF THE  
BENBROOK CITY COUNCIL  
THURSDAY, AUGUST 17, 2006**

The regular meeting of the Benbrook City Council was held on Thursday, August 17, 2006 at 7:30 p. m. in the Council Chambers at 911 Winscott Road with the following Council members present:

Jerry Dittrich  
Rickie Allison  
Keith Bailey  
John Vander Pan  
Ron Sauma  
James Schull  
Larry Stowe

Also Present:

Cary Conklin, City Manager  
Joanna King, City Secretary  
Dave Gattis, Assistant City Manager  
Andy Wayman, Assistant City Manager  
David Ragsdale, Comptroller

Others Present:

Dorcas Neuman, Benbrook News  
Ed Gallagher  
Sue Clark  
Valerie Stowe  
F.T. "Bear" Hebert  
Robert Clark  
Daniel Tully  
Bill Smith  
Ed Wilsberg  
Rodney Dryden  
Ron Rainey  
Patty Bissey  
Jackie Messer  
Joel Peel  
Larry Ellis  
and approximately 10 other citizens

**I. CALL TO ORDER**

Meeting called to order at 7:30 p. m. by Mayor Dittrich.

**II. INVOCATION  
PLEDGE OF ALLEGIANCE**

Invocation given by Elder Carl Robert, Sr. with Tabernacle of Praise  
The Pledge of Allegiance was recited.

**III. MINUTES**

**1. Minutes of the regular meeting held August 3, 2006**

Motion by Mr. Schull, seconded by Mr. Sauma to approve the minutes of the regular meeting held August 3, 2006 as presented.

Vote on the Motion:

Ayes: Mr. Schull, Mr. Bailey, Mr. Allison, Mayor Dittrich, Mr. Vander Pan, Mr. Stowe, Mr. Sauma

Noes: None

Motion carries unanimously.

**IV. PROCLAMATION/AWARDS/RECOGNITION**

**1. Proclamation – National Alcohol and Drug Addiction Recovery Month**

Mayor Dittrich read and presented Larry Ellis, Tarrant County Challenge, with a proclamation proclaiming the month of September 2006 as National Alcohol and Drug Addiction Recovery Month.

**V. MAYOR AND CITY COUNCILMEMBER PRESENTATION**

**1. Councilmember Keith Bailey – Authorize Staff to begin Process for Street Name Change – Vista Way**

Mr. Gattis presented the following information regarding the process for street name changes: City Council directs staff to prepare an ordinance and schedule public hearings. The hearing should be at least 30 days after initial direction.

Staff notifies all affected residents, landowners, utility companies and government offices of the intent to change the street name. A public hearing is held and the ordinance is adopted. The effective date of the ordinance should be 3 to 6 months after adoption in order to allow for stationary, checks, drivers licenses and change of address.

Upon the effective date, staff files the ordinance with Tarrant County and notifies all affected parties with a copy of the effective ordinance. The post office will forward mail for 6 months.

City Council should direct staff as to which street or park is to be remained, the proposed name, geographic limits of the name change, a date for the public hearing and a tentative effective date.

Motions by Mr. Bailey, seconded by Mr. Schull to direct staff to draft an ordinance renaming the entirety of Bluestem Drive to Veterans Parkway, schedule a public hearing, and notify all affected property owners and other affected parties of the proposed change.

Vote on the Motion:

Ayes: Mr. Bailey, Mr. Allison, Mayor Dittrich, Mr. Vander Pan, Mr. Stowe, Mr. Sauma, Mr. Schull

Noes: None

Motion carries unanimously.

**V. PRESENTATION BY PLANNING AND ZONING COMMISSION**

**VI. REPORTS OF CITY MANAGER**

**A. GENERAL**

**G-1649 Financial Report for Month Ending July 31, 2006**

Mr. Conklin gave the following report: General Fund revenues for the month of July totaled \$396,313. Through July, total collections were \$10,378,441 or 95% of the amount budgeted.

General Fund expenditures for July totaled \$867,809. Through July, total expenditures were \$9,061,325 or 82% of the original budget. At July 31, 2006 revenues exceeded expenditures by \$1,317,116.

July revenues for Benbrook Economic Development Corporation were \$56,391 with expenditures totaling \$55,626. Through the end of July, expenditures exceed revenues by \$446,847.

The City has investments in the amount of \$10,679,404 at July 31, 2006.

Motion by Mr. Stowe, seconded by Mr. Allison to accept the financial report for the month ending July 31, 2006 as presented.

Vote on the Motion: Mr. Allison, Mayor Dittrich, Mr. Vander Pan, Mr. Stowe, Mr. Sauma, Mr. Schull, Mr. Bailey

Noes: None

Motion carries unanimously.

## **G-1650      Adopt Ordinance Prohibiting Smoking in Public Places**

Mr. Conklin gave the following report: In April 1991, City Council adopted Ordinance No. 896, which regulates smoking in public places. The ordinance allows the owner to establish all or part of a facility as non-smoking. The ordinance requires food establishments seating 25 or more patrons to establish dining areas for non-smoking. Ordinance No. 896 allows workplaces to establish any or all of the building as non-smoking.

In the past months, City Council has met in worksessions to discuss a more aggressive smoking ordinance for the City of Benbrook. From a Surgeon General released report on June 28, 2006, City Council weighed the following findings versus the rights of private citizens to smoke:

- Secondhand smoke effects more pervasive than medical community previously thought.
- Secondhand smoke is a serious health hazard.
- Secondhand smoke exposure increases risk of heart disease and cancer by 20 to 30 percent.
- Technical approaches cannot control secondhand smoke.
- Nonsmokers need protection in public and work places.

The proposed ordinance makes it unlawful to perform the following acts in a public building:

1. Smoke
2. Carry a lighted tobacco product; or
3. Light a tobacco product

Public building is any building other than a private residence.

The proposed ordinance makes it unlawful for an owner or operator of any public building to display:

1. Ashtrays
2. Smoking paraphernalia; or
3. Signs that indicate smoking is permitted.

A food establishment must post signs that say:

1. No Smoking; or
2. The international symbol depicting No Smoking.

Staff recommends that City Council determine the appropriate action for the proposed ordinance.

Motion by Mr. Allison, seconded by Mr. Schull to adopt Ordinance No.1214 prohibiting smoking in public places with the distance from any entrance or

exit to such buildings being twenty-five feet (25') and establishing an effective date as November 1, 2006.

Following discussion, vote on the Motion:

Ayes: Mayor Dittrich, Mr. Vander Pan, Mr. Schull, Mr. Bailey, Mr. Allison

Noes: Mr. Stowe and Mr. Sauma

Motion carries 5-2

Ordinance No. 1214 being **“AN ORDINANCE OF THE CITY OF BENBROOK AMENDING CHAPTER 8.48 – REGULATIONS OF SMOKING OF THE BENBROOK MUNICIPAL CODE (1985) TO PROHIBIT SMOKING IN ALL PUBLIC BUILDINGS; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR ENGROSSMENT AND ENROLLMENT; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER; PROVIDING A PENALTY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.”**

#### SECTION 5

Any person, firm or corporation who violates, disobeys, omits, neglects, or refuses to comply with or who resists the enforcement of any provisions of this ordinance shall be fined not more than Five Hundred Dollars (\$500.00) for all violations of this ordinance. Each day that a violation is permitted to exist shall constitute a separate offense.

#### SECTION 8

This ordinance shall be in full force and effect on November 1, 2006 and it is so ordained.

#### **G-1651 Benbrook Community Center/YMCA Expansion Study**

Mr. Wayman gave the following report: In 1997, the citizens of Benbrook approved funding for construction of the Benbrook Community Center/YMCA. The project was a collaboration of the City of Benbrook, Corps of Engineers, Texas Parks and Wildlife and the YMCA of Metropolitan Fort Worth. The 32,000 square foot facility opened in May 2000.

The overwhelming positive response to the BCC/YMCA has created a problem with overcrowding. As a result, the City initiated a conceptual expansion study. The study facilitators were Hahnfeld, Hoffer, and Stanford, Inc. Input and participation was from City staff, BCC/YMCA staff, the U.S. Army Corps of Engineers, the BCC/YMCA Board of Directors, the Benbrook

Parks and Recreation Board and facility users. Key recommended facility enhancements, all intended to meet current and future facility needs are:

1. Expand the fitness (equipment) area.
2. Expand the childcare area.
3. Add office space.
4. Add an outdoor water park.
5. Add a teen center.
6. Add a locker room.
7. Add an aerobic room.
8. Add an outdoor skate park.

The proposed building expansion is approximately \$13,500 square feet and would increase the “under roof” facility size to approximately 45,500 square feet.

Both the BCC/YMCA Board of Directors and the Benbrook Parks and Recreation Board has reviewed and approved the facility expansion study, subject to final action by the Benbrook City Council.

Motion by Mr. Allison, seconded by Mr. Stowe to approve the conceptual expansion study for the Benbrook Community Center/YMCA.

Vote on the Motion:

Ayes: Mr. Vander Pan, Mr. Stowe, Mr. Sauma, Mr. Schull, Mr. Bailey, Mr. Allison, Mayor Dittrich

Noes: None

Motion carries unanimously.

## **B. CONTRACT**

### **C-219 Approve Contract with Wellspring Insurance Agency, Inc. – Implementation of Tax Exemption with City’s Insurance Providers**

Ms. Newhouse gave the following report: In August 2005, the City of Benbrook joined the North Texas Government Benefit Alliance (NTGBA) to explore the feasibility of collectively purchasing comprehensive medical benefits. The Wellspring Insurance Agency, Inc. serves as the advisor for this consortium of municipalities.

Wellspring determined that Texas insurance laws allowed exemption from premium tax to the State of Texas. Wellspring informed the City of eligibility of exemption for health, dental and life insurance.

Wellspring will provide the City with documentation to implement the tax exemption and will work with the City’s insurance providers to execute the

exemptions. Wellspring will request and verify that insurance carriers provide confirmation of removal of applicable premium taxes. Wellspring's fee for providing these services is \$2,500. Funds are available in Non-Departmental account number 01-1501-5219.

Motion by Mr. Schull, seconded by Mr. Vander Pan to authorize the Wellspring Insurance Agency, Inc. to perform the scope of services outlined in their proposal for a cost of \$2,500.

Vote on the Motion:

Ayes: Mr. Stowe, Mr. Sauma, Mr. Schull, Mr. Bailey, Mr. Allison, Mayor Dittrich, Mr. Vander Pan.

Noes: None

Motion carries unanimously.

#### **VIII. OTHER MATTERS OF BUSINESS**

Public Hearing on 2006 Property Tax Rate

Mr. Ragsdale gave the following report: Cities must hold two (2) public hearings to receive citizen input on the tax rate. The dates for the hearings are August 17 and September 7, 2006. City Council will adopt the tax rate on September 21 when the fiscal budget for 2006-2007 is adopted.

Mayor Dittrich declared the public hearing open at 8:31 p.m. No one spoke on the item. Mayor Dittrich closed the public hearing at 8:32 p.m.

#### **IX. INFORMAL CITIZEN PRESENTATION**

Mr. F.T. Hebert spoke in support of the newly adopted smoking ordinance.

Ms. Jackie Messer spoke in support of the expansion plan for the BCC/YMCA.

#### **X. ADJOURNMENT**

Meeting adjourned at 8:35 p.m.

**APPROVED:**

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**Jerry B. Dittrich, Mayor**

**ATTEST:**

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**Joanna King, City Secretary**



# City of Benbrook

## CITY COUNCIL COMMUNICATION

DATE: 09/07/06	REFERENCE NUMBER: CA-2	SUBJECT: Interlocal Agreement with Benbrook Water Authority for Street Repair Services	PAGE: 1 of 1
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### **BACKGROUND**

When the Benbrook Water Authority (BWA) experiences a water or sewer line failure under a street, the BWA excavates the street and makes line repairs. After line repairs are completed, the BWA is responsible for restoring the damaged street. These street repairs are commonly referred to as "street cuts". Starting in FY 2000/2001, the City of Benbrook has repaired street cuts for the BWA through an interlocal agreement.

Prior to this collaboration, the BWA contracted with a private firm for this service. Unfortunately, the contractor did not make repairs until a number of street cuts had accumulated. As a result, street cuts were often not completed in a timely manner, occasionally remaining open for several months. Consequently, the City and BWA received numerous complaints from citizens regarding these pending repairs. In addition, the uncompleted street cuts compromised the adjacent street area and allowed water to infiltrate the street sub-base. The ongoing interlocal agreement, which expires September 30, has resolved these negative issues.

### **PROPOSED INTERLOCAL AGREEMENT**

The proposed interlocal agreement again engages the City of Benbrook to complete street cuts for the BWA. The term of the proposed interlocal agreement is one year. The proposed agreement is identical to last year's agreement *except* that the repair price is increased by 3% to \$8.17/square foot. The 3% adjustment reflects the CPI increase. Similarly, this same 3% CPI rate adjustment is utilized for the annual interlocal agreement for garbage billing/collection services provided by the BWA.

### **OPERATING IMPACT**

BWA street cuts constitute approximately 15% of the total street cuts accomplished by the City in a given year. Because of the efficiencies of scale associated with the street cut process, the repairs are easily absorbed without significantly impacting operations.

### **RECOMMENDATION**

Staff recommends that the City Council approve the interlocal agreement for the City to complete street cuts for the BWA.

SUBMITTED BY: Cary Conklin	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY: CITY SECRETARY
CITY MANAGER		DATE:



# City of Benbrook

## CITY COUNCIL COMMUNICATION

DATE: 09/07/06	REFERENCE NUMBER: CA-3	SUBJECT: Interlocal Agreement with Benbrook Water Authority for Refuse Billing and Payment Collection	PAGE: 1 of 1
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### BACKGROUND

Through an interlocal agreement, the City of Benbrook engages the Benbrook Water Authority (BWA) to bill and collect residential refuse accounts. Because the BWA already bills these customers for water and sewer service, an economies of scale is created that benefits the City, the Authority and ultimately the citizens of Benbrook.

### PROPOSED INTERLOCAL AGREEMENT

The proposed interlocal agreement establishes a reimbursement to the BWA of 46.35-cents per bill (and collection cycle), a 3% cost-of-living increase over last year. The same cost-of-living increase is utilized in calculating the rate the BWA reimburses the City via the interlocal agreement for street repairs.

The term of the proposed agreement is one-year, ending September 30, 2007.

### RECOMMENDATION

Staff recommends that the City Council approve the interlocal agreement with the BWA.

SUBMITTED BY: Cary Conklin	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY: CITY SECRETARY
CITY MANAGER		DATE:



# City of Benbrook

## CITY COUNCIL COMMUNICATION

DATE: 09/07/06	REFERENCE NUMBER: CA-4	SUBJECT: Interlocal Agreement with City of Fort Worth for Household Hazardous Waste Program	PAGE: 1 of 1
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**BACKGROUND**

Fiscal year 2005-2006 marked the City’s seventh consecutive year of participation in Fort Worth’s Environmental Collection Center (“ECC”) Household Hazardous Waste (“HHW”) Program. Through the program, the City hosts HHW collection events using the ECC’s mobile collection unit. Benbrook and Fort Worth municipal employees staff the events. In addition to the collection events, the program also allows Benbrook residents to take hazardous items directly to the ECC via a voucher system coordinated by City staff.

**INTERLOCAL AGREEMENT**

In September 2005, the City entered into an interlocal agreement with the City of Fort Worth to participate in the program through September 30, 2006. Based on increased utilization of the program by Benbrook residents, staff proposed continued funding in the 2006-2007 budget.

The term of the proposed agreement is October 1, 2006 to September 30, 2007. The agreement is unchanged from last year except the City’s cost to participate increases from \$40 to \$46 per household disposal. This increase is due to the expiration of grant funding that helped subsidize the program.

**RECOMMENDATION**

City staff recommends that City Council authorize City Manager Cary Conklin to enter into an interlocal agreement with the City of Fort Worth for participation in Fort Worth’s Environmental Collection Center Household Hazardous Waste Program, for a term beginning October 1, 2006 and ending September 30, 2007.

SUBMITTED BY: Cary Conklin	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY: CITY SECRETARY
CITY MANAGER		DATE:



# City of Benbrook

## CITY COUNCIL COMMUNICATION

DATE: 09/07/06	REFERENCE NUMBER: G-1652	SUBJECT: Appointment to Boards and Commissions	PAGE: 1 of 3
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Noted below is a summary of terms expiring on the various City Boards and Commissions. Their terms expire on October 31, 2006.

Planning & Zoning Commission

Place 2	Bret Early
Place 4	John Dawson
Place 6	George Bolton
Place 8	Larry Marshall

Applications for reappointment have been received from all current members.

Zoning Board of Adjustment/Board of Appeals

Place 2	Clark Penas
Place 4	William Collins
Alternate B	Connie Gotcher
Alternate C	Marvin Rhodes

Applications for reappointment have been received from all current members.

Parks & Recreation Board

Place 2	Nathan Wright
Place 4	Karen Henderson
Place 6	Joe Sherwin

Applications have been received from Ms. Henderson and Mr. Sherwin. Mr. Wright is not seeking reappointment.

Benbrook Economic Development Corporation

Place 2	James Schull
Place 4	Charles Anderson
Place 6	Rickie Allison

An application was received from Mr. Anderson. Mr. Schull and Mr. Allison are Councilmember appointments.

SUBMITTED BY: Cary Conklin	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY: CITY SECRETARY
CITY MANAGER		DATE:

DATE: 09/07/06	REFERENCE NUMBER: G-1652	SUBJECT: Appointment to Boards and Commissions	PAGE: 2 of 3
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The City advertised a formal notice to accept applications for Boards and Commission appointments in the official newspaper (Benbrook News) as well as the Fort Worth Star Telegram. The announcement was also placed on the City Channel of Charter Communications, City Home Page, and the quarterly Newsletter. The deadline for receiving applications was August 21, 2006.

Applications received for appointment to a Board or Commission are noted below.

<u>Citizen</u>	<u>Board or Commission Preference</u>	<u>Current Office</u>
Bret Early	1. Planning & Zoning	Planning & Zoning
John Dawson	1. Planning & Zoning	Planning & Zoning
George Bolton	1. Planning & Zoning	Planning & Zoning
Larry Marshall	1. Planning & Zoning	Planning & Zoning
Clark Penas	1. EDC 2. ZBA/Appeals Board 3. Tax Increment Financing Board	ZBA/Appeals Board
William Collins	1. ZBA/Appeals Board	ZBA/Appeals Board
Marvin Rhodes	1. Planning & Zoning 2. ZBA/Appeals Board	ZBA/Appeals Board
Connie Gotcher	1. ZBA/Appeals Board	ZBA/Appeals Board
Karen Henderson	1. Park & Recreation	Park & Recreation
Joseph Sherwin	1. Park & Recreation	Park & Recreation
Charles Anderson	1. EDC	EDC
Carrol Crombie	1. EDC 2. Planning & Zoning	
Joseph Hughes	1. Planning & Zoning	
Michael Leach	1. Park & Recreation Board	
Matthew Hudman	EDC Park & Recreation Planning & Zoning	

DATE: 09/07/06	REFERENCE NUMBER: G-1652	SUBJECT: Appointment to Boards and Commissions	PAGE: 3 of 3
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**Citizen**

**Board or Commission  
Preference**

**Current Office**

Teresa Robinett

1. EDC

Jack Adler

1. EDC  
2. Planning & Zoning  
3. Tax Increment Financing Board  
4. ZBA/Appeals Board

**RECOMMENDATION**

Staff recommends that City Council:

1. Determine the process for applicant evaluations for Boards and Commissions; and
2. Schedule that process; or
3. Make appointments to the various Boards and Commissions for a term to expire October 31, 2008.



# City of Benbrook

## CITY COUNCIL COMMUNICATION

DATE: 09/07/06	REFERENCE NUMBER: G-1653	SUBJECT: Adopt Ordinance Amending Section 8.08.010 of the Benbrook Municipal Code by Reducing the Maximum Height of grass and Weeds to Ten Inches (10')	PAGE: 1 of 1
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**BACKGROUND**

Section 8.08.010 of the Benbrook Municipal Code limits grass and weeds (yards) to twelve (12) inches in height for occupied and unoccupied properties. Properties with high grass and weeds are considered a public nuisance and are (1) unsightly, (2) harbor insects and rodents, (3) create a fire hazard and (4) reduce the value of adjoining property.

**PROPOSED UPDATE**

Currently, yard growth must reach twelve (12) inches before City staff can initiate abatement. The abatement process includes a written warning and provides ten (10) days for compliance. For the majority of citizens, a yard that is 10 inches in general growth is offensive. Having to wait until the growth reaches 12 inches to take abatement action, which can equate to an additional week or more, is annoying to the general citizenry. The most frequent complaint received by the Code Compliance Department is that the Municipal Code allows excessive yard growth before action can be taken.

The proposed ordinance reduces the maximum legal height from twelve (12) to ten (10) inches, allowing staff to act more timely and ultimately be more responsive.

**RECOMMENDATION**

Staff recommends that the City Council amend Section 8.08.010 of the Benbrook Municipal Code, reducing the maximum height of grass and weeds to 10 inches.

SUBMITTED BY: Cary Conklin	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY: CITY SECRETARY
CITY MANAGER		DATE:



# City of Benbrook

## CITY COUNCIL COMMUNICATION

DATE: 09/07/06	REFERENCE NUMBER: C-220	SUBJECT: Award Contract for Employee Health Insurance	PAGE: 1 of 6
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**CURRENT PLANS**

Since October 1, 1996, Aetna has provided group health insurance for City employees and their eligible dependents. The City pays all premium expenses for full-time employees. Optional coverage is available for eligible dependents. Employees are responsible for payment of dependent premiums assisted by a City subsidy for a portion of the dependent premium. Of the City's current ninety-eight employees, forty-two have dependent coverage: fifteen have family coverage, seventeen have coverage for their children, and ten have coverage for their spouse. Fifty-four employees do not have dependent coverage. Two employees waived coverage.

From 1996 to 2005, the City offered employees an HMO plan through Aetna. In October 2005, the City offered employees the choice between two plans; a PPO plan was offered as the City's primary health plan and an HMO was offered as an optional plan. Employees, who chose to remain in the HMO, agreed to pay the variance in premium costs between the HMO premium and the PPO premium. Six employees continued their enrollment in the HMO. Ninety employees enrolled in the PPO.

The current PPO rates are \$339.78 for an employee, \$794.51 for an employee and spouse, \$623.06 for an employee and children, and \$973.75 for an employee and family. The current HMO rates are \$404.24 for an employee, \$945.26 for an employee and spouse, \$741.27 for an employee and children, and \$1,158.50 for an employee and family. Retiree rates are the same as employee rates.

**AETNA PPO**

Aetna's PPO plan utilizes a network of over sixty hospitals in the north Texas area including Baylor All Saints, Harris, Huguley, John Peter Smith, and Cook Children's. The network encompasses over two hundred physicians and specialists within Fort Worth and four doctors within Benbrook. Employees currently pay a \$25 co-payment for office visits with their primary doctor and a \$40 co-payment for office visits with specialists, OB/GYNs, and participating eye doctors. Hospitalization requires a \$250 co-payment and thirty percent co-insurance after the deductible is met. The annual deductible is \$1,000 per individual and \$2,000 per family. Outpatient surgery does not require a co-payment; the employee pays the deductible and then thirty percent co-insurance. The City currently reimburses employees and covered dependents up to \$1,500 for hospitalization and up to \$750 for outpatient procedures and surgery co-payments. Prescriptions (thirty-day supply) have a \$15 co-

SUBMITTED BY: Cary Conklin	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY: CITY SECRETARY
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payment for generic drugs, \$25 co-payment for brand name drugs, and \$40 co-payment for non-formulary drugs; Aetna offers a mail order prescription program that provides a ninety-day supply for the cost of two co-payments. Treatment at the emergency room has a \$150 co-payment, thirty percent co-insurance, and no deductible; these charges are waived if the patient is immediately admitted to the hospital. Treatment at an urgent care center has a \$50 co-payment plus thirty percent co-insurance. The maximum out-of-pocket is \$3,000 per individual and \$6,000 per family.

**AETNA HMO**

Aetna’s HMO plan utilizes a network almost identical to Aetna’s PPO network. Each employee and covered dependent selects a primary care physician (PCP) who coordinates all health care. Employees currently pay a \$40 co-payment for office visits with their PCP and a \$50 co-payment for office visits with referred specialists, OB/GYNs, and participating eye doctors (no referral is required for the annual well-woman exam or for annual eye examinations). Employees are eligible for a \$100 reimbursement for vision materials once every twenty-four months. Hospitalization requires a \$1,500 co-payment; out patient surgery and procedures require a \$500 co-payment; the City currently reimburses employees and covered dependents up to \$1,500 for hospitalization and up to \$500 for surgery co-payments. Prescriptions (thirty-day supply) have a \$20 co-payment for generic drugs, \$40 co-payment for brand name drugs, and \$70 co-payment for non-formulary drugs; Aetna offers a mail order prescription program that provides a ninety-day supply for the cost of two co-payments. Treatment at the emergency room has a \$200 co-payment; this charge is waived if the patient is immediately admitted to the hospital. Treatment at an urgent care center has a \$75 co-payment (after hours, weekends, or when PCP is unavailable). Ambulance service is available with no co-payment for emergency services. The maximum out-of-pocket is \$5,000 per individual and \$10,000 per family.

**DEPENDENT CARE SUBSIDY**

The City has subsidized dependent coverage for the past twenty-plus years. During the October 2005 renewal with Aetna, the City Council approved an increase in the dependent subsidy to absorb a portion of the rate increase. The 2005-06 monthly dependent subsidy amounts are \$166.66 for spouse-only coverage, \$74.15 for children-only coverage, and \$155.80 for family coverage. The dependent subsidy is the same amount for the PPO plan and for the HMO plan.

**2006-07 BUDGET ALLOCATION**

The 2006-07 Proposed Budget for group insurance reflects a fifteen percent increase over the amount budgeted in 2005-06. The 2005-06 Budget included \$523,312 for health insurance premiums for one-hundred employees, subsidy for dependent premiums, funds to reimburse hospitalization and surgery, funds to reimburse employees without dependent coverage for up to \$200 in eligible medical expenses, and funds to reimburse employees enrolled in the PPO for up to \$100 for vision expenses (glasses and/or contact lenses).

DATE: 09/07/06	REFERENCE NUMBER: C-220	SUBJECT: Award Contract for Employee Health Insurance	PAGE: 3 of 6
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The 2006-07 Proposed Budget includes a total of \$625,818 for health insurance premiums, subsidies, and reimbursements based on one-hundred-four employees. This rate increased due to four anticipated additional employees. In addition, staff included a 15.00 percent market average rate increase.

**PROPOSED RENEWAL**

In August 2006, Aetna proposed to continue current coverage and co-payments with an increase of 42.90 percent in premiums for employees and dependents. This increase was for both the PPO and the HMO plans. Aetna also provided documentation to support this rate increase; premiums paid by the City totaled \$692,713 versus claims paid by Aetna in the amount of \$626,546 during the most recent twelve-month period. Three claims were in excess of \$50,000. One claim exceeded \$150,000 and represented almost one-fourth of total claims expenses; this claim is still active.

The City pays the premium amount for the employee at the PPO rate. Employees who opt for the HMO coverage pay the difference in premium costs between the PPO and HMO. Thus, the City's costs for employee premiums are based on the proposed PPO rates only.

The proposed PPO rates are \$485.55 for an employee, \$1,135.35 for an employee and spouse, \$890.35 for an employee and children, and \$1,391.49 for an employee and family. The proposed HMO rates are \$577.66 for an employee, \$1,350.78 for an employee and spouse, \$1,059.27 for an employee and children, and \$1,655.50 for an employee and family. Retiree rates are the same as employee rates.

Staff anticipates that current coverage continuation will cost \$605,966 for premiums for the one-hundred-four employees included in the City's 2006-07 Budget. Continuation of the co-payment reimbursement plan is projected to cost \$26,450. Continuation of the dependent subsidy (based on current dependent coverage) is estimated at \$71,996. The total City cost for renewal is estimated at \$704,412; this amount exceeds the 2006-07 Budget allocation by \$78,531.

For those employees enrolled in the PPO, an employee with family coverage would pay an additional \$3,264 in annual premiums; an employee with spouse coverage would pay an additional \$2,341; an employee with children coverage would pay an additional \$1,458. For those employees enrolled in the HMO, their contribution for the employee premium would increase from \$64.46 per month to \$237.88 per month.

City Staff and the City's Agent of Record responded to Aetna proposed renewal by stating that the renewal rates exceeded the City's budget allocation; Staff requested that Aetna re-examine the renewal rates plus compute rates for alternate types of coverage.

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Staff also requested the Agent of Record to solicit proposals from other insurance providers. Staff prepared an employee census and completed medical questionnaires for distribution to potential vendors.

Aetna was able to reduce the renewal rates based on the City's ten-year claims history. The revised renewal rates for both the PPO and the HMO are 35.00 percent. The proposed PPO rates are \$458.70 for an employee, \$1,072.59 for an employee and spouse, \$841.13 for an employee and children, and \$1,314.56 for an employee and family. The proposed HMO rates are \$545.72 for an employee, \$1,276.10 for an employee and spouse, \$1,008.81 for an employee and children, and \$1,563.98 for an employee and family. Retiree rates are the same as employee rates.

The employee HMO rate would increase by \$141.48 per month. Dependent PPO monthly premiums would increase by \$159.16 for spouse coverage, by \$99.15 for children coverage, and by \$221.89 for family coverage. Even with the revised renewal rates, the City's costs for group health insurance would exceed the budget allocation by \$45,026.

Aetna was also able to provide two alternate proposals for the PPO plan options and two proposals for HSA (Health Savings Account) plans.

**AETNA'S PROPOSED PLAN OPTIONS**

**PPO OPTIONS**

Aetna provided two PPO options for the City to consider. The premium rates for these two options are 36.30% and 32.60% over the current rates. These two PPO options require substantial increases to the deductibles; the current deductible for an individual would increase from \$1,000 per year to either \$2,000 or \$3,000 for in-network services. The maximum out-of-pocket expenses would increase from \$3,000 for an individual to \$5,000 for in-network services. Co-payments for office visits for specialists and for mental health treatments would increase from \$40 to \$50; office visits for primary care physicians would remain at \$25. Co-payments for generic prescriptions would remain at \$15; however, prescriptions for brand name drugs would increase from \$25 to \$35 for a thirty-day supply and non-formulary prescriptions would increase from \$40 to \$60 for a thirty-day supply.

**HSA OPTIONS**

Aetna proposed two HSA plans (Health Savings Account) with benefits available in network and out of the PPO network. These options are similar to the PPO option but require the employee and covered dependents to satisfy a substantial deductible before co-insurance is applied.

The HSA plans proposed by Aetna involve a major change in medical insurance coverage. Routine preventive care is available at no cost to the employee and covered dependents. However, all other medical care is subject to the annual deductible and then the co-insurance.

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Even prescription costs are subject to the deductible; after the annual deductible is met, the co-payments are then \$15 for generic, \$25 for brand name, and \$40 for non-formulary. Employees would be required to meet the deductible before any medical claims would be covered; the only exception is for an annual routine physical. The annual deductible for the first HSA is \$2,500 for an individual and \$5,000 for a family. The annual deductible for the second HAS planned is \$4,000 for an individual and \$8,000 for a family.

**HSA Option 1**

The first HSA option reflects an increase of 31.80 percent in premiums for employees and dependents. This option is estimated to cost \$558,867 for premiums for the one-hundred-four employees included in the City’s 2006-07 Budget. The co-payment reimbursement plan would be feasible under this plan, so funds in the amount of \$26,450 would be included for this expense. Continuation of the dependent subsidy (based on current dependent coverage) is estimated at \$71,996. The total cost to the City is estimated at \$657,313; this amount is \$31,432 over the 2006-07 Budget allocation. An employee with family coverage would pay an additional \$2,419 in annual premiums; an employee with spouse coverage would pay an additional \$1,735; an employee with children coverage would pay an additional \$1,081.

**HSA Option 2**

Under Aetna’s second HSA option, the individual deductible is \$4,000 for in-network services and \$8,000 for a family; the out-of-network deductible is \$4,500 for an individual and \$9,000 for a family. The maximum out-of-pocket for an individual is \$5,000 and \$10,000 for a family for in network services and \$6,250 and \$12,500 for out of network services. The co-insurance rate is thirty percent.

The second HSA option reflects an increase of 18.30 percent in premiums for employees and dependents. This option is estimated to cost \$501,559 for premiums for the one-hundred-four employees included in the City’s 2006-07 Budget. The co-payment reimbursement plan would be feasible under this plan, so funds in the amount of \$26,450 would be included for this expense. Continuation of the dependent subsidy (based on current dependent coverage) is estimated at \$71,996. The total City cost is estimated at \$600,005; this amount is \$25,876 below the 2006-07 Budget allocation. An employee with family coverage would pay an additional \$1,390 in annual premiums; an employee with spouse coverage would pay an additional \$998; an employee with children coverage would pay an additional \$621.

**HMO OPTIONS**

Aetna did not propose any alternatives to the City’s HMO Plan.

**REQUESTS FOR OTHER PROPOSALS**

Staff asked the City’s Agent of Record to request proposals from other insurance carriers. The City was interested in maintaining the current level of services with a similar pool of

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providers at comparable or lower costs. Ten carriers responded to the request. Two of the major health insurance companies, UniCare and the Principal Financial Group, declined to submit proposals and stated that they could not be competitive with Aetna's renewal rates. Blue Cross/Blue Shield, CIGNA, Guardian, Humana, and Mutual of Omaha declined based on underwriting guidelines; both carriers reviewed the City's claims history and expressed concern at accepting a new group with Benbrook's claims experience over the past year. PacifiCare declined based on the City's number of employees; they are limiting coverage to groups with a lower number of employees. The Texas Municipal League (TML) and United Healthcare (UHC) submitted proposals.

United Healthcare submitted a proposal that offers benefits similar to the health insurance benefits currently provided by Aetna to City employees and covered dependents. Staff took exception to a few minor proposed benefits. Staff believed that a few benefits should be downgraded to encourage less expensive options. Staff requested changes to the benefits in those areas, and United Healthcare is making those adjustments.

Staff believes that United Healthcare will provide a similar policy to Aetna which will fall considerably closer to the 15.00% increase in rates currently budgeted for fiscal year 2006-07. Staff will be able to provide details for those proposals and any others on Wednesday at the 5:30 PM work session. Our Agent of Record, Karen Ellis, will attend the work session, as will a few employees from the City Health Insurance Committee.