



COUNCIL MINUTES

January 31, 2013

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on January 31, 2013 at 7:30 a.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dina Higgins*
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

(Councilwoman Higgins participated in the meeting via telephonic equipment.)

1. Review items on the agenda for the February 4, 2013 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest: None.

Items removed from the consent agenda: None.

Items deleted from the agenda: None.

2-a. Hear a presentation, discuss and provide direction on the proposed Employee Wellness Center.

Director of Human Resources Gary Manning reported that onsite Wellness Centers that offer services similar to those of a General Care Practitioner, Minute Clinic or Urgent Care facility are gaining in popularity. He said that the City could save money by having its own Wellness/Medical Center. Mr. Manning advised that the proposal will be brought back to the Council when specific details become available.

Mr. Manning introduced Deputy Director of Water Enterprise Services and member of the Employee Benefits Task Force Alisha Solano who was prepared to address the Council. Ms. Solano displayed a series of charts illustrating the rising costs of healthcare and reported that in the last ten years the City's health expenditures and insurance premiums have increased drastically. **(See Pages 2 through 4 of Attachment 1)**

Ms. Solano stated that staff believes that the addition of a Wellness Center will provide the City with substantial savings as well as rate containment. (See Page 5 of Attachment 1) She outlined some of the benefits of an onsite Wellness Center as follows:

- Medical and prescription savings
- Employer of Choice
- Employee retention
- Quick, inexpensive service
- Early detection of health related issues
- Reliable, family style service

Ms. Solano explained that the goal of the program will be to move away from the quick "Minute Clinic" types of service and bring back the family care provider experience. She advised that the Wellness Management Center will be able to provide City employees and their dependents with both short-term and long-term health benefits. (See Page 3 of Attachment 1)

Ms. Solano displayed a list of the potential services that could be provided by the Wellness Center. She said that the services include, but are not limited to: Worker's Compensation examinations, basic primary care, health management and Police and Fire Department physicals. (See Page 7 of Attachment 1)

Ms. Solano briefly reviewed some of the potential returns on investment that would be generated by the addition of a Wellness Center as follows:

- Benefit Trust Fund savings
- Increased employee productivity/decreased sick time usage
- Enhanced employee recruitment and retention
- Enhanced employee health
- Increased employee morale
- Impact to the insurance plan design: employees could move from the Copay plan to the 80/20 plan or 80/20 plan to Basic plan

In response to a question from Mayor Smith, Mr. Manning explained that the premiums for the Copay plan are significantly higher than the premiums for the 80/20 plan. He said that some employees prefer the convenience of the Copay plan as opposed to the 80/20 plan where they are required to meet a deductible. He noted that if the City had its own medical clinic that offered low-cost/no-cost services it could incentivize employees to switch to the 80/20 plan.

Mayor Smith remarked that without additional education on the cost-savings benefits, employees will not be inclined to switch to the 80/20 plan. He compared the idea of a Wellness Center to that of a Health Maintenance Organization (HMO) type of system and said that unless the Wellness Center can provide employees with significant cost savings they will continue to use their own doctors.

Mr. Manning explained that the Wellness/Medical Center will have the same quality of doctors and nurses that employees experience with their regular healthcare provider. He stated that if employees have a good experience at the Wellness Center they may be inclined to change their healthcare provider. He added that the goal of the Wellness Center will be to provide a "home doctor" feel.

Mayor Smith remarked that many people feel strongly about having the ability to choose their own doctor and are willing to pay more for the ease and comfort of the Copay plan. He added that employees will not leave their own doctors to go to a Wellness Center unless there is significant cost savings.

City Manager Christopher Brady stated that employees may be motivated to move off of the Copay plan if the services at the Wellness Center can be provided at a lower cost. He said that the City plans to seek a doctor that will provide a holistic approach to the employee's overall health.

Mr. Brady reported that it cost the City approximately \$100 every time an employee goes to the doctor. He indicated that it is anticipated that with this proposal those costs will be cut in half. He added that 100% utilization of the Wellness Center would not be necessary in order for the City to obtain a significant amount of savings.

Responding to a question from Mayor Smith, Ms. Solano explained that the amount of utilization the Wellness Center receives will depend on where it is located.

Mr. Brady explained that the City will need to select a vendor and determine what the costs will be before staff can estimate how much employee utilization will be necessary. He said that the City will utilize some one-time savings and savings acquired through plan changes to cover the cost of the facility.

Mr. Brady stated that it has been found that similar programs in the private sector have had a difficult time keeping up with the demand once a Wellness Center opens. He noted that this type of a demand could impact the unique experience intended for the program.

Councilmember Kavanaugh commented that while the Wellness Center is an interesting proposal the focus should not just be on saving the City money. He stated that in the private sector Wellness Centers tend to promote a "Doc-in-the-box" experience and are designed purely to save the employer money. He noted that in many cases the employee ends up having an unpleasant experience and will not want to go back to the clinic.

Councilmember Kavanaugh remarked that vendors responding to the Request for Proposal (RFP) will low-ball their costs in order to get the contract and when employee participation becomes overwhelming their service begins to diminish.

Councilmember Kavanaugh stated that employees will more than likely report to the Wellness Center for the initial evaluation in a Worker's Compensation situation. He added that employees would retain the right to select their own attending physician after the initial evaluation.

Councilmember Kavanaugh inquired as to whether the physician at the Wellness Center would be conducting independent medical examinations. He noted that in the private sector when employees are sent for independent medical evaluations at facilities contracted by the employer they are never truly "independent" as contemplated under Arizona Law. He suggested that staff be mindful of the tendency contracted doctors have to do what the employer wants in order to protect their contract.

Mr. Manning concurred with Councilmember Kavanaugh's comments and said that staff does not want the Wellness Center to have a "Minute Clinic" feel. He stated that it will be important to ensure that employees have a good experience at the Wellness Center and receive better care at a lower cost.

Mr. Manning explained that it is uncertain how much Worker's Compensation or other types of services will be provided. He reported that the City's Benefits Administrator recently attended a two-day conference on the development and management of wellness centers and the two points that were brought back from that conference are as follows:

- 1) Wellness Centers are highly successful
- 2) Wellness Centers are so successful that additional space for expansion is necessary

Councilmember Kavanaugh suggested that the agreement include a term that allows the City to terminate the contract with the vendor if their services do not meet the City's expectations.

Mr. Brady indicated that such a term would be negotiated in the vendor's contract.

Responding to a question from Councilmember Richins, Mr. Manning explained that there have been conversations regarding retirees having the ability to utilize the Wellness Center. He said, however, that initially the program will only be open to employees and their dependents. He stated that once utilization of the program is established service can be expanded to cover retirees.

Councilmember Richins commented that the manner in which the Request for Proposal (RFP) is developed will be important to the success of the program.

Mr. Manning advised that the RFP is currently in draft form and a copy will be provided to the Council for their review.

Responding to a series of questions from Councilmember Finter, Mr. Manning explained that under the 80/20 plan (benchmark plan), 80% of the allowable charges are paid for by the City and 20% is paid for by the employee, after a deductible is met. He added that the 50/50 plan (catastrophic plan) is free to City employees, however, it has a significantly higher deductible.

Responding to a series of questions from Councilmember Richins, Mr. Manning explained that there are some healthcare regulations that will go into effect in the year 2014. He noted, however, that those regulations will not have an impact on healthcare clinics.

Mr. Manning advised that due to some aggressive cost containment strategies that were put into place staff has been able to keep the insurance premium costs down. He stated that a number of contracts, including the pharmacy contract, were rebid, which saved the City \$2.5 million. He added that employees are also utilizing more in-network providers as opposed to out-of-network providers

Mr. Manning indicated that at one time most City employees were on the Copay plan. He pointed out that the 80/20 plan can provide the same level of service as the Copay plan at a lower cost and for this reason many employees have switched to the 80/20 plan.

Mr. Brady reported that projected healthcare costs are anticipated to increase at a rate of 10% each year. He said that with the addition of a Wellness Center the City will be able to manage some of those rate increases. He added that many families tend to delay or defer their healthcare checkups, which can lead to more expensive acute care situations. He noted that changing the lifestyle habits of employees will be cost effective.

Councilmember Richins commented that he prefers the “doc-in-a-box” experience, however, his wife views healthcare in a different manner. He said that this program will serve a wide variety of people and he suggested that input from employees with children, single employees, as well as senior employees be included in the RFP process.

Councilmember Finter urged staff to rethink the plan with regards to retirees as this group of individuals may have the most significant impact on the system. He said that seniors whose incomes are limited are experiencing the same difficulties associated with the rising costs of healthcare.

Responding to a question from Councilmember Finter, Mr. Manning explained that the doctors at the Wellness Center will have the ability to write prescriptions and employees will have them filled in their normal process. He said that the possibility of having a limited amount of basic medications available on site is being considered. He noted, however, that a large pharmacy within the Wellness Center is not something that is anticipated.

Mr. Manning introduced Assistant Benefits Administrator Peggy Lynch and Deputy Battalion Chief Jim Frye who were prepared to address the Council.

Ms. Solano stated that staff is requesting Council feedback with regards to this proposal and said that the RFP should be released sometime in February of 2013. She indicated that the RFP does include retirees and staff will continue to explore options for phasing retirees into the program. She advised that a full dispensary of medications is not an option at this time, however, the vendor may choose to have some common medications available. She added that the proposal will be brought back to the Council for approval in April or May and stated that staff anticipates that a clinic could be up and running by the end of the year.

Mayor Smith requested that staff provide a copy of the RFP to the Council so that they can refer to it when phone calls are received.

Mayor Smith thanked staff for their efforts.

2-b. Hear a presentation, discuss and provide direction on the proposed partnership with the Mesa Arts Center and Southwest Shakespeare Company.

Director of Arts and Culture Cindy Ornstein introduced Jared Sakren, Producing Artistic Director of the Southwest Shakespeare Company who was prepared to address the Council. She said that the Southwest Shakespeare Company (SSC) is one of the founding companies at the Mesa Arts Center and is the largest single user of the facility in terms of rental days. Ms. Ornstein stated that the SSC is an important cultural organization to the community and noted that the recent financial issues experienced by the SSC are a mutual concern to the Mesa Arts Center (MAC).

Ms. Ornstein reported that in working with the SSC, staff discovered that there are many opportunities that can be pursued that will benefit both organizations. She displayed a PowerPoint presentation (**See Attachment 2**) and briefly highlighted some the objectives that will be used to strengthen both organizations as follows:

- SSC is a professional theater company with experience, skills and creative resources
- SSC wishes to build audiences and deepen its relationship with the community
- Mesa has goals of expanding educational programming and community engagement
- An expanded programmatic and promotional partnership will help achieve mutual goals

Mr. Sakren advised that the SSC is the only classical theater in the State that offers training in theatre. He stated that implementing a Classical Theater Training Initiative could help to expand the educational mission of the SSC and the Performing Arts Program at the MAC. He said that through this initiative classical and general acting classes will be provided to experienced middle and high school aged drama students. He added that these students will also have an opportunity to perform on stage.

Ms. Ornstein indicated that the SSC and the MAC will share the responsibilities of the program. She explained that the SSC will provide the actual training while the MAC will handle the promotion and registration portion of the program as well as provide the space.

Ms. Ornstein discussed the Performance and Technical Theater Internship Programs that will provide training and hands-on opportunities for area youth. She said that a partnership with the SSC will help to enhance the MAC ability to provide programs and theater experience to local youth. (See Pages 5 through 8 of Attachment 2)

Mr. Sakren commented that Mesa youth will have an opportunity to expand their training and obtain a wide variety of hands-on experiences.

Ms. Ornstein said that the SSC, in partnership with the MAC, will develop new programs to increase the activity along the Shadow Walk and add excitement to the activities taking place in the public areas. She reported that the MAC sponsored "The Bard's New Year" celebration in conjunction with Downtown Mesa's 2nd Friday Night Out "Renaissance themed" event. She stated that despite the cold weather there was excellent attendance at this event.

Ms. Ornstein advised that the SSC will conduct some "pop-up" performances at the Spark! Event scheduled in March. She said that these performances, some of which will include sword fights, will erupt along the Shadow Walk and surprise visitors

Ms. Ornstein indicated that staff is exploring the possibility of a partnership with Arizona State University (ASU) Polytechnic that will help to create a cultural and vibrant theme on their campus. She indicated that SSC is considering the possibility of holding one of their performances at the highly underutilized ASU Theater.

Mr. Sakren reported that the patron databases of both the SSC and the MAC will be combined in an effort to cross-promote and distribute materials that will benefit both organizations. He added that actors dressed in costume will advertise upcoming events.

Ms. Ornstein displayed a timeline and said that while the current plan is for a one-year partnership, a two-year timeline has been developed since the first year will be devoted primarily to planning. She said that it is anticipated that the one-year pilot program will expand to include independent events. (See Pages 11 through 14 of Attachment 2)

Councilmember Kavanaugh remarked that he was pleased to hear that staff is exploring the possibility of a partnership with Wilkes University's Creative Writing Program. He said that the colleges and universities that will be located in the downtown area will present some great resources to the City. He added that he anticipates that there will be other opportunities for the SSC and the City to collaborate.

Ms. Ornstein advised that staff has participated in discussions with both Wilkes and Benedictine Universities regarding their Arts programs. She stated that Master's students at Wilkes University are required to write a ten-minute play and said that staff is exploring the idea of creating a special event to showcase student's work.

Mayor Smith commented that Albright University has indicated that they may be expanding their Fine Arts program. He stated that it is exciting to see the consortium of new universities and colleges working together in downtown Mesa.

Ms. Ornstein remarked that the MAC anticipates that their relationship with the universities will reach beyond their Art's programs. She added that staff is exploring other opportunities on which to engage students and noted that "Camp Shakespeare" will be added to the City's list of summer programs.

Ms. Ornstein briefly outlined the terms of the Service Agreement (See Page 15 of Attachment 2) with the SSC as follows:

- \$50,000 contract fee
- Waive rent and utility payments for 55 East Main Street
- \$15,000 for out-of-pocket cost to be administered by the MAC (paid as reimbursement for expenses)

Councilmember Finter remarked that he, as well as the community, appreciates the work that Ms. Ornstein and her staff have done to make the MAC more community oriented.

Mayor Smith commented that groups like the SSC are an integral part of the community and it is exciting to see the collaboration that is taking place with the colleges. He stated that little programs working together to build bigger programs can have many cross-benefits. He added that the City appreciates having the SSC utilize what was once a blighted building

Mayor Smith thanked staff for the presentation.

3. Hear a report on upcoming Job Order Contract projects.

City Engineer Beth Huning addressed the Council and provided a brief report on the scheduled Job Order Contract (JOC) projects. **(See Attachment 3)** She advised that the installation of a dewater access discharge pipe at Lindsay and Adobe Roads will need to be completed before the large water pipe inspection can take place.

4. Hear reports on meetings and/or conferences attended.

Councilmember Kavanaugh: Mesa Sister Cities Chinese New Year Celebration

Mayor Smith: Mayor's Education Forum

5. Scheduling of meetings and general information.

Deputy City Manager Kari Kent stated that the meeting schedule is as follows:

Saturday, February 2, 2013, 6:30 p.m. – Evening of Musical Magic Gala Fundraiser

Saturday, February 2, 2013, 10:30 a.m. – 2013 Regional Unity Walk

Monday, February 4, 2013, 5:15 p.m. – Study Session

Monday, February 4, 2013, 5:45 p.m. – Regular Council meeting

Saturday, February 9, 2013, 8:00 a.m. – Pancake Breakfast, Blood Drive District 6

6. Items from citizens present.

There were no items from citizens present.

7. Convene an Executive Session.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Finter, that the Council adjourn the Study Session at 8:32 a.m. and enter into Executive Session.

Carried unanimously.

- a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consultation with designated representatives of the City in order to consider the City's position and instruct the City's representatives regarding negotiations for the purchase, sale, or lease of real property. (A.R.S. §38-431.03A (7)) Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4))

1. City-owned parcel near Main and Extension
2. Central Mesa Light Rail Extension

8. Adjournment.

Without objection, the Executive Session adjourned at 9:38 a.m.

SCOTT SMITH, MAYOR

ATTEST:

DEE ANN MICKELSEN, INTERIM CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 31st day of January, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, INTERIM CITY CLERK

bdw
(attachments 3)

Employee Wellness Center

*Prepared by the
Wellness Center
Subcommittee*



Subcommittee Team Members

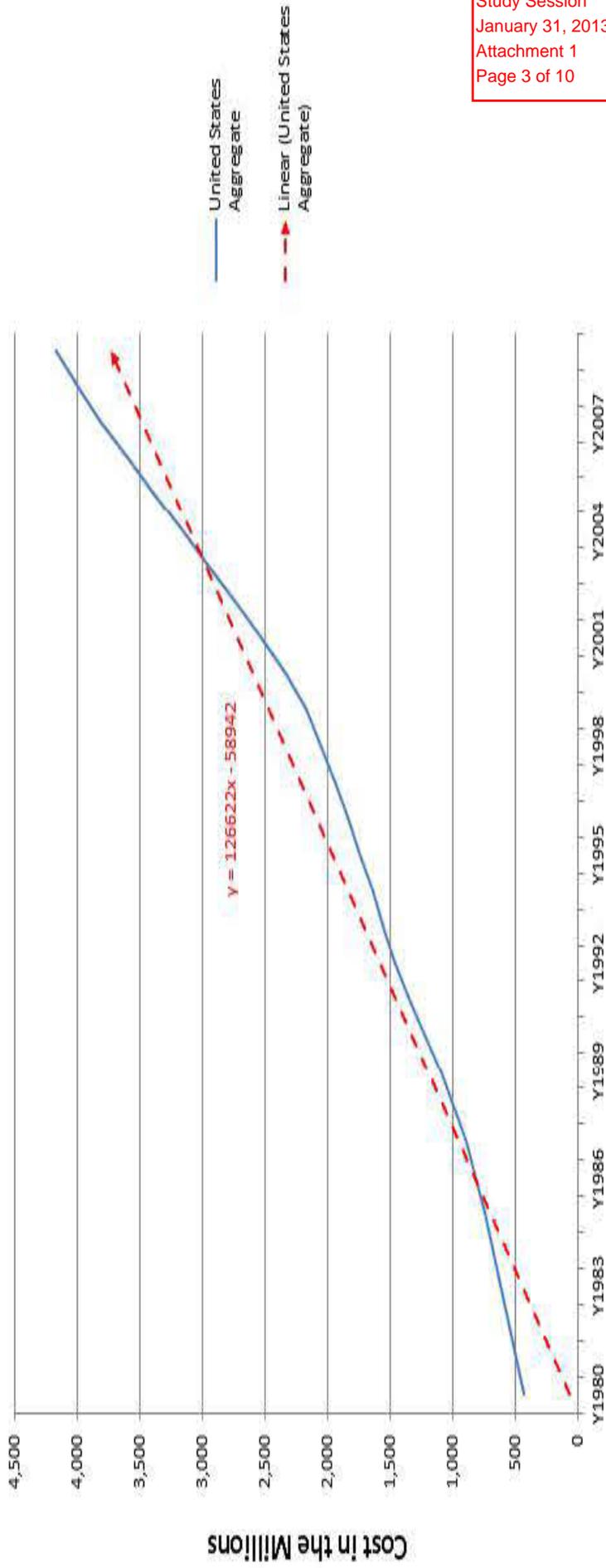
Include Broad Representation of the City

- Benefits
- Fire
- Human Resources
- Police
- Safety Services
- Water Resources

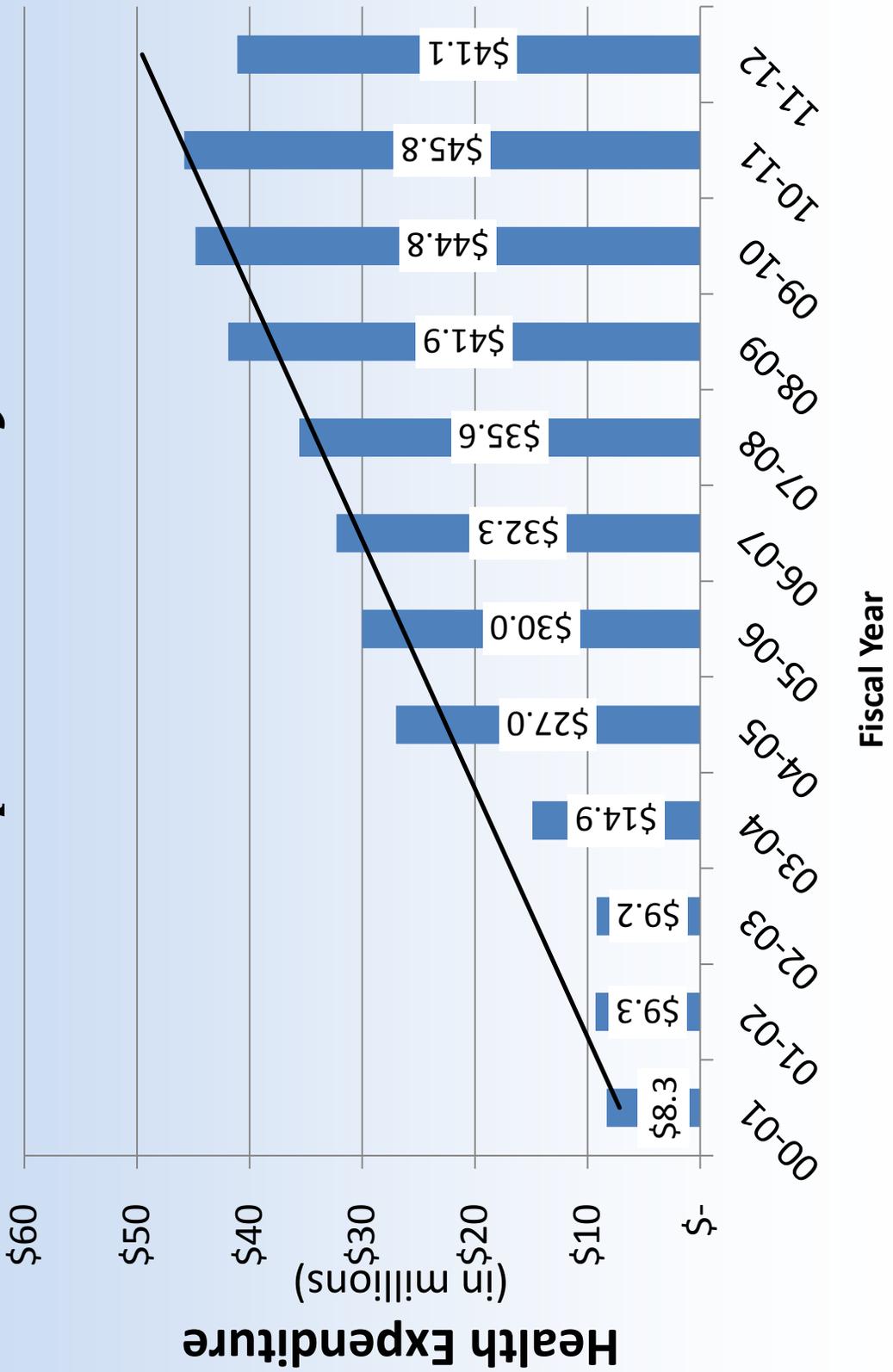
Increasing Healthcare Costs

- National Trend is showing large increases in health care costs – anticipated to continue increasing over time

United States Aggregate Health Care Expenditures

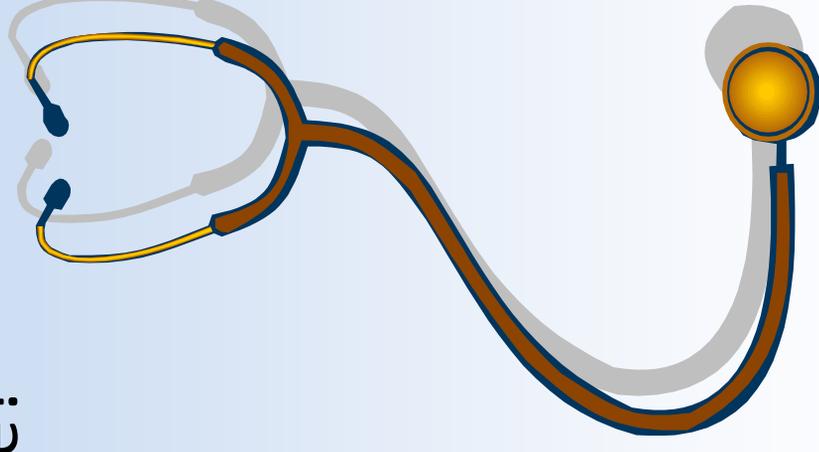


City of Mesa Health Expenditure by Fiscal Year



Background

- Why an employee wellness site?
 - Savings to the city
 - Rate containment
- Benefit to the City
 - Medical & RX savings
 - Employer of Choice
 - Employee Retention
- Benefit to employees
 - Quick, inexpensive service
 - Early detection



The Mission

- Mesa will offer its employees and their dependents a reliable, family-style, cost-effective, quality, convenient health care service with a focus on preventative care.



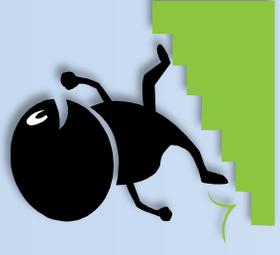
Potential Wellness Clinic Services



- Basic primary care
- Police & Fire exams
- Pre-employment/CDL exams
- physicals
- Worker's compensation
- Physical therapy
- Wellness center
- Flu Shots/Vaccines
- Employee medical
- Chiropractic care
- Blood work
- Pharmaceutical
- Educational classes
- Health Management

Potential Returns on Investment

- Benefits Trust Fund Savings
- Increased productivity/decreased sick usage
- Enhance recruitment & retention
- Enhance employee health
- Increased employee morale
- Impact to the plan design
 - Move from co-pay to 80/20
 - Move from 80/20 to basic



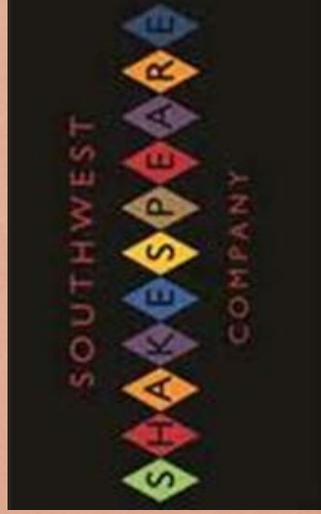
Next Steps

- Council Presentation & Input – **January 2013**
- Release of the RFP – **February 2013**
- Evaluation of Clinic Proposals & Return to Council for approval – **April/May 2013**

Questions?

Mesa Arts Center (MAC) & Southwest Shakespeare Company (SSC)

*A Partnership to Build Audience and
Community*



January 31, 2013

A Mutually Beneficial Opportunity

- * SSC is a superb professional theater company, with experience, skills, creative resources.
- * SSC wishes to build audiences and deepen its relationship to our community.
- * Mesa has goals of expanding educational programming and community engagement at the MAC, and activating downtown public spaces.
- * An expanded programmatic and promotional partnership will help us achieve mutual goals and strengthen both organizations.

Classical Theater Training Initiative

- * Expand MAC's performing arts studio program
- * Target serious theater students, particularly experienced drama students in middle and high school



Classical Theater Training Initiative

- * Develop new and gradually expanded programs
- * Classes in classical acting, general courses in acting for the profession, stage combat, and more
- * SSC will have primary responsibility for implementing
- * MAC will promote classes, handle registration, provide the spaces



Theater Internship Program

- * Enable training opportunities and hands-on practical experience in both performance and technical theater
- * Designed for motivated teens with some theater experience



Technical Theater Internship Program

- * Joint venture of the MAC Technical Services Department and SSC technical staff/volunteers
- * MAC staff will develop and implement training in on-site show management, theater and technical management, and theater maintenance
- * MAC staff will work with SSC to develop and implement training in lighting and sound reinforcement, and basic rigging concepts
- * SSC will develop and implement training in costume building and maintenance, prop construction and management, and set building and installation

Performance Theater Internship Program

- * Administered by SSC staff and volunteers
- * Opportunity for youth to expand their training and experience through participation in rehearsal and performance



Performance Theater Internship Program

- * Opportunity to perform in SSC shows and outreach productions, student workshops, or free events at the MAC



Activation of MAC's Shadow Walk

- * SSC will develop, in partnership with the MAC, new programs and initiatives to expand activity on the Shadow Walk.
- * Goal is to contribute to the energy and excitement of the environment, and deepen/broaden activities in public areas.



Activation of the MAC's Shadow Walk

- * Performances, demonstrations, and attention-grabbing physical and vocal presentations
- * Add more one-night free events, special activities, and eventually weekend nights in Café Environment
- * First event, The Bard's New Year, held in January; next, spark! Mesa's Festival of Creativity in March

Promotional Collaborations

- * Explore new ways to cross-promote offerings, publicize and market events
- * Mutually advantageous to both entities
- * Examples: joint print materials, live announcements, signage at public events, electronic marketing
- * Actors from Southwest Shakespeare act as spokespeople



Year One: Jan.-Dec. 2013

- * **Phase I** – Winter/Spring 2013---The Bard’s New Year event; Pop-up performances at spark!; begin planning for Studio Classes/Workshops, Intern programs; explore presentation for 2013-14 of one play at ASU Poly.
- * **Phase II** – Summer 2013---Pilot two Studio Workshops, initiate some joint promotions for the new season
- * **Phase III** – Fall 2013---Participation in Season Kick-off Event; Jointly present Special Event (possibly in partnership with Wilkes University’s Creative Writing Program); Initiate pilot for Technical Intern Program; Offer classes in the Fall Studio Program; possibly present play at ASU Poly; expand joint promotions

Year Two: Jan.-Dec. 2014

- * **Phase IV** – Winter 2014 – Initiate pilot of Performance Intern Program and expand Technical Intern Program; Expand classes in Winter Studio Program; provide performances for Mesa Arts Festival, one-day event for February 2014, and spark!, March 2014.
- * **Phase V** – Spring 2014 – Expand Performance Intern Program; Continue Technical Intern Program and recruit additional students; promote and expand Studio Programs; cross-promote new seasons when announced; introduce Summer 2014 Shakespeare Program (Camp Shakespeare).

Year Two: Jan.-Dec. 2014

- * **Phase VI** – Summer 2014 – Camp Shakespeare; Studio workshops; plan for Season kick-off event and Season joint/ cross-promotion.
- * **Phase VII** – Fall 2014 – Participation in September Season Kick-off Event; Jointly present Special Event; Begin first full-year of expanded Technical and Performance Intern Programs; Offer classes in the Fall Studio Program; possibly present one play at ASU Poly; continue joint promotions.



Service Agreement

- * \$50,000 contract fee
- * Waive rent and utility payments for 55 East Main Street
- * \$15,000 in out-of-pocket costs to be administered by MAC; paid as reimbursement for expenses



Questions?



Planned Job Order Projects

No.	Project Name/Address	Project Description	Estimated Construction Cost	Estimated Start Date (Mnth/Yr)	Contractor	District
1	Lindsay PCCP Pipe Inspection Dewatering Pipe Installation	Install a dewater access discharge pipe on an existing 48 inch PCCP line for water quality inspection located in the intersection of Lindsay Road and Adobe Street.	\$32,000.00	January-2013	B & F	1

