

Pipestone, Minnesota  
December 19, 2011

Pursuant to due call and notice thereof, a special meeting of the Pipestone City Council was duly held in the Municipal Building at 5:30 p.m. on the 19th day of December 2011. Mayor Laurie Ness called the meeting to order. Roll call was taken and a quorum was declared. Members present: Laurie Ness, Barbara Heyl, Harry Hansen and Fred Portz. Excused: Jim Stout. Absent: None. Others present: Deb Fitzgerald, Jon Kozlowski, City Treasurer Lenae Scholten, City Administrator/City Attorney Jeffrey Jones and City Clerk Joan Schroeder.

The purpose of the special meeting is to conduct a City Council Work Session to discuss the 2012 Budget.

### **2012 BUDGET**

City Administrator/City Attorney Jones explained Healthpartners, the City's present health insurance carrier, has increased the 2012 premium by 13.23 percent. He and City Clerk Schroeder met with Jon Kozlowski, Kozlowski Insurance Agency & Financial Services, Inc., to look at alternative health insurance plans. Mr. Kozlowski has proposed the City switch to a Health Savings Account (HSA) plan.

Mr. Kozlowski was present to explain if the City adopted the HSA plan they would again become part of the Southwest Minnesota Service Cooperative, which is a self-insured pool of cities, counties and school districts. As part of the Service Cooperative the City would realize a three to four percent savings based on the volume of members. The City would see a savings of \$60,501.48 over Healthpartners' 2012 renewal rates, or a 25.9 percent decrease in premiums.

Jones noted that Mr. Kozlowski met with City employees to explain how a HSA plan works. He added that he has received positive feedback from a number of employees.

Mr. Kozlowski stated a HSA plan should stabilize rates providing there are not a number of big claims. He suggested the Council do a long term commitment where the City fronts the money for the high deductible for both the single and family plans with the contributions made in January and July.

City Treasurer Scholten explained the health insurance savings of \$60,000 has been added back into the budget, plus the \$17,700 increase for a 3.6 percent wage increase is reflected in the 2012 budget.

She added there were also a couple of large fund increases. The general fund reflects the addition of the library funds (which was a separate fund) and an increase in the law enforcement fund for the new radio system. The increase in the airport's budget includes the costs for construction of new hangars.

She explained that if \$132,684 was put in the general fund reserves and \$50,000 applied to the main street development fund there would be a reduction in the levy of two percent; putting \$100,000 in the general fund reserves and \$25,000 towards the main street development fund results in a five percent reduction in the levy; and putting \$75,000 in the general fund reserve plus \$25,000 towards the main street development fund, a seven percent reduction in the levy would occur.

Jones recommended that three (two, five and seven percent) Levy Resolutions be prepared for the Council's consideration at the Regular Meeting.

**AJOURNMENT**

Motion was made by Hansen, seconded by Heyl and unanimously carried to adjourn at 6:26 p.m.

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Laurie Ness  
Mayor

ATTEST:

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Joan Schroeder  
City Clerk