

**NOVEMBER 16, 2022
CITY COUNCIL MEETING
ADDITIONAL MATERIAL/REVISIONS**

REQUESTED ADDITIONS TO THE PACKET:

<u>ACTION</u>	<u>ITEM</u>	<u>REQUESTED BY</u>
Add to item D.2.	Public Hearing Resolution No. 2022-76 <ul style="list-style-type: none">• Amendment Memo	City Manager
Add to item J.1.	Administrative Reports – City Manager <ul style="list-style-type: none">• 2022 Annual Personal Use Fisheries Report	City Manager



KENAI

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MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council

FROM: Paul Ostrander, City Manager
Christine Cunningham, Human Resources Director
Terry Eubank, Finance Director

DATE: November 15, 2022

SUBJECT: **Resolution 2022-76 - Employee Health Insurance Requested Amendment**

The purpose of this memo is to request an amendment to Resolution 2022-76. The original resolution does not include the contract amount or name of the group medical, dental, and vision insurance provider. The Administration received final proposals and an updated analysis for coverage through the City's health and life insurance benefits consultant Marsh & McLennan Agency LLC on November 15, 2022.

Administration worked with Marsh & McLennan to obtain proposals and analyze options to find cost-sustainable quality employee group medical, dental, and vision insurance coverage for employees and recommends renewal with PREMERA at a 10% reduction in premium for an estimated annual premium of \$2,783,521 for the calendar year beginning January 1, 2023 that results in savings to the City and employees in premiums with no changes in coverage. The employee share of the premium would remain at 13%, with the City's share at 87% until July 1, 2023, when the employee share is scheduled to increase to 14%, and the City's share decreasing to 86%.

The City has the flexibility to choose between renewal of its existing fully-funded plan or the OptiFlex level-funded plan through PREMERA at the same rate. Administration considered both options, and recommends the OptiFlex plan, which offers some of the flexibility and potential cost-savings of a self-funded health plan with the financial safety and predictability of a fully-funded plan. Through the OptiFlex plan, the City would be eligible for a 50% refund of any premium amount in excess of actual claims, after the payment of preset plan administration costs, if the City renews the plan for calendar year 2024 through PREMERA.

Additionally, as part of this years' open enrollment, employees would be offered the option to enroll in a higher deductible (\$3,000) plan instead of the City's current group plan with a deductible of (\$2,000). For employees who elect the higher-deductible option, the City would increase its contribution to the HRA by \$1,000 for Employee-Only and \$2,000 for Employee with Dependent(s) to make up the difference in the deductible, resulting in an additional cost savings to the City and employees who opt for the higher deductible plan.

As part of the process of reviewing health and life insurance renewals, market options, plan design, and contribution strategies, several alternatives were considered, including continuing

with the City's current plan, which administration determined was not a viable option because it would not allow the City to take advantage of savings provided by other options or move us to a calendar year renewal cycle. Administration also considered switching group plan providers or providing an HSA-eligible health plan option in addition to the City's current group (co-pay) plan. Administration is not currently recommending these alternatives, and due to the potential significant impacts on the City and its employees, additional detailed analysis of these impacts is necessary.

Over the next year, Human Resources, in coordination with, the Finance Director, and the City Manager can work with the City's health and life insurance benefits consultant to collect and fully consider information on benefit utilization and employee coverage needs and concerns to customize a plan that focuses on cost sustainability and quality. Moving to a calendar year renewal puts the City in a better position to consider improved plan design and implementation, including HSA-eligible plans (HSA education is critical, especially during the first year), high deductible health plans (HDHPs), self-funding, and hybrid options.

The City is consistently looking for ways to find savings in employee salaries and benefits. However, providing the highest quality, lowest cost health plan is an important factor to consider in the recruitment and retention of quality employees to provide the services of the City for its residents. There are real trade-offs that come with switching health plans or providers. The main one is that some employees may have to change doctors, hospitals, or prescriptions may no longer be covered, potentially negatively impacting employees suffering from serious health conditions. These risks can be mitigated by working with a new provider on the transition of care. However, without a proposed premium increase or change to the current plan design at this time, switching providers to achieve further cost savings comes with potential performance risk and an undetermined impact to employees and recruitment efforts, which have seen a downward trend in applications for all City vacancies.

Alternatives Considered but Not Recommended at This Time

New Group Plan Provider

Through our benefits consultant, an additional proposal from MODA Health that was similar in design to the current plan came in at a 20% reduction in premium with a medical renewal rate cap of 9%, and, if dental is purchased, a renewal rate cap of 4%. Switching providers would result in the greatest premium savings to the City and employees; however, it could have a noticeable impact on employees, including differences in the Network and Prescription Formulary. Employees would need to seek (non-emergent) care at Alaska Regional in Anchorage – as compared to PREMERA, which utilizes Providence for this service – for the highest benefit. Additionally, MODA's AM Best rating does not currently meet the requirement in City standardized contracts, which require insurance by a company/corporation currently rated "A-" or better by A.M. Best.

HSA Eligible Plan

Administration also considered providing employees the option of enrolling in the City's group plan or a Health Savings Account (HSA)-eligible plan that would offer lower premiums than the City's current group (co-pay) plan, but would have a higher deductible (\$3,000). For employees who select the HSA-eligible plan, the City could contribute to a HSA instead of contributing to an HRA. An HSA-eligible plan has the potential to provide first-year premium savings for the City depending on the amount contributed to the HSA and is responsive to employee survey results, which showed employees were interested in learning more about an HSA and having options. However, employees would need to select the City's higher deductible plan to be eligible for the

HSA, which may mean that the employee would pay at least \$3,000 out-of-pocket in a year before the health plan starts paying for its share of health costs.

The following amendments are respectfully requested:

Motion

1. Amend the Fifth WHEREAS to read (new text underlined):

WHEREAS, the administration recommends the City enter into a contract with PREMERA Blue Cross Blue Shield of Alaska to provide group medical, dental, and vision insurance to the employees of the City of Kenai effective January 1, 2023 for an estimated annual premium of \$2,783,821; and,

2. Amend Section 1 to read (new text underlined):

Section 1. That the City Council authorizes the City Manager to execute a contract with PREMERA Blue Cross Blue Shield of Alaska to provide group medical, dental, and vision insurance to the employees of the City of Kenai effective January 1, 2023 for an estimated annual premium of \$2,783,821.

Section 2. That the City Council authorizes a health plan structure which includes an HRA maximum contribution to achieve a net employee deductible of \$500 individual and \$1,000 for employee with dependent(s).

3. Renumber remaining section as appropriate:

Section 3. That this resolution takes effect January 1, 2023.

Thank you for your consideration.



2022

ANNUAL

PERSONAL USE FISHERY

REPORT



KENAI

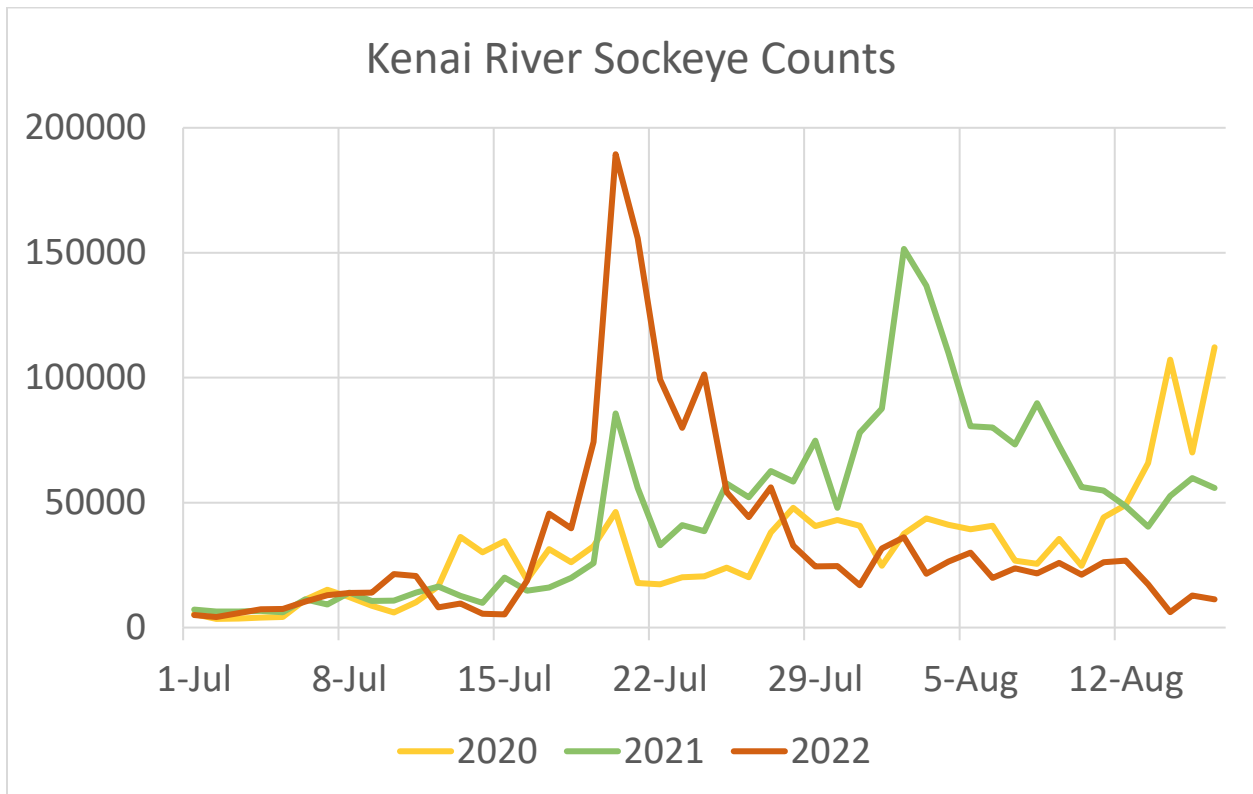
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MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
FROM: Paul Ostrander, City Manager
DATE: October 25, 2022
SUBJECT: 2022 Personal Use Fishery (Dip Net) Report

The Personal Use Fishery took place July 10, 2022 through July 31, 2022. In 2022, sockeye escapement to the Kenai River exceeded the in-river goal of 1.1 - 1.4 million for the fourth straight year, with 1.56 million fish passing the counter. Participation was consistently strong during the 21-day Fishery.

The following table depicts the run strength in 2022 relative to the previous two years:



Unlike in the past several years, the 2022 sockeye run peaked during the Personal Use Fishery, and resulted in excellent fishing. The timing of the 2020 and 2021 Kenai River sockeye run was delayed – a change that had become commonplace over the last number of years. In 2020, over 1.1 million sockeye were counted in August compared to only 687,000 sockeye counted in July. In 2021, over 1.5 million sockeye were counted in August compared to only 924,000 sockeye counted in July. In 2022 only 359,000 sockeye were counted in August compared to 1.2 million in July.

Operations in 2022

The no-wake zone along approximately 6,000 lineal feet of the Kenai River continued to work extremely well this year from the first day of the Fishery until the last. Fishery participants expressed their appreciation for having a portion of the River in which to fish and not be buffeted by the wake from speeding boats.

It is the Administration's intent to continue to manage the no-wake zone in the same manner in the future.

Operational Changes in 2022

There were several operational changes that occurred in 2022 worth noting:

- The Parks and Recreation Department took over the responsibility of planning and operating the Fishery.
- Wages for Personal Use Fishery employees were modified to create equity amongst the positions and improve recruitment efforts.
- User fees for the fishery were increased 5%.

Dip Net App

In 2018, the City built a Dip Net App for iPhone and Android devices, free to download, that provided up-to-date information on the Fishery, including tide information, fish counts, weather, fee calculators, general Fishery information, webcams, and additional information that was relevant and useful for Fishery participants. The App also allowed the City to provide “push notifications” with timely information to improve the experience and safety of anyone who downloaded the App.

Over the first four years of availability, the App had been downloaded over 20,900 times. An update of the App is likely needed. The City will look to update the App prior to next year's Fishery.

2022 Financial Summary

The Council-adopted budget for the P.U. Fishery included revenues of \$487,321, expenditures of \$565,726, and a lapse of \$12,529, netting to revenues under expenditures of (\$65,876). Revenues are projected at \$470,145, and projected expenses are \$530,174, netting to revenues under expenditures of (\$60,029). A transfer of \$75,000 was made from the P.U. Fishery Fund to the General Fund to support general operations of the City, the same transfer that was made in FY22.



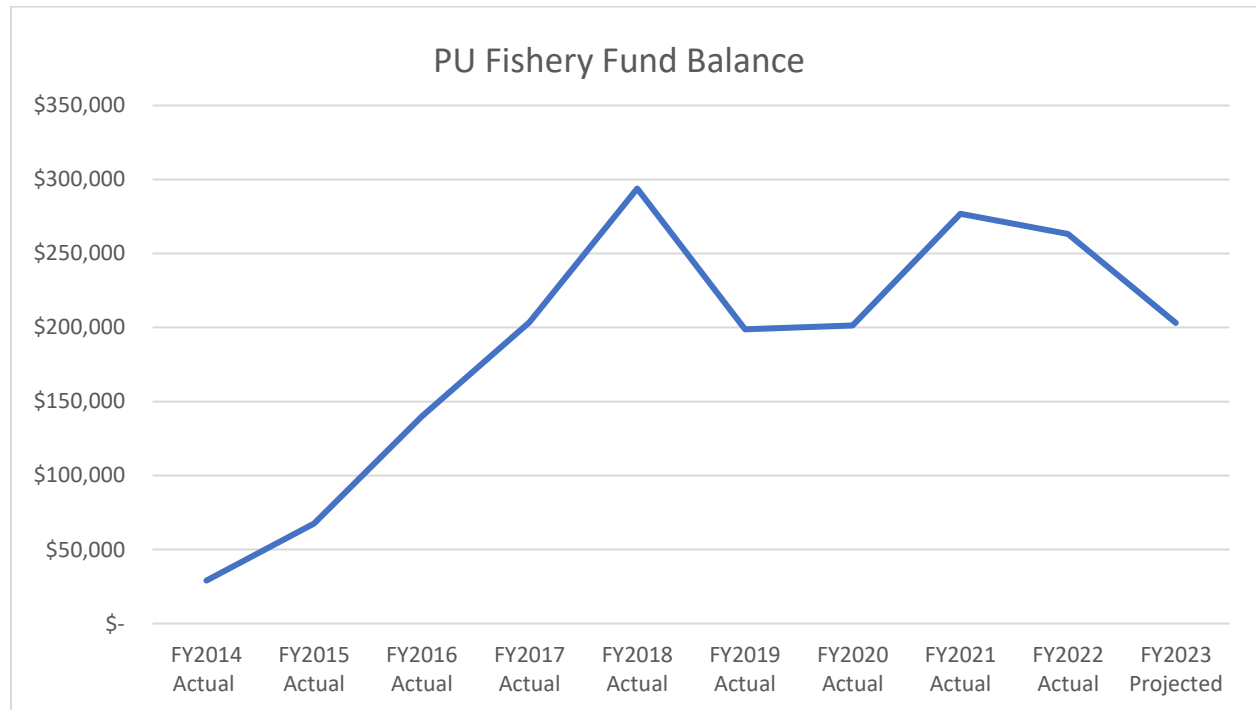
The P.U. Fishery Fund began FY2023 with a fund balance of \$263,217. Given the above, the ending fund balance for FY2023 is projected to be \$203,188.

The purpose of a fund balance is to provide funding for present and future capital expenditures to support City operations during the Fishery and to safeguard the City’s General Fund in the event that the Fishery is closed by emergency order and the City is unable to recoup expenditures.

Personal Use Fishery Fund Management

Prior to FY2014, the City had instituted accounting controls so that expenses and revenues associated with the Personal Use Fishery were identified as discretely separate from other City operations. In many ways, this accounting mirrored the manner in which enterprise funds capture financial information.

The creation of the P.U. Fishery Fund provides a funding mechanism where Fund balance can be utilized to provide funding for larger one-time capital expenditures or other purposes deemed appropriate by the Council. Fund balance since inception is shown below:



Administration believes that the Personal Use Fishery Fund balance is sufficient to support capital expenditures to support City operations during the Fishery and protect the City’s General Fund. The continued use of revenues generated from the Fishery to support General Fund capital projects or operations will need to be considered annually during the budget process.



Capital Improvements for the Personal Use Fishery Fund

As the Fishery has evolved, the City of Kenai has responded by creating its overall management plan. A growing component of that plan has been meeting the capital requirements to manage, react, and respond to the needs of the Fishery participants.

The City received a capital grant in 2015 for Kenai River South Beach Dip Net Access, of which there is still an available balance of \$380,435. During the 2019 legislative session, a grant language change was made that allowed the utilization of these funds for improvements on North Beach. During FY2021, Council approved the construction of vault bathrooms on North and South Beach, construction of permanent restrooms at the Little League Fields, and construction of the fee shack for South Beach. The fee shack and vault restrooms are completed. Although money has been allocated for the construction of permanent restrooms at the Little League Fields, continued discussions surrounding the possibility of moving those fields to the Kenai Sports Complex may justify reconsideration of the project. Administration is recommending that Council reconsider the utilization of these grant funds to assure that the remainder of these funds are utilized for the greatest benefit to the personal use fishery participants and the residents of the City.

Given the State of Alaska's fiscal issues, it is doubtful that the City of Kenai will receive additional State grants for capital improvements to respond to Fishery needs in the foreseeable future.

Proposed Changes to the 2023 Fee Structure

Administration is recommending a 5% increase to the fee structure for the 2023 Personal Use Fishery.

If you have any questions, please contact me at your convenience.





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MEMORANDUM

TO: Paul Ostrander, City Manager
FROM: Tony Prior, Fire Chief
DATE: October 5, 2022
SUBJECT: **Dipnet report for 2022**

Fire Department dipnet related call volume in 2022 was lower than in previous years. This season we had only 4 calls reported as related to the dipnet fishery, with 2 EMS calls and 2 boat rescue calls. We had one vessel fire, involving a moored drift gillnet vessel that was not directly related to the dipnet fishery, but for which we were able to initiate a rapid response, and quickly extinguish, as Boat 1 was already staffed and underway for a dipnet patrol. We conducted 5 dipnet “no wake” patrols in coordination with KPD. Total overtime hours for boat patrols were 20.5 hours.

The Fire Department had the following service calls directly related to Dipnet Season:

<u>Actively Dipnetting</u>	4
<u>Fires</u>	0
<u>EMS Calls</u>	2
Trauma	2
Medical	0
Cardiac Arrest	0
<u>Boat Rescues</u>	2
<u>Boat Patrols</u>	5



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MEMORANDUM

TO: Mayor Gabriel and Council Members
THROUGH: Paul Ostrander, City Manager
FROM: Dave Ross, Police Chief
DATE: September 26, 2022
SUBJECT: **2022 Dipnet Report - Police**

The 2022 Dipnet fishery opened on July 10 and ended as scheduled on July 31. In 2022 the City employed five temporary enforcement officers (TEOs) dedicated to Police dipnet operations. Significant 2022 Police dipnet information includes:

- Police handled 115 dipnet-related calls for service during the month of July. Those calls included a wide variety of issues: 16 (9-1-1) misdials, 6 parking problems, 1 traffic congestion, 1 motor vehicle crash, 4 vehicle lock-outs, 17 lost & found property, 5 disorderly complaints, 4 animal problems, 10 stuck vehicles, and 51 miscellaneous calls for service.
- Despite the very large influx of people on the busiest weekend there were no major police incidents to report during the fishery.
- TEOs wrote 105 dipnet related citations (primarily for paid parking and other parking related violations).
- Salmon Frenzy volunteers were again present at the fishery and provided invaluable assistance to the police department. Volunteers assisted at the beach with traffic flow along Kenai Avenue, and at the City dock. They also assisted with traffic flow on Spruce Street during a heavily attended funeral at the Catholic Church.
- Along with the Fire Department, officers assisted one gentleman with retrieving his swamped boat and got it back on his trailer.
- Officers and TEOs continued with patrols of the no-wake zone along with the Fire Department.

The 2022 fishery went smoothly from the perspective of the police department.



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MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Paul Ostrander, City Manager

FROM: Tyler Best, Assistant Parks and Recreation Director

DATE: October 25, 2022

SUBJECT: **2022 Dipnet Report – Parks and Recreation**

General Overview

This year the Parks and Recreation Department embraced a leadership role in the Dipnet Fishery and acquired management of the dock during the Fishery. The Dipnet Fishery started July 10 and continued through July 31. Alaska Residents were able to utilize the Fishery from 6:00 a.m. to 11:00 p.m. until July 22, when it became open 24 hours a day through July 31st.

Due to the new role for the department, Parks and Recreation was tasked with multiple new responsibilities. These included taking the lead on planning the day-to-day operations of the PU Fishery, and daily operations of the shacks and the City dock. The Parks and Recreation Administrative staff interviewed and hired all temporary positions for the PU Fishery, excluding the temporary enforcement officers. There were 14 temporary employees, including six beach shack attendants, two dock shack attendants, five dock attendants, and one beach attendant. Taking on these responsibilities allowed the streets and IT department to focus their time on the needs of the City, rather than the PU Fishery during July. In addition to the day-to-day operations of the fishery, Parks and Recreation staff was in charge of the critical role of maintaining the fishery sites through the month of July.

Alaska Mission and Retreats partnered with the City of Kenai and brought various groups of volunteers to serve hot dogs and coffee during the peak days of the PU fishery. At North beach, they helped sweep bathrooms and direct traffic. On South beach, they picked up trash and made sure the City staff had plenty of candy.

Kenai Nordic Ski Team coordinated with The City of Kenai to provide two clean-up days a week for the duration of the fishery. Our department provided them with trash bags, gloves, and trash grabbers. The City provides a monetary donation to the Nordic Ski Team for providing this service.

Dipnet App Report

2022 marked the 6-year anniversary of the Dipnet Kenai Smartphone app. Use of the app was up from 18 percent compared to 2021 but 2 percent below the 6-year average. This illustrates the need for an app update.

Financial Report

Capital Improvements

There were no significant capital improvements to date in FY23. \$380,435 remains in a State of Alaska legislative grant for dipnet improvements on the City's north and south beaches. \$125,000 of the \$380,435 was previously allocated to construction of permanent restrooms at the Kenai Little League fields complex. The remaining \$255,435 has been appropriated but is awaiting further Council action to allocate to specific projects. The administration plans to propose a project to construct a bypass lane for the fee shacks on the City's north beach which is discussed later in this report.

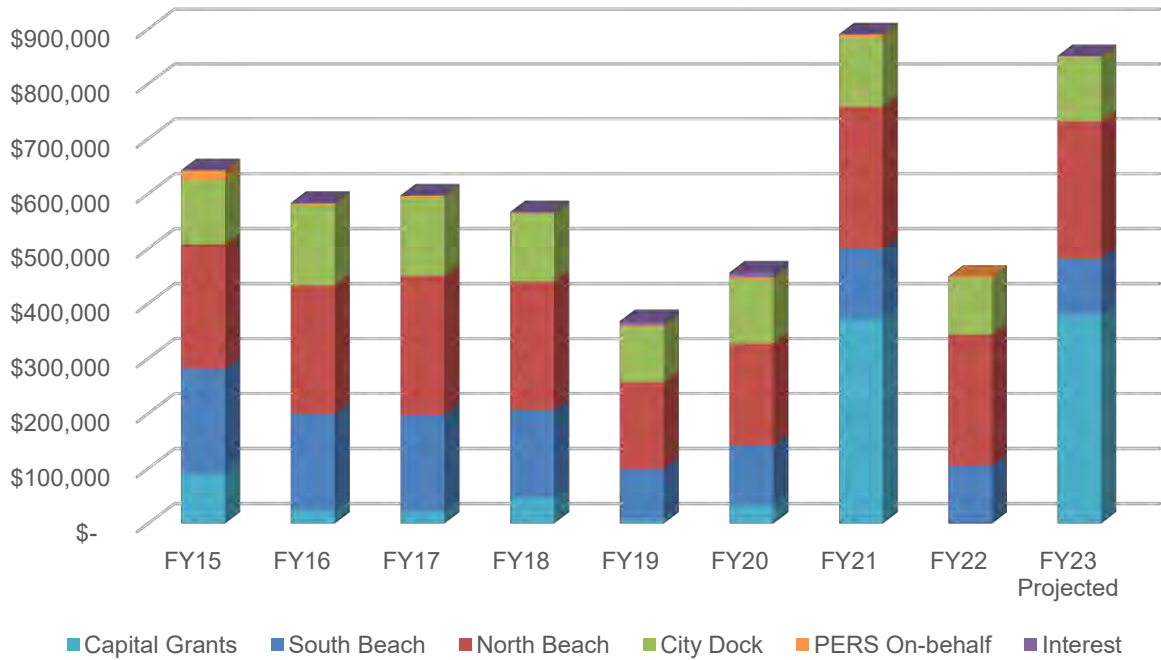
FY23 Revenues

FY23 fees were increased 5% over FY22. The 5% increase is part of a two-year plan to increase fees a total of 10%. An additional 5% increase will be included in the FY24 Budget for Council's consideration. FY23 fishery revenues, not including capital grant revenues and net of sales tax and transaction fees, are projected to be \$467,787, \$19,534 less than budgeted but \$21,205 more than FY22 fishery revenues. Capital grant revenue is projected to be \$380,435, assuming complete expenditure of the remaining state grant. A comparison of FY23 fishery revenue to prior years is shown below, the breakdown by site and service for FY15 thru FY23 is based upon actual transactions.

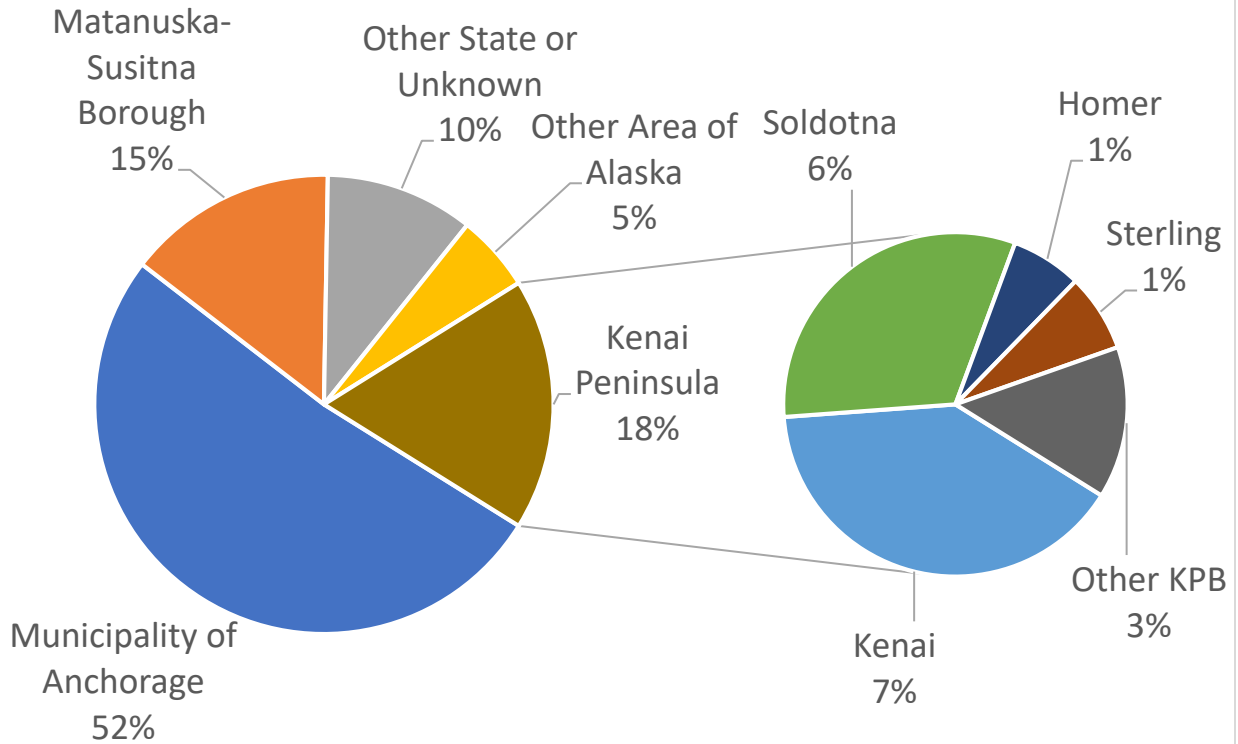
	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23 Projected</u>
South Beach	\$189,226	\$174,260	\$175,439	\$158,665	\$93,448	\$109,080	\$126,577	\$104,940	\$101,591
North Beach	226,221	234,140	253,218	234,298	157,293	185,269	258,782	238,471	249,847
City Dock	117,064	146,599	142,901	123,612	101,104	117,172	125,534	103,171	116,687
Interest	680	1,580	671	1,522	7,624	8,836	750	(4,412)	750
PERS On-behalf	17,437	2,167	2,688	1,546	2,743	3,355	5,688	2,394	1,270
Capital Grants	<u>92,043</u>	<u>24,494</u>	<u>21,725</u>	<u>46,920</u>	<u>5,770</u>	<u>32,699</u>	<u>373,076</u>	-	<u>380,435</u>
Total	<u>\$642,671</u>	<u>\$583,240</u>	<u>\$596,642</u>	<u>\$566,563</u>	<u>\$367,982</u>	<u>\$456,411</u>	<u>\$890,407</u>	<u>\$444,564</u>	<u>\$850,580</u>



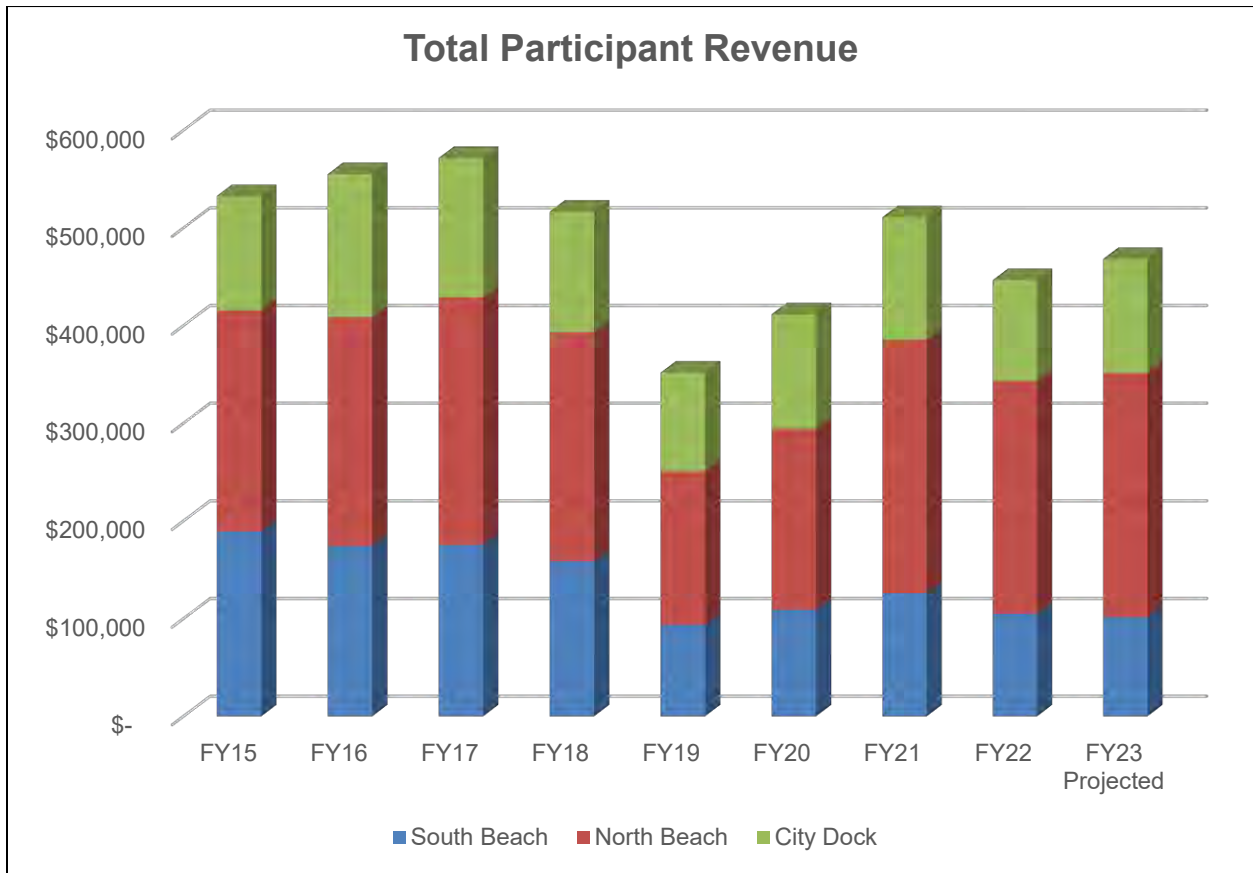
Total Revenue by Source



Total Transactions



Total transactions this year were down 5.6% from 2021. Transactions on North Beach saw the greatest decline, down 9.0%, while still accounting for 58.3% of total fishery transactions. South Beach accounted for 20.0% and the Dock accounted 21.7%. Participant numbers were down 6.4% over 2021. The percentages of participants from different regions didn't vary significantly from previous years.



Future Considerations

North Beach Third Shack

As the number of transactions continues to grow on North Beach it may be necessary to provide a third fee shack at this location. The third shack would be located in the lower parking lot and would serve as an information booth as well as a fee shack. Users could renew their permits or upgrade from drop off passes without having to go up to the top of the hill. This would also provide an extra employee that could be used to backfill other shacks if an employee is sick or resigns. This facility would also serve as an information booth, answering questions, dealing with lost and found items, and could provide a safe location to store the AED.

The cost to provide this third shack would include both capital costs to setup the facility, as well as ongoing costs to cover the employee.



North Beach Fee Shack Bypass

In an attempt to alleviate long lines at the fee shacks on the City's north beach, sometimes these lines extend onto the Spur Highway creating a safety hazard, a bypass lane will be constructed utilizing a portion of the Kenai Little League parking lot to allow vehicles not associated with the fishery, patrons of the businesses and the Catholic Church on South Spruce, and vehicles with valid passes to bypass the shacks. Construction of the bypass lane should reduce participant wait times and reduce traffic backups but will require increase the importance of enforcement to assure all vehicles parking in the fishery are paid.

The cost to construct the bypass lane is estimated at \$12,500 with the remaining State of Alaska legislative grant as the proposed funding source.





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MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Paul Ostrander, City Manager
FROM: Scott Curtin
DATE: October 26, 2022
SUBJECT: 2022 Personal Use Fishery (Dipnet) Report – Public Works

The Public Works Department provided support services for another successful year of the Fishery. The Streets Division currently consists of five full-time employees. Streets Division Staff prepares for the Fishery annually by performing the following:

- 1) Installing temporary access roads at both North and South Beach locations
- 2) Placement of over 100 jersey barriers for the direction of traffic
- 3) Fee shacks are placed and set up for operation
- 4) Dumpsters and portalets are coordinated with a subcontractor whose services are competitively bid annually
- 5) Temporary signage is installed throughout various locations of the City
- 6) Roads and parking areas are graded and dust control measures placed
- 7) Speed bumps deployed on Eagle Rock Dr.
- 8) No wake signage and buoys are placed within the river
- 9) City dock parking area is striped
- 10) Removal of the above at the conclusion of the Fishery

The Division continued to rely heavily on Temps this year which were hired and managed through the Parks & Recreation Department to effectively manage the process, allowing our full-time staff to work on other City Maintenance Projects.

Total transactions for the dock were 3,685. Comprised 3,013 Boat Launch & Parking Pass, 611 Day Use Passes, and 61 Drop Offs generating approximately \$116,603 in revenue compared to \$106,066 last year.

The vault restrooms continue to be an asset on North and South beaches. Additional roadway dumpsters were provided on North beach along Kenai Ave. Both were received well by the public.

Aerial photos below are a good indication of when the fish are in!

