

MEMORANDUM

TO: Chairman and Members of the Board of Directors

FROM: Andy Rowison, Director of Human Resources

DATE: October 17, 2013

SUBJECT: Consideration of Association of Washington Cities Self-Insurance Resolution

RECOMMENDATION

The Executive Committee met on October 10, 2013 and recommended that the Board of Directors authorize the General Manager to sign Resolution #256-13 as well as an Interlocal Agreement permitting WTA to participate in the Association of Washington Cities self-insured Employee Benefit Trust.

BACKGROUND

The Association of Washington Cities Employee Benefit Trust is becoming self-insurance effective January 1, 2014. With this change, RCW 48.62 and WAC 200-110 require the program to comply with rules administered by the Washington State Risk Manager. One of those rules is that each member must approve by resolution an Interlocal Agreement authorizing their participation in the self-insurance program.

Attached for your review are the Resolution and the Interlocal Agreement.

MOTION BY ACKERMAN, SECONDED BY KREMEN THAT THE BOARD OF DIRECTORS APPROVE THE PROPOSED WTA 2014 BUDGET RESOLUTION.

Board member Louws thanked staff for the way the budget was presented and said he appreciates that the expenses are in line with the projected revenue. Board member Linville complimented staff for presenting a good budget and expressed her appreciation for the way that Ms. Dunn presented the budget, making it easy for the public to understand. Board member Kremen added his compliments and stated that he was impressed with how professional, succinct, and clear Ms. Dunn's presentation was and said the budget is a stellar document.

The motion passed 8 – 0.

Richard Walsh, General Manager commented that it is gratifying to see the change in WTA's long-term cash model. He said sales tax increases have been very beneficial as well as the medical insurance change to AWC, but the staff deserves credit as well.

E. BOARD ACTION - CONSENT AGENDA

E.1 Consideration of Approval of Minutes – September 19, 2013 Board Meeting

E.2 Consideration of Approval of September 1 – 30, 2013 Expenditures

MOTION BY KREMEN, SECONDED BY ACKERMAN THAT THE BOARD OF DIRECTORS APPROVE THE CONSENT AGENDA WHICH INCLUDED APPROVAL OF THE MINUTES FROM THE SEPTEMBER 19, 2013 BOARD MEETING AND APPROVAL OF THE SEPTEMBER 1–30, 2013 EXPENDITURES.

The motion passed 8 – 0.

F. BOARD ACTION

F.1 Consideration of AWC Self-Insurance Resolution

Recommendation: The Executive Committee met on October 10, 2013 and recommended that the Board of Directors authorize the General Manager to sign Resolution #256-13 as well as an Interlocal Agreement permitting WTA to participate in the Association of Washington Cities self-insured Employee Benefit Trust.

Andy Rowison, Director of Human Resources, gave an overview of this item.

MOTION BY LINVILLE, SECONDED BY KREMEN THAT THE BOARD OF DIRECTORS AUTHORIZE THE GENERAL MANAGER TO SIGN RESOLUTION #256-13 AS WELL AS AN INTERLOCAL AGREEMENT PERMITTING WTA TO PARTICIPATE IN THE ASSOCIATION OF WASHINGTON CITIES SELF-INSURED EMPLOYEE BENEFIT TRUST.

Board member Greenough asked how this changes the insurance plan. Mr. Rowson answered that there is no change in coverage or the enrollment process. He said the change to self-insurance saves AWC about five percent, but the change is seamless to employees.

Board member Linville commented that the City of Bellingham has been with AWC for insurance for many years. She said it appears that, with this change, the quality stays the same and it provides good savings.

The motion passed 8 – 0.

F.2 Consideration of Award for Janitorial Services

Recommendation: The Executive Committee met on October 10, 2013 and voted to forward this item to the Board without a committee recommendation. Staff recommends that the General Manager be authorized to execute a contract with Advantage Building Services of Everett, Washington in the amount of \$125,505 a year for the purpose of providing janitorial care at WTA facilities. The recommended contract period would be one year, with four additional one-year options for extension.

Chair Hansen pointed out that this item is coming forward without an Executive Committee recommendation.

Pete Stark, Director of Fleet and Facilities, gave an overview of the item. Pat Dunn briefed the Board on the pertinent legal issues. She stated that CVS had an advantage since they are not required to pay prevailing wage and were given a ten point advantage for being a non-profit entity in the evaluation. She reviewed the options available to the Board and gave warning of the potential consequences of each option.

Board member Linville asked if there have been any concerns about Cascade's performance. Mr. Stark said Cascade's work has been satisfactory. He said both companies are well qualified to do the work. Mayor Linville asked if there is any policy at WTA that looks at the triple bottom line, not just the dollars. Ms. Dunn said WTA has no such policy.

Mark Lowry, Board Labor Representative, said there are implications that far exceed the budget. He lamented this change and said he feels invested in

**WHATCOM TRANSPORTATION AUTHORITY
RESOLUTION NO. 256-13**

October 17, 2013

WHEREAS, the Association of Washington Cities Employee Benefit Trust (the “Trust”) is an entity to which contributions by cities and towns and non-city entities organized and existing under the Constitution or laws of the State of Washington and who are members of the Trust (“Participating Cities and Towns,” and “Participating Non-City Entities”) and their employees can be paid and through which the Board of Trustees of the Trust (“Trustees”) provides one or more insured health and welfare benefit plans or programs to Participating Cities and Towns’ and Non-City Entities’ employees, their dependents and other beneficiaries (“Beneficiaries”), on whose behalf the contributions were paid; and

WHEREAS, the Trust qualifies as a voluntary employee beneficiary association within the meaning of Section 501(c)(9) of the Internal Revenue Code, providing for the payment of life, sick, accident or other benefits to Beneficiaries; and

WHEREAS, the Trust and Participating Cities and Towns and Non-City Entities have determined that it is in the best interest of Participating Cities and Towns and Non-City Entities to jointly self-insure certain health benefit plans and programs for Beneficiaries through a designated account within the Trust, while at the same time having the Trust continue as the entity to which other insured health and welfare benefit program contributions are paid and through which insured health and welfare benefit plans and programs are provided to Beneficiaries; and

WHEREAS, it appears economically feasible and practical for the parties to do so; and

WHEREAS, Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under chapter 39.34 RCW, jointly self-insure health benefit plans and programs, and/or jointly hire risk management services for such plans or programs by any one or more of certain specified methods; and

WHEREAS, the Association of Washington Cities Employee Benefit Trust Interlocal Agreement (the “Interlocal Agreement”) attached hereto creates a joint self-insured health and welfare benefit program (the “Health Care Program”) to be administered by the Trustees for the purposes of providing self-insured health benefits to Beneficiaries; and

WHEREAS, WAC 200-110-030 requires every local government entity participating in a joint self-insurance health and welfare benefit program to adopt such program by resolution; and

WHEREAS, Chapter 48.62 requires Health Care Program assets to be managed consistent with existing authority over use of municipal funds in RCW 35.39.030. The Trust will manage Health Care Program reserves in compliance with Chapter 48.62 RCW; RCW 35.39.030, and the Health Care Program Investment Policy; and

WHEREAS, all premium contributions for use in the Health Care Program are deposited into a designated account within the Trust, the Health Care Program Account (the "HCP Account"), and the HCP Account represents a pool of funds that is independent of all other Trust or AWC funds; and

WHEREAS, the Trust intends to manage the HCP Account assets in compliance with federal and state laws and the Interlocal Agreement; and

WHEREAS, **WHATCOM TRANSPORTATION AUTHORITY** believes it is in the best interest of the Health Care Program to allow the Trust to manage the HCP Account;

NOW THEREFORE RESOLVED, that the Interlocal Agreement creating the Health Care Program is hereby adopted.

RESOLVED, that by adopting such Agreement, **WHATCOM TRANSPORTATION AUTHORITY** acknowledges that it shall be subject to assessments as required by the Health Care Program.

PASSED in open public meeting, by the Whatcom Transportation Authority on October 17, 2013.

**WHATCOM TRANSPORTATION AUTHORITY
WHATCOM COUNTY, WASHINGTON**

**RICHARD G. WALSH
GENERAL MANAGER**

ATTEST:

APPROVED AS TO FORM:

**VICKI G. ESSER
CLERK OF THE BOARD**

**RICHARD J. LANGABEER
COUNSEL TO THE AUTHORITY**

Dated: _____