

## City of Bethel Action Memorandum

Action memorandum No.	17-26		
Date action introduced:	4-11-2017	Introduced by:	Parks/Rec./AHSC
Date action taken:	4-11-2017	<input type="checkbox"/> Approved	<input checked="" type="checkbox"/> Denied
Confirmed by:	LS		

Direct Administration to work with HealthFit to establish a corporate membership agreement with YK Fitness Center for city employees.

Route to:	Department/Individual:	Initials:	Remarks:
	City Manager		
	Finance Director		

Attachment(s): General Corporate Membership Parameters

Amount of fiscal impact:		Account information:
	No fiscal impact	
X	Funds are budgeted.	54-50-725 (\$31,200)
	Funds are not budgeted. Budget modification is required.	
	Grant funding.	

***Employee Wellness Program***, per. Council's Action Memorandum 16-53 directing administration to provide the Council with an implementation date for the Employee Wellness Program.

History: The concept of an employee wellness program has been debated at the committee, city administration and city council levels for nearly one year. Initially, this concept was pitched as both a way for the City to model a corporate contract with YKFC (corporate support is critical for success of the YKFC per the business plan) with the benefit providing a health incentive for City employees. A dollar amount of \$30,000 for this City/YKFC relationship was discussed at the Council level. As time passed, the discussion evolved to larger-concept employee wellness program possibilities outside of the YKFC, and various contractual/discount possibilities resulted in confusion about possible taxable benefits for employees (though it was quickly resolved that only employees who may want to utilize the YKFC would be taxed, and that while adding a layer of complication for City HR/payroll, this was a possible scenario). These complications meant that the conversation was sent back to City administration and the PRAHSC for further discussion and debate. While the PRAHS committee fully supports a comprehensive Employee wellness program, at this time we feel the first step and focus should be on securing a corporate contract with the YKFC for the benefit of city employees.

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***To Date: At the February PRAHSC committee meeting, HealthFitness facility director Stacey Reardon proposed a corporate membership agreement that would allow the City to secure a discounted membership rate for employees AND predict and control costs.***

PROS: This contract models the type of contract that would be offered to other entities. While the Committee understands that this situation is unique in that the City does own this facility, we feel it is in the best interest of the City to model to other employers in our community this type of investment in its workforce and the importance of supporting this community facility. Assisting the operator with securing corporate relationships using a standard process is ideal. Secondly, we recognize the City will be subsidizing this facility one way or the other- this methodology allows the YKFC to enter into a standard business practice arrangement.

PRO: The City can determine in advance what it wants its investment to be by predicting the number of employees who may utilize the facility and determining how many memberships the City may wish to pay to YKFC if that number of employees fails to participate (see proposal from HealthFitness).

PRO: Currently, the COB "charges" water/sewer at the YKFC to the YKFC budget. This has been debated numerous times; however, since this is the practice, it makes sense to mirror this practice of an actual City product being charged/paid between budgets and apply the same business practice to the actual product of membership and facility use by City employees.

CON: This will result in a fiscal note for the City, and may be a part of future employee benefit negotiations. As stated previously, however, the City is paying for this facility – using this methodology, the City is simply participating in a standardized agreement with HealthFitness while demonstrating appreciation for and concern for the wellness of its workforce.

### **Committee understanding of Implementation:**

Example: The City had discussed investing \$30,000 for employee wellness.

Per the attached proposal by HealthFitness, if the City of Bethel "committed" to HealthFitness that the City believed 30 COB employees would sign up for annual passes at the YK Fitness Center, each of those employees would be eligible for a 30% membership discount (\$420/person annually). If ZERO City employees actually signed up for a membership after contract execution, the City would be responsible for paying

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out those 30 memberships to HealthFitness- but the financial impact would only be \$12,600- far less than the \$30,000 initially discussed. We can assume that at least a handful of City employees would wish to take advantage of such a large discount, and that the City financial burden would be less than \$12,600.

Secondly, the City could choose to further subsidize the discount rates beyond the HealthFitness standard proposal- this determination would need to be made between City administration, HealthFitness and City Council.

The PRAHSC committee sees its role as supporting a structure for an employee wellness program involving the YKFC. Our committee unanimously approved the attached structure proposed by HealthFitness because of it's a) clarify; b) standardization of the tool across multiple corporate contracts and c) demonstrated investment by the City as an employer in its City employee workforce through the allocation of funds devoted to their health and wellness. Decisions such as the affordability of providing additional subsidy or negotiations of that type are beyond our scope; however, we are fully supportive of this tool as the method and vehicle for arriving at final decisions.

***Passed unanimously by the*** Parks/Recreation/Aquatic Health & Safety Center Committee on February 13, 2017.