

THE CITY OF STREETSBORO, OHIO
FINANCE COMMITTEE MINUTES

Monday, April 26, 2021

This Finance Committee Meeting was called to order on Monday, April 26, 2021 at 8:23 p.m. by Justin Ring, Chairman.

PRESENT: Mike Lampa, John Ruediger, Jennifer Wagner, Jon Hannan, Julie Field

ABSENT: None.

ALSO PRESENT: Glenn Broska, Mayor
Patricia Wain, Police Chief
Rob Reinholz, Fire Chief
Shawna Lockhart-Reese, HR Manager
Mike Troyan, TMC Employee Benefits Group
[by Zoom video conferencing:]
Justin Ring, Council Member
Chuck Kocisko, Council Member
Sara Fagnilli, Assistant Law Director/Prosecutor
Jenny Esarey, Finance Director
Bill Miller, Service Director
Matt Glass, GPD Group
John Cieszkowski, Planning Director
Patrick O'Malia, Economic Development Director
Greg Mytinger, Parks and Recreation Director
Caroline Kremer, Clerk of Council

Disposition of Minutes

MOTION: TO ACCEPT THE REGULAR FINANCE COMMITTEE MEETING MINUTES OF FEBRUARY 22, 2021 AND MARCH 22, 2021 AS WRITTEN.

Moved by Mr. Lampa, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

Monthly Financial Report

Ms. Esarey said the March report had been distributed on April 1, 2021 and looked pretty good. She said the Street Fund was still over for Overtime Wages because of previous snow plowing, but would work out as the year moved on. General Fund expenses including encumbrances was above target [25%] at 27.93%, Total expenses were below target at 18.67%, General Fund revenues were below target at 22%, and Total revenues were also below target at 17%. The property tax receipts were not received until April, so that would help balance things out. The income tax receipts had been a little low, but were right on target for January through April, and she hoped they would stay on budget

through the rest of the year.

Mr. Ring asked if the delay of the tax filing deadline was impacting the receipts. Ms. Esarey thought not, because the law said you have to pay at least 90% of the tax due by December, so most residential already had to pay. Commercial people didn't run on a calendar year anyway, and would also have to have 90% paid within their fiscal year, so she didn't think the filing deadline affected the City's receipts. Something that could affect the income tax receipts was if the House Bill (regarding working from home and changing what community's tax rate you pay) was approved.

Mr. O'Malia thought the income tax receipts had a lot more to do with so many jobs being open, but most of Streetsboro's employers had increased their hourly rate of pay to get the workers, so long-term he thought that "bodes well" for the City's future income tax receipts. Ms. Esarey confirmed the receipts for withholding were actually up about 7%, residential was down about 32%, and net profit was down about 8%.

Old Business

Discuss AECOM Water Rate Study

Mr. Ring said this had been forwarded to this meeting to begin the discussions on the actual water rates and what the City would need to do to ensure the City could pay for the infrastructure project that was planned. And also consider what would be needed to cover the costs of the other projects that would need to be completed in the near future as well. Ms. Esarey had run some numbers and provided a report on a 1% increase above the normal 2% annual increase for a period of six years, which showed the City would be able to cover the cost for the infrastructure project package of about 9 jobs that was currently planned. There was some initial discussion regarding another 0.5% or more water rate increase to ensure there would be funding for any emergencies that may arise and for the other water projects that will also be needed. The current project being planned was quite a large one, but it was not all of the projects the City knew it would have to do for the water system.

Mr. Kocisko asked what an additional 0.5% water rate increase would do for the budget. Ms. Esarey said she had not calculated that information because she wasn't sure what was wanted, but she could do that spreadsheet for Council. Mr. Ring also wanted to see that information but had not requested it earlier because he wanted to get input from the rest of City Council first.

Mr. Lampa commented that it had been said the 1% increase on top of the normal annual 2% increase was just to focus on the current infrastructure project that's been discussed in previous meetings which would need a minimum of \$450,000 annually to cover the loan. There would only be less than \$500,000 left in the Water Funds after 2042 with the 1% increase on top of the normal annual 2% water rate increase. Ms. Esarey was willing to do another spreadsheet with other increase options. She said she would also need to include the County Auditor Fees of \$4,000/year to the spreadsheets. Mr. Lampa said this had been discussed in previous meetings and he'd like to get a decision made.

Mr. Ring said City Council had already directed GPD to begin the process of engineering the project, so the project was moving forward. This discussion today was to decide what to do with the water rate in order to pay for the project package. The 1% increase did not need to be started tomorrow; Ms. Esarey had calculated it for 2022, so there was time to discuss the water rate increase to decide what

other water rate increase might be needed to ensure the City had a buffer of money for any emergency and for completing the other projects that would be needed.

Ms. Esarey agreed that just doing the base minimum increase to cover the current project was not enough because the AECOM Water Study had indicated many other projects that would need to be considered. She didn't think it would be a large increase to add 1% or 1.5% to the normal annual 2% to plan for the long-term needs of the City Water Fund for all the capital projects, especially if some emergency might arise. Mr. Ring noted the proposed increase was only for a short period of time and would go back to the normal annual 2% increase after a few years.

Mr. Ring asked Mr. Miller what the other water projects, beyond the big one currently planned, were. Mr. Miller said there were a lot of smaller ones (a section of Hazelton Drive needed replaced, a few other spots in Ward 1 with cast iron pipes needed replaced, adding automatic flushers in a few places once this current project was completed). He said he was still working on the meter change out program this year.

Mr. Ring asked Ms. Esarey to do a spreadsheet to compare water rate increases of 3%, 3.5% and 4% for review at the next Finance Committee meeting.

MOTION: TO MOVE THIS TOPIC TO THE MAY 24, 2021 FINANCE. COMMITTEE MEETING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

New Business

T-7035 Approve 2022 Tax Budget

Ms. Esarey said every year there was a presentation of a tax budget. This tax budget did not have to match this year's budget or next year's permanent budget, it just showed that the City needed the 2.9 inside mills and the 0.8 outside mills for the Fire Station/Service Garage levy. It showed the need to collect the taxes for the City's expenses, and it was required by Portage County. She requested this go to first reading tonight with adoption at the May 24, 2021 meeting and then it would be effective 30 days later, which was in compliance with the deadline of July 15 each year. She had reviewed the changes in her cover memo [see attached]. The biggest difference between the 2021 budget and the 2022 budget was 2021 had 27 pays and 2022 had 26 pays so the expenses looked a lot different.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING FOR FIRST READING.

Moved by Mr. Ruediger, seconded by Mr. Lampa. Upon voice vote, **motion carried.**

T-7030 Authorize Payment of 2020 Revenue Sharing w/School District

Ms. Esarey said last year the City processed Ord. No. 2020-74 and this year was very similar. Ms. Esarey had talked with C.J. Scarpino, School Treasurer, who agreed with the payment of \$50,759.75. This legislation detailed the payment with regard to the Enterprise Zone Agreement for Best Buy for 2020. The City had budgeted \$45,000 for this in 2021, so the difference was included in

tonight's budget amendment exhibit. She asked that this be passed as emergency legislation tonight so it could be processed and paid to the School District.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Lampa. Upon voice vote, **motion carried.**

Discuss Employee Health Savings Account (HSA)

Mrs. Lockhart-Reese said a couple Council Members had asked the administration to get a quote from Medical Mutual for an Employee Health Savings Account, which they did. The administration was not opposed to implementing a Health Savings Account, but there was a lot more work that needed to be done before doing so. They needed to look at deductible levels, employee contributions, etc. to get the right number for the City. Another thing to consider was typically when the City introduced new plans, it had to run it by the Health Care Committee which involved all the unions, so nothing new should be implemented without going to the Health Care Committee first. So she asked to wait and introduce this plan next year after the administration had some time to do the things listed above instead of this year.

Mr. Lampa thanked Mrs. Lockhart-Reese and Mr. Troyan for putting this information together. Mr. Lampa asked about the 54% premium reduction in the Risk/Reward part of the report [see attached]. Mr. Troyan explained the premium reduced but there was exposure into other parts of the program. One was the City was currently running a Health Reimbursement Account (HRA) on their PPO plan, so there was deductible exposure for the employees and the employer maintained an account and only paid out the money toward those deductible exposures if the employee had a claim. On the HSA the employer actually has to determine an amount and transfer those monies to the employee account. So the monies the City is retaining today in premium savings in the HRA would go away; so the 54% was strictly looking at the premium cost of the HSA. The second part of it was that last year the City implemented, on the PPO plan, a program called Share Funding with Medical Mutual. He explained under this the City got a lower premium but the City had some claim exposure. Under the HSA arrangement, because everything went to deductible (there was no longer an office co-pay, or prescription drug co-pay) all of those costs now shifted to share funding. He gave an example comparing the HSA and HRA programs and the share funding impact and it actually cost the City, for a single person, \$1,700 more under the HSA scenario, so although it was a lower premium there were the two other components that affected the bottom line cost to the City, and those were the parts that needed reviewed by the administration to determine the City's approach to employee contributions toward the Health Saving Account. Mr. Troyan further explained the proposal report he had provided.

Mayor Broska clarified that new non-CBA employees would only be offered Plan C [w/HRA] from this point forward. No existing employees would be told they had to leave Plan A. After the Plan C employee met the deductible, the rest was 100% covered (and the City refunded the first 50% of the deductible).

Ms. Wagner wondered what was the issue with offering HSA, HRA and Plan A. Mr. Troyan said there wasn't an issue with offering the programs except the City had not had time to run through and consider the financial scenarios. There was likely to be a very negative impact to the share funding

program. The PPO program was tracking right now to net the City somewhere between \$65,000 to \$70,000 in savings as currently implemented. If the enrollment moved from the PPO plan to the HSA plan all of those medical office appointments, and more importantly, prescription drug claims, wind up becoming the funding responsibility of the City, so there was a concern that the premium differential that the City was saving today would be lost.

Ms. Wagner asked, then why would any other city offer an HSA and not just an HRA. Mr. Troyan said the cities may not have the share funding program; each city's pricing and claim risk was different. He was not saying Streetsboro shouldn't offer an HSA, it's just a matter of making sure the way it was structured the pricing arrangement for the employer and employees work out. He added that the employees needed to be aware of the way claims were processed, the employee's claim exposure, and the financial component because it was an IRS auditable account, etc. Ms. Wagner said all that was not hard to explain and could be done for the employees in a one-half hour session, as it was done in Twinsburg and about 70% of the employees signed up; Twinsburg does not have an HRA. She didn't think there would be a large amount of Streetsboro employees sign up the first year, but more would join over time. She felt the personal benefit to her and her family after being on it for five years was huge because she could save it up to use when she retired or use it for things the vision and dental insurance plans didn't cover, which could not be done with the HRA program.

Mr. Troyan said they had not rolled out such a plan in any community without taking about an entire year to work with the administration and Health Care Committee and have multiple employee education sessions. Streetsboro needed to have a plan in place when open enrollment started on May 1, 2021. His biggest concern was the City had not determined the prescription drug costs.

Ms. Wagner thought the HSA plan was a benefit to the employees and wanted the program to start as soon as possible. She had brought the subject up in February. She wondered what's the harm in letting the few Streetsboro employees (maybe 10 or so) that may want it to start the HSA program this June and not have to wait a whole year. Mr. Troyan and Mrs. Lockhart-Reese said they could do the program but needed to establish the cost arrangement and the risk associated with it, what deductible levels the City wanted to assign to an HSA plan, what employee contribution levels to assign to an HSA plan (there may be options the administration would want to present), to go through the Health Care Committee, and to do some employee training first. The prescription drug costs were an unknown right now. Ms. Esarey added that she didn't think the City was ready yet to start a new program; the administration had not researched the IRA regulations, payroll issues, setting up funds, etc. to be sure the City would be in compliance with all the regulations.

Mr. Ring said he agreed with Ms. Wagner that the HSA plan was a good program option to offer, but the City needed to do it responsibly with a review of the financial and claim information which would not be available by law until after July. He felt Council needed to spend City money wisely and have the Finance Director and the HR Manager be comfortable with how the new program was set up. He asked the administration to look into an HSA plan for the Streetsboro employees and collect the necessary data to make a good decision and there wasn't enough time to have all that done by May 1, 2021 prior to open enrollment.

Mrs. Lockhart-Reese said they would work toward having the program for next year and would start

on it right after the insurance renewals/open enrollment were completed this June. Council agreed to table this issue until Mrs. Lockhart-Reese would be able to bring the topic back to City Council (maybe September or October 2021).

T-7031 Authorize Health Insurance Renewal

Mrs. Lockhart-Reese had distributed information for review for renewal. Because of today's world situation and current medical trends, instead of going out to get quotes from other insurance companies, the administration was asking Council to approve a 5% increase from Medical Mutual for this year's renewal. Ameritas came back to the City for dental and vision with a 0% increase for their renewal, which was a savings for the City. Typically the City went to bid every five years, but in the last two years the administration had asked for a delay/extension of going to bid because of market trends. Typically the market trends were about 11% or 12% increase, but Medical Mutual was agreeing to just a 5% increase.

Mr. Troyan clarified that the City had agreed that if Medical Mutual could do a 5% renewal the City would accept their renewal and not go out to the market this year. The underwriter had initially said that was below their comfort level, but after some review of the client data they had agree to come down to the 5% figure. If the City were to table the 5% and see what the market had, then Medical Mutual would be back to a 13% renewal increase and the City would be dependent on the market to come in with something lower. Mr. Ring thought it was doubtful any other insurance company would offer anything lower than 5%, but Mr. Troyan noted that we couldn't know until we went to market with our client data (employee medical history). He said we did know that none of the other carriers out there in Streetsboro's market size would provide the exact benefit match, so the City would have to look at benefit differentials, different drug card copays, and other arrangements within the plan that would cause benefit variations and cost differences. He said now, in light of everything going on this past year, the insurance carriers were trying very hard to hold on to their business. People had put off a lot of optional medical procedures last year, so claim costs across the board were down, so for the most part employers were staying with their insurers. He felt this offer of 5% renewal increase was probably better than the City would get, but could never know unless it went out to the market place.

Mr. Lampa said this was similar to what had been done with the aggregate natural gas program. The City locked the residents in at \$1 more than what natural gas was being purchased at for two years, so he was all for going out to market. He said his employer, Sherwin-Williams, had changed insurance companies because they got a better deal, so he wanted to shop around. Mr. Troyan said Sherwin-Williams was entirely different with many more employees over multiple states. Mr. Troyan said public employers in NE Ohio were all with Medical Mutual for a reason. He felt this 5% offer was the best deal. Mrs. Lockhart-Reese mentioned that the City also had to keep in mind that there were union contracts where the City had agreed to give comparable benefits.

Mrs. Fagnilli agreed with Mr. Troyan and Mrs. Lockhart-Reese. She had been involved with the purchase of insurance for about 25 years in the public sector and she felt this deal the City had been offered was unheard of. There were generally benefits to go out to market and shop around, but this would not be that time. She advised to not go out to bid this year and to enter this contract with Medical Mutual.

Ms. Esarey confirmed that a 10% increase had been budgeted in 2021 for health insurance. She asked that an account number be added to the legislation because the City paid COBRA for some individuals now.

MOTION: TO AMEND SECTION 2 OF T-7031 TO ADD ACCOUNT #702-81-5952 FOR COBRA PAYMENTS.

Moved by Mr. Ruediger, seconded by Mrs. Field. Upon voice vote, **motion carried.**

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING AS AMENDED.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

T-7032 Approve and Ratify FT FF Collective Bargaining Agreement

Mrs. Lockhart-Reese asked Council to ratify the full-time firefighter collective bargain agreement that was for January 1, 2021 to December 31, 2023. Mr. Ruediger had some questions about Article 22 Vacations because he didn't remember it being mentioned during previous executive session conversations.

MOTION: TO RECESS INTO EXECUTIVE SESSION TO CONSIDER THIS COLLECTIVE BARGAIN AGREEMENT.

Moved by Mr. Hannan, seconded by Mr. Ruediger. Upon roll call vote, **motion carried and the meeting recessed at 9:30 p.m.**

MOTION: TO RECONVENE FROM EXECUTIVE SESSION.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried and the meeting reconvened at 9:42 p.m.**

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Lampa. Upon voice vote, **motion carried.**

T-7033 Accept TIRC Annual Recommendations

Mrs. Kremer said this was the annual recommendations from the Tax Incentive Review Council. They met in March, like usual. There were only two businesses to review, one EZA had expired and the other had just started out, so the TIRC recommended it be continued. City Council just needed to accept, reject, or modify the recommendations before September.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

Discuss Proposed Contract w/Consultant for Community Stage Project

Mr. Mytinger said the Community Stage Committee had received two proposals for a conceptual design of a new community stage for the City. He had emailed Council a copy of the packet provided by Thrasher Group which the Community Stage Committee had discussed during a couple virtual meetings and recommended be considered by City Council.

Mr. Kocisko asked about the drawing provided in the packet. Mr. Mytinger said the drawing was his rendering of a conceptual design of the future of City Park if a field house, parking area, and a stage/amphitheater were developed near the Police Department facing SR 303; it was not the location of the proposed stage because no location had been determined yet, that's what this process would do. Mr. Ring said this proposal was just to hire a consultant to work through the process of determining a location and what type of stage the City could do. Mr. Mytinger added that the Parks and Recreation Master Plan Conceptual Design had a field house and some amenities up in that north section of Park land and he had just shown that there may be possibilities for other future uses in that area, but nothing had been determined or decided. Mrs. Field liked that a field house was still being mentioned.

Mr. Mytinger said this was the first step in trying to make a community stage a reality. On the back page of the Thrasher proposal they had given a proposed cost of the first three steps of that process (conceptual design and planning, create a bid document, bid the project to find someone to build the structure) and Thrasher could do construction management as well. Mr. Mytinger emphasized that this project was still not currently budgeted in the 2021 budget, so the project amount would have to be discussed to determine where the money would come from if the City wanted to move forward with this project, and at what level did the City want to fund this in 2021 and from what account.

The proposal for the consultant was \$41,000. This was up for discussion tonight to see if this was something City Council and the administration wanted to move forward on, and where the funding would come from. Ms. Esarey noted there was nothing budgeted in 2021 for even the beginning portion of \$19,250.

Mrs. Field asked if this was being presented now because this was something Council felt the City could afford to do in the next year or two compared to some other projects that were also wanted. She agreed the City needed a stage and this would be exciting to have in the community, but she just didn't want it to take priority over another project and end up costing the same. Mr. Ring said a stage had been discussed last year when there were conversations about knocking the old stage down and building a more permanent stage for the residents' use. This would be something the City would look to pay for straight away. There were funding options that had been considered: 1) a portion of the BWC refund but that was held in reserve to see how the income taxes receipts would be this year, or 2) some additional money from a recent federal stimulus package but that had not arrived and it wasn't know what that money could be spent on. The other projects, like the field house, were still under discussion. Mr. Ruediger noted building a stage could save money over time for not having to rent a stage for events over the next few years.

Mayor Broska said the only way the City would move forward with this project was if/when the expected \$3.23 million in stimulus funds came through. They wanted to have a consultant ready to go when that stimulus funding came through and it had taken 1½ months to get to this point. He wanted

to be ready to move forward when the money became available. He said there was never any intention to put any funding toward it right now; there was nothing in the 2021 budget for this.

Mrs. Field just wanted to clarify if this project was what the City had chosen to prioritize cost wise. It was a great project that could offer so much to the community. Mr. Ring said with \$3.2 million coming in he felt this project was a good choice to do first because it was a direct give-back to the citizens because all the residents could enjoy it rather quickly in many different ways. The cost vs. benefit (risk vs. reward) wins because this project wasn't a monumental undertaking of millions of dollars; it was relatively inexpensive for the benefit it would provide to the community. Mrs. Field agreed with Mr. Ring's comments and wanted to do the project right and make it usable for decades into the future. Mr. Ring said that is what the consultants were to do based on input from the City leaders and the residents too. Mr. Lampa agreed with the previous statements and emphasized that a stage should be usable for all the residents of all ages, whereas a field house might not offer as much for Seniors and would be a much more costly project. Mr. Lampa wanted to use part of the BWC \$500,000 refund for this consultant contract.

Ms. Esarey confirmed the BWC refund had not been budgeted for anything specific; it was in the General Fund carryover in case it was needed to compensate for income loss (there wasn't much income loss at this point in the year), so it could be transferred from the General Fund to the Capital Fund for this project. Ms. Esarey noted no one knew what the stimulus money could be used for yet; it may be available for infrastructure or for industries that were hard-hit by the pandemic (travel, restaurants, etc.), but it was still uncertain. There was a webinar this week for more information about possibly setting up a specific fund for this stimulus money, a timeline on when the money could be expected, and maybe what the money could be used for.

Mr. Ring asked if Council wanted to use \$19,000 of the BWC refund to get this consultant started or would Council prefer to wait to see what the stimulus money could be used for. Mr. Mytinger said the conceptual design process by Thrasher could take 6-8 weeks to complete so if Thrasher started mid-May, it would be late June before there would be a design and conceptual idea, which would go into the next step of creating construction/bid documents. He suggested doing the first step of the conceptual design and during that process the City could get more information about the funding options. Mr. Ring was concerned about spending \$20,000 for the design and then not being able to proceed further. Mr. Mytinger said at least the City would have a design and be one step closer to getting a community stage. Mr. Ring thought if the City was aggressive with this there could be a community stage by next summer; it could take a whole year. Mr. Ring suggested getting legislation prepared to be ready to be approved as soon as the City knew more about the funding options. Mr. Mytinger thought the initial funding could come out of a Parks and Recreation Capital line item, but that would delay another Parks and Recreation project or the purchase of a Parks and Recreation truck. Ms. Esarey said if such legislation was passed at the May 10, 2021 meeting, she could replenish the Parks and Recreation Capital line item at the May Finance Committee Meeting.

MOTION: TO PREPARE LEGISLATION FOR REVIEW AT THE MAY 10, 2021 SERVICE COMMITTEE MEETING FOR HIRING A CONSULTANT.

Moved by Mr. Ruediger, seconded by Mrs. Field. Upon voice vote, **motion carried.**

T-7025 Amend 2021 Annual Appropriations [#4]

Ms. Esarey said this was normal ins and outs. The revenue sharing with the School District had been included. The bond interest for the fire station and Service garage was not included because she wasn't sure how the bonds were going to be structured. She had not known if the City would even be paying interest this year, so the original budget did not include interest. Now that the bonds had been sold, it was known that the interest that would be due in June and December was \$117,050 which would come out of the carryover.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mrs. Field. Upon voice vote, **motion carried.**

Citizens' Comments

None.

Announcements

A Regular Council Meeting will immediately follow this meeting.

There being no further business to come before this Finance Committee, and upon motion by Mr. Ruediger, seconded by Mr. Field, this meeting adjourned at 10:12 p.m.

ATTEST:

Caroline L. Kremer, Clerk of Council

Justin Ring, Chairman