

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
April 26, 2016

The Finance Committee met in Council Chambers on Monday April 25, 2016 with these members in attendance:

Doug Marmie, Chair
Bill Cost Jr.
Mark Fraizer

Carol Floyd
Ryan Bubb

We wish to report:

1. **Resolution No. 16-38** authorizing and directing the Auditor of the City of Newark to pay bills on behalf of Division of Police pursuant to section 5705.41 (d), then and now certification; and declaring an emergency was considered.

Director Spurgeon- we had a bit of an emergency in the Division of Police, a hot water tank let loose on us. It was something unforeseen so we had to bypass the customary procedure. A local vendor did a marvelous job and we would like to pay them please.

Motion by Mrs. Floyd to send to full Council, second by Mr. Cost

Motion passed by a vote of 5-0.

2. **Resolution No. 16-39** authorizing and directing the Mayor of the City of Newark to prepare and submit applications to the Ohio Governor's Office of Criminal Justice Services for fiscal year 2016 Edward Byrne Justice Assistance Grant funding was considered.

Barbara Gilkes- this resolution will allow us to apply for a grant this year; we haven't determined what that will be.

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Mr. Fraizer- these matching funds are for Detectives right? What are the activities?

Barbara Gilkes- they aren't for Detectives they are for the Division of Police. In the past we have primarily applied for technology grants. This is not a personnel grant so my guess is again we will be applying for technology. It is a 75% funding from the State and we can either get a waiver 25% depending on when the application comes out I don't know if we will be able to use in-kind as a match.

Motion passed by a vote of 5-0.

3. **Resolution No. 16-40** appropriating monies for the current expenses of the municipal corporation was considered.

Section 1. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$2,422.82

Account	Description	Amount
100.204.5274	Vehicle Maint	\$2,422.82

Director Spurgeon- Battalion 1's Command vehicle was involved in a non-injury accident and the insurance company paid the city as opposed to the Service Provider. The Division of Fire funded those funds and we would ask that you allow us to put those back in the divisions accounts.

Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd

Motion passed by a vote of 5-0.

Section 2. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$3,098.07

Account	Description	Amount
100.204.5274	Vehicle Maint	\$3,098.07

Director Spurgeon- the Division of Fire has done some house cleaning they have sold some items and we would like to put these monies back in maintenance to replenish the account please.

Motion by Mrs. Floyd to send to full Council, second by Mr. Cost

Motion passed by a vote of 5-0.

4. **Resolution No. 16-42** appropriating monies for the current expenses of the municipal corporation was considered.

Section 1. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$61,286.40

Account	Description	Amount
100.432.5230200	Temp Services	\$61,286.40

Barbara Gilkes- this request for appropriation pertains to our Summer Youth Grant from Licking County Job and Family Services.

Motion by Mr. Bubb to send to full Council, second by Mr. Fraizer

Motion passed by a vote of 5-0.

Section 2. A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$142,661.83

Account	Description	Amount
100.102.5124	Health Ins	\$337.33
100.103.5124	Health Ins	1149.05
100.104.5124	Health Ins	2859.30
100.106.5124	Health Ins	5993.94
100.107.5124	Health Ins	9934.60
100.112.5124	Health Ins	6705.53
100.114.5124	Health Ins	846.66
100.115.5124	Health Ins	1431.18
100.116.5124	Health Ins	6076.66
100.121.5124	Health Ins	1846.06
100.122.5124	Health Ins	4513.41
100.124.5124	Health Ins	927.91
100.127.5124	Health Ins	1597.64
100.131.5124	Health Ins	5818.83
100.202.5124	Health Ins	37,252.55
100.203.5124	Health Ins	6635.20
100.204.5124	Health Ins	584.52
100.205.5124	Health Ins	44,602.14
100.432.5124	Health Ins	2732.94
100.602.5124	Health Ins	816.38

Director Buskirk- we have had the perfect storm with the city insurance. We had less than 1% of the employees and more than 35% of the monies in the first three months of the year. We do have insurance to cover us once the bill goes over \$100,000.00 but we had to pay a bunch at once. Normally there is one or two a year spread over a period of time. We have a health insurance committee that is made up of 6 members. Two are from the Police Department, the reps for A and B. The Union President for Fire and the Union President for ASCFME and 2 non-bargaining employees. We have been meeting since October of last year once a month. What we want to do is increase the total

premium by 7% the city would continue to pay 88% of that and the employees would continue to pay 12%. That is what is in the current agreement. The agreement expires at the end of the year and I'm not going to make any promises there other than we are going to be working on it.

Motion by Mrs. Floyd to send to full Council, second by Mr. Cost

Mr. Bubb- can you explain again what the employees are going to be picking up on this?

Director Buskirk- everybody thinks they are going to add on 7% added on and the total won't be 12 anymore it will be 19 but that is not the case. The total bill we pay by contract the city pays 88% of that and the workers' pay 12% of that and that will stay the same but the total bill will be increasing so we are going to be increasing the premiums by 7%.

Mr. Bubb- you could come back in a few months and need more correct?

Director Buskirk- well it depends on the next few bills that we get and how it goes throughout the year. The worst case scenario we would be \$32,000.00 in the hole, about the middle of the road we would have about \$200,000.00 at the end of the year left over. That's not hardly anything when you get two bills a month that are normally around \$300,000.00 but it bets going broke. I talked to Med Ben and they hadn't really seen anything like this.

Mr. Bubb- you think this is the only funding mechanism to do this?

Director Buskirk- I don't know of any others.

Mr. Bubb- it is a definite big hit.

Mr. Fraizer- do you reconcile this monthly?

Director Buskirk- after every bill we receive we keep a running total so we know where we are at.

Mr. Fraizer- then there is monthly discussions that you have with those representatives, are they ok with the 7% increase, have you discussed it with them?

Director Buskirk- nobody wants to pay more but yes they have agreed that we need to do it. We are also looking at where everyone would be required to follow the American Medical Association guidelines as to when you get this test and that test. The city currently pays for those. Those help us, maybe we find something wrong and it costs us 10 cents instead of waiting a couple of months and it costs \$10.00. We have a meeting on that I think next week. We will have everybody together and our broker is bringing in the nurses that would administer that program but that kicks in over a period of time it is not an overnight start saving money plan but it is a very good thing that we need to be doing.

Mr. Fraizer- the 7% increase that you are recommending in a couple of months if we don't get the bills and there are overages is that carried through the end of the year or is that something we would need to address?

Director Buskirk- we have to pay them as they come in.

Mr. Fraizer- no I'm talking about if we have less bills come in.

Director Buskirk- than hopefully what we call our investment starts to rise. Really we would like for it to be around 1.5 million dollars just to give you a little break. Right now it is around \$500,000-600,000.00.

Mrs. Floyd- it seems to me we really don't have a choice in this matter. We owe it to the employees; it is part of their contract that insurance is included and the Unions have agreed to the 7% increase. While they don't like it and we don't like it, it is certainly necessary. It is like you said everything hit at one time.

Director Buskirk- that is correct on all accounts

Mrs. Floyd- it is a new of different individuals' right? It's not one major cancer case.

Director Buskirk- no we a policy that we pay and at \$100,000.00 the other insurance kicks in and takes care of the rest of the bills. We had a couple over a million dollars this year and we paid the \$100,000.00, we have to maintain that insurance.

Mr. Marmie- where were we at the end of last year?

Director Buskirk- I can pull it up for you Doug but right now I am doing it from memory and I hate to do that but I am going to say it was a less than a million dollars.

Mr. Marmie- and we gave two premium holidays last year?

Director Buskirk- three

Mr. Marmie- and we still ended up at less than a million dollars and we want to be at 1.5

Director Buskirk- I think so, I can forward you the spreadsheet and it has date by date everything that went in and everything that went out. That was part of trying to make the budget.

Mr. Marmie- where are we at now with the fund that we normally call the rainy day fund?

Mayor Hall- I will have to give you the exact number I think we have about \$460,000.00

Mr. Marmie- the reason that I ask that is because we are down street paving and our roads are fastly deteriorating. We had discussion about moving some of that forward for street paving because we don't want to get further behind. We had a very mild winter this winter but next year you never know. I would hope that we would still utilize some of that. I understand this need, I really do. Hind sight is 20/20. If we want to be around 1.5 then I think that until we get to that number premium holidays should definitely not occur. That's just my opinion, nothing I can legislate.

Director Buskirk- we have talked but none of this is official yet. I told you that we have the insurance committee that could possibly be something that is in the next contract.

Mayor Hall- as a reminder we didn't do it to balance this year's budget. Employee increases are negotiated through negotiations and those hit us there for one thing. This insurance plan has been wonderful since we had it. For those of you who are new on Council we are self-insured so that means that we pay claims up to that \$100,000.00 each years and so as insurance companies need to raise premiums we may need too at times. I think 2010 was the last time that we raised them. It has been unbelievably low that we haven't had to do that since we initiated the plan. Most conventional plans have probably gone up 10-20% every year. We have been very fortunate claims experience that we have had healthy employees and healthy dependents. It has turned the other way unexpected. As Mike said at the beginning of the year in the first three months less than 1% of the insureds claims were 35% of the claims. It is an unusual situation. When we pay 88% of the premium that means we have to pay more too. The one advantage that we have is we can do it a little tighter and quicker than an insurance company

would in some ways so as a result we can respond a little better.1.5 is desirable and we will work towards but we have no intentions of taking holidays up to that point for sure.

Motion passed by a vote of 5-0.

Section 3. A request for an appropriation of the unappropriated balance of the 152, Budget Stabilization Fund, in the amount of \$142,661.83

Account	Description	Amount
152.100.5901001	OPT	\$142,661.83

**Motion by Mr. Bubb to send to full Council, second by Mr. Fraizer
Motion passed 5-0.**

Section 4. A request for an appropriation of the unappropriated balance of the 669, Storm Water Fund, in the amount of \$1,547.39

Account	Description	Amount
669.169.5124	Health Ins	\$1,547.39

**Motion by Mr. Bubb to send to full Council, second by Mr. Fraizer
Motion passed 5-0.**

Section 5. There is hereby an appropriation of the unappropriated balance of the 661, Sewer Admin Fund, in the amount of \$11,521.50

Account	Description	Amount
661.713.5124	Health Ins	\$6,971.69
661.714.5124	Health Ins	2331.13
661.715.5124	Health Ins	2218.68

**Motion by Mr. Bubb to send to full Council, second by Mr. Fraizer
Motion passed 5-0.**

Section 6. A request for an appropriation of the unappropriated balance of the 621, Water Admin Fund, in the amount of \$22,957.15

Account	Description	Amount
---------	-------------	--------

621.706.5124	Health Ins	\$3,912.17
621.707.5124	Health Ins	1346.06
621.708.5124	Health Ins	9162.09
621.709.5124	Health Ins	8536.83

**Motion by Mrs. Floyd to send to full Council, second by Mr. Bubb
Motion passed 5-0.**

Section 7. A request for an appropriation of the unappropriated balance of the 236, Com Dev Fund, in the amount of \$2,511.11

Account	Description	Amount
236.601.5124	Health Ins	\$2511.11

**Motion by Mr. Fraizer to send to full Council, second by Mr. Bubb
Motion passed 5-0.**

Section 8. A request for an appropriation of the unappropriated balance of the 221, Street/Traffic Fund, in the amount of \$13,201.92

Account	Description	Amount
221.302.5124	Health Ins	\$13,201.92

**Motion by Mr. Fraizer to send to full Council, second by Mrs. Floyd
Motion passed 5-0.**

5. **Resolution No. 16-45** authorizing the City of Newark, Ohio to raise the premium rate for health insurance contributions in order to properly fund the city's insurance reserve account; and declaring an emergency was considered.

**Motion by Mrs. Floyd to send to full Council, second by Mr. Bubb
Motion passed 5-0.**

Doug Marmie, Chair