



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES

November 4, 2015

Budget Review

COUNCIL MEMBERS PRESENT:

J. Waltman, D. Reed, M. Goodman-Hinnershitz, J. Slifko, S. Marmarou

OTHERS PRESENT:

L. Kelleher, C. Snyder, C. Zale, D. Pottiger, L. Agudo, C. Younger, D. Cituk, A. Palacios, R. Johnson, W. Stoudt, J. Parr

Note: The symbol “»” shows follow up/parking lot items.

The meeting was called to order at 5:30 pm by Ms. Goodman-Hinnershitz

I. CDBG Action Plan Review

Mr. Agudo stated that the final CDBG Action Plan (budget) will be considered for approval at the Council Meeting scheduled for Monday, November 9, 2015. He stated that the budget has allocations for projects in the CDBG, ESG, Admin and HOME areas. He explained the application process and how projects are considered for inclusion. He inquired if Council wanted any modifications to the proposed budget.

Ms. Snyder noted that originally the Summit Chase Drive street lighting project was going to be partially funded by the CDBG Action Plan; however, after closer consideration, she and Mr. Johnson decided to fund the project from the Liquid Fuels and Capital areas.

Ms. Goodman-Hinnershitz inquired about the Action Plan amendment process. Mr. Agudo explained that amendment recommendations are forwarded to the mayor and City Council followed by a public notice period and Council approval. He stated that the amendment must follow the HUD requirements and guidelines. If HUD finds that the project does not comply with their regulations and guidelines, the City will need to reimburse HUD for the cost of the project via the General Fund.

Mr. Agudo stated that in late November he will be making a recommendation for a new CDBG project funded with un-programed funds. He explained that un-programed funds are accumulated when budgeted projects come in under budget. He noted that if a funded project fails to use the money allocated it must be returned to HUD. He suggested considering some type of Public Works project.

» Ms. Goodman-Hinnershitz requested that posting the HUD regulations and guidelines on the City's website and including them in the transition materials being prepared for the mayor-elect. Ms. Snyder agreed.

II. Budget Review – Expenditures

- Healthcare Expenditures

Ms. Snyder explained that the City is self-insured for employee healthcare coverage and that the cost of the coverage will rise by 19% in 2016. She stated that this year the budget separates the healthcare costs for active employees and retirees. She stated that most active employees contribute towards their healthcare coverage (Fire employees, other than those hired after the Act 47 Plan was approved, do not contribute). She added that some retirees do not contribute toward the cost of the healthcare coverage. She explained that the Act 47 Recovery Plan (original and amended) caps the City's exposure to increased healthcare costs at 5%. Increases over 5% are covered by the employee contributions.

Ms. Snyder stated that the increase was caused by inflation and employee utilization of the healthcare coverage. She stated that discussion on this topic was delayed due to the need to get the IAFF, FOP and AFSCME to agree to modifications to the plan that will reduce the cost of the plan. She stated that as the IAFF refused to agree to a plan modification, she has asked EHD (the provider) to look for options to reduce the cost of the plan. She noted that the increase and the need to explore other more affordable options has delayed the re-enrollment process.

Ms. Snyder stated that the employee who is currently enrolled in the middle healthcare plan for a family currently contributes \$94 per month to the cost of the plan. In 2016 that contribution will rise to approximately \$200 per month. She stated that the City is also planning to offer the employee who opts out of coverage an annual \$2000 bonus, currently the opt out bonus is \$1000. She explained that by opting out the employee could go onto the plan of a spouse or find a plan through the marketplace.

Ms. Snyder stated that the City is meeting with an arbiter next week to begin the process to remove retirees who have been re-employed with organizations that offer comparable healthcare packages. She stated that some retirees who have been re-employed have already been removed from the City's healthcare coverage.

Ms. Snyder explained that of the 19% increase, 5% is paid by the City and 14% is paid through employee contributions; however, the impact on the individual employee will be approximately 45%. She stated more information will be available after EHD provides additional options.

III. Completion Process

Ms. Goodman-Hinnershitz noted the need to develop a plan to complete the budget review period and make decisions about the final budget.

Mr. Zale reviewed the updated parking lot items. A handout was distributed and the Expenses by Category report is attached to the agenda. Mr. Waltman requested printouts.

» Mr. Waltman asked Mr. Zale to obtain the 5 year template that is in the Recovery Plan from Mr. Mann. He also noted the need for further discussion on the Property Maintenance POS regarding inspection billing and increasing the Business Privilege revenue by approximately \$500K.

Mr. Agudo explained that the Law Office has told CD that they cannot apply liens to delinquent City fees; therefore a collection agency has been retained. Discussions with PFM resulted in the recommendation to use POS applications to improve the collection of revenue. Further discussion will occur.

Mr. Zale reported that the revenue changes imported from the Auditor's recommendations yielded an addition of \$224,501 in revenue, which created a net impact over all of \$574,501 in revenues. The expenditure reductions to date total \$2.3M and the parking lot expenditures could cause a further reduction of \$663K. He noted that the Recovery Plan projects using \$1.3M in fund balance for the 2016 budget.

Ms. Snyder noted the need to either repeal or retain the **Per Capita tax**. She stated that once it is repealed, it cannot be reinstated. She asked Council to consider allowing the administration with one more chance to outsource this tax and collect it properly, using a collection incentive.

Ms. Goodman-Hinnershitz polled the Council members present on the question "To repeal or retain the Per Capita tax and allow the administration one more attempt to properly collect it."

Mr. Marmarou expressed the belief that the Per Capita tax should be retained. He stated that there are many college students and elderly people who refuse to pay this tax. He stated that off campus students and their cars have overtaken his neighborhood. He stated that they should have to pay too.

Ms. Kelleher stated that college students only need to pay Per Capita tax if they have changed their addresses on their driver's licenses and they pay EIT locally, otherwise they remain residents of their hometown.

Mr. Slifko expressed the belief that this tax is unfair and he would prefer to have it repealed; however, he agreed to allow the administration to have one more chance at perfecting the collection of the tax.

Ms. Reed agreed that the tax is unfair but she stated that she will agree to allow the administration with one more chance to improve collection as it cannot be reinstated if it is repealed.

Mr. Waltman expressed the belief that the tax should be repealed.

Ms. Goodman-Hinnershitz expressed the belief that the administration should have one more chance to properly collect the Per Capita tax.

Ms. Kelleher was asked to poll Mr. Sterner and Mr. Daubert.

Under expenditures the first parking lot item was Police Vehicles.

Captain Parr explained the need for additional K9 vehicles. He stated that the Chief has a buy two (2) get one (1) free agreement with Savage. The Chief supplied a wish list of 3 SUVs, 1 Ford sedan and 1 Ford Fusion. It was unknown if the SUVs were K9 vehicles or supervisor vehicles.

» Ms. Snyder reported that there is already a line item for \$220K in Police vehicles in the 2016 budget. The Chief will be asked to provide additional information.

IV. Other

Ms. Snyder stated that the Public Works budget includes funding for a part-time person to assist the Public Works Director with projects. She stated that the Admin area in CDBG can provide supplemental funding to hire a fulltime person in this position. Council noted their agreement.

The next meeting will be held on Monday November 9th during the COW and Thursday the 12th in the Penn Room. The meeting adjourned at approximately 6:45 pm.

*Respectfully Submitted by
Linda A. Kelleher, CMC, City Clerk*