Finance & Judiciary Committee Meeting
MINUTES
September 14th, 2010
6:00 p.m.

Members: Ben Kessler, Chair, Richard Sharp, Rick Weber

Roll Call: All present.

Others Present: Mayor Brennan, Lou Chodosh, Beecher Hale, Bill Harvey, Bruce Langner, and Chief Rinehart.

Review of Minutes: July 27th, 2010 - Approved

Presentation and/or Special Guests: None.

Mr. Harvey said Council needs to approve any out-of-state trips for employees. Kathy Rose would like to attend a seminar in Indiana pertaining to zoning and building issues. Ms. Rose has the money in her budget for the expense but needs to request permission from City Council. President McClelland said a Motion will need to be made along with a vote during City Council. One of the Council members asked what the cost of the trip will be and Mr. Harvey said he believes it is approximately $260.00 for the two day seminar, plus mileage and expenses. He said the funds are already in the budget so she is not asking for additional funds, simply permission to attend since it is out-of-state.

Ordinances & Resolutions

Third Readings.
None.

Second Readings.
None.

First Readings.

Ordinance 37-10 authorizing the transfer of $83,728.70 from the Road, Alley and Sidewalk Fund to the Bond Retirement Fund and to appropriate $83,728.70 from the Bond Retirement Fund and to appropriate $17,149.25 from the Water Fund (total appropriation of $100,877.95) for the purpose of paying 2010 debt service on General Obligations Bonds issued June 24, 2010, introduced by Mr. Kessler (Introduced on September 14, 2010)

Mr. Hale said this Ordinance is in connection with a previous Ordinance pertaining to the sale of bonds. This is along the lines of the street versus water line funds. He needs an

appropriation in order to pay the debt. President McClelland asked if this was for the 6.8 million issued earlier this year. Mr. Hale said yes.

Mr. Kessler made a motion for a recommendation to Council for adoption. Mr. Sharp seconded the motion, Vote 3-0.

Ordinance 39-10 to appropriate $25,000 from the unencumbered General Fund for the purpose of paying income tax collection fees for the remainder of 2010, introduced by Mr. Kessler (Introduced on September 14, 2010)

Mr. Hale said R.I.T.A.'s cost of overhead has increased due to a new software system they were required to purchase by the IRS. The City of Bexley is required to bare their share of the $20,000 along with other communities.

Mr. Sharp said he did not understand how they could just assess additional costs at any time. Mr. Hale said there is a 3% charge plus an administration fee. Mr. Kessler asked if there were any arrangements for a flat fee for these collections. Mr. Sharp said usually a fee is part of the contract and they would be able to budget the extra expenses rather than them asking for these funds mid-year. Mr. Hale said the City receives a rebate from the 3% held all year. Since they incurred a higher cost than expected, they will be deducting this amount from the rebate. Mr. Qualmann asked if we are expecting the same pay as last year. Mr. Hale said the cost for R.I.T.A. was approximately $135,000 last year. Mr. Hale said we are not expecting this increase next year. He said we would not be able to get the work done any where else at a lower price. Mr. Masser said there was a past debate on using R.I.T.A. versus doing it in-house for collections. Mr. Weber asked is there is an additional cost to the City when residency issues are pursued? Mr. Hale said yes there is but it more than pays for itself. Mr. Hale said this cost is withheld. There is no additional check cut for this increase. Mr. Morison said he knows there is a large issue with people working outside of Columbus and trying to go after the proper municipality. Mr. Hale said the cost in 2008 was $144,000; 2009 was $106,000 and 2010 is $109,000. Mr. Kessler said it appears this additional cost is an unavoidable one.

Mr. Kessler made a motion to recommend to Council for passage. Motion seconded by Mr. Sharp. Vote in favor 3-0.

Resolution 16-10 accepting the amounts and rates as determined by the budget commission and authorizing the necessary tax levies and certifying them to the County Auditor, introduced by Mr. Kessler, (Introduced on September 14, 2010)

Mr. Kessler asked if the rates being collected are certified through the Auditor. Mr. Hale answered yes.
Mr. Hale clarified that the amounts come from Franklin County. We only budget for real estate taxes and rollbacks. Mr. Sharp asked about the State funds going into roll back. Mr. Morison said the homestead is decreasing by approximately 25,000. Mr. Hale said

the State pays it twice a year. Mr. Sharp referred to the State laws having reductions from municipal and local governments.

Mr. Kessler made a motion for recommendation to Council for passage. Motion seconded by Mr. Weber.

New Business: Mr. Kessler said the Finance Department had distributed some figures for their review. Mr. Hale said as of September, they are a little ahead of the budget. Mr. Qualmann said there are trended amounts from prior years but it is not turning out that way. Mr. Kessler asked why the government funds increased more than expected. Mr. Morison asked about the section referring to "allocated funds" but he is not sure how they are allocated as far as income/sales tax, etc. Mr. Sharp said they are probably allocated much like the school systems. Mr. Qualmann referred to the 957,000; 822,000; 757,000; and 70,000 which is less than last year. Mr. Sharp said if the sales tax is stabilizing, maybe the state's is too.

Bill Harvey, Service Director – Distributed print outs with the estimated figures for health care plans for 2011. He stated the estimates are based on a 15% but the final numbers will not be available until November, 2010. He said when comparing the HSA plan to the HRA plan, the first five lines refer to the cost. The costs are the same. Today the City pays 60% and the employees pay 40% of their claims. The HSA
Plan is based on employees not having to worry about ½ of their deductible. The HRA saved the City money but also comes with risk. The HSA has no risk involved. It is a flat amount equal to half of the deductible. The employee would have the option to add the funds for the remaining half into the Flexible Spending Account.

Mr. Qualmann said the HSA plan is perceived to be a better benefit since the City provides up front monies for the employees use. Mr. Harvey said a lot of employees do not use the flexible spending account because if they don't use the funds, they might lose the money. The HSA allows rollovers into the next year, if they don't spend the funds. The HSA plan can also be used as a retirement fund with the money being carried through the years without being used. The benefit far out weighs the additional costs.

President McClelland asked where the funds go if an employee doesn't use all of their flexible funding. Mr. Hale said it would go back to the City, but that is very rare. Mr. Lampke said he is aware that the FOP prefers the HSA but he would like to know how the government changes in healthcare will affect the plan. Mr. Harvey said there is an increase in the penalty for using the funds for non-health care related issues to 20%. There is also a change with the flexible spending amounts that will no longer include over-the-counter medications, strictly prescription drugs only. Mr. Kessler said at age 65 the funds can be used for non-medical purposes.

Mr. Weber asked why the City was even considering the HSA when the HRA costs were lower. He said he would like the representative to take a look at possibly a higher deductible to help lower the costs. Mr. Qualmann said currently the City pays 60% and the employee pays 40%. He said perhaps we could look at increasing the employees'

portion to 50/50% split. Mr. Weber said the City needs to take drastic measurers to cut into these expenses and now we need to be going into fine tune those numbers to save some money. Mr. Kessler said the insurance coverage is currently the Anthem Lumenos plan which is pretty "cushy". It includes routine check-ups, etc. that some of the other plans do not offer.

Mr. Qualmann said the City is trying to maintain the current coverage to see if there is a reason to be grandfathered in under the new government healthcare plans. Mr. Weber said he would like to see something other than a $100,000 premium increase. He said Council needs to have an aggressive discussion about changes in the health insurance. President McClelland said we used to share part of the increases with the employees in the past. Mr. Harvey said they still are. They are paying a percentage. Mr. Kessler said until we have the actual numbers we aren't going to be able to have an in-depth conversation. Mr. Harvey said Mr. Lombardo can give us some ideas of going to a lesser benefit plan and what that would mean to our employees. Mr. Morison asked how many employees are currently participating in the health insurance. Mr. Harvey said approximately 75 out of a total of 90 employees are currently on the health plan.

Mr. Qualmann stated if the City goes to a "lesser" benefit plan, we will not be "grandfathered" in under the new Federal guidelines. Mr. Lampke said he thinks the Council members should at least have an opportunity to look at other options. Mr. Harvey asked Council members to start thinking about the change. One of his concerns is that we do not want to offer $1,500 to a single employee and then lower the amount next year. He does not want it to result in"bait and switch" coverage. On the same line of thinking, he does not want the employees to expect an increase each year either. Mr. Weber said he thought the HSA would lock them into a certain amount but he was glad to hear that is not the case.

Mr. Masser said there are two variables why we went to the HRA vs. the HSA. One of the variables being Council did not know what, if any, savings would result. We are now in September. He does not want to run out of time. He would like to have Tony Lombardo speak with Council as soon as possible. We are fiscal representatives of the City and a $100,000 increase to go to a HSA may or may not make sense. He said we are not going to balance the budget managing paper and pencils. It is the big ticket items and this certainly is one of them. He strongly believes this is why the City needs an interim budget. Mr. Harvey said he would speak with Mr. Lombardo and ask if he would be able to attend the next Finance meeting.

Meeting Adjourned at 7:00 p.m.