FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE

DECEMBER 12, 2017

The meeting was called to order at 5:00 p.m. by Chairman Jim Matuszak. Committee members present were Nelson Evans, Jim Matuszak, and Tim McCarthy. Also present were Dave Creps, Finance Director, Tim Fisher, Deputy Finance Director, and Steve Bronder, Income Tax Commissioner.

HEALTH INSURANCE – THIRD PARTY ADMINISTRATOR CONTRACT

Matt Holzemer presented the bids received for health insurance for the committee's review. He reminded the committee that the city shops out the health insurance every year to compare products and pricing. He informed the committee that it had been a rough year on the claim side due to some unusually large claims. Bids were requested from thirteen different companies, but only Medical Mutual submitted a bid because of these ongoing claims. Under the proposed new contract, the stop loss will be adjusted to $75,000 and the fixed rate will stay at 5.7%, but the liability is going up. Mr. Holzemer explained that over the last three years the highest claim was about $60,000, and this year there have been claims of approximately $400,000, $200,000 and $180,000. Mr. Matuszak asked if there is anything the city can do to further protect us in the event we have another year like this one. Mr. Creps said that they have been discussing it internally and with Mr. Holzemer and they are doing what they can, but some ideas would have to be negotiated. Mr. Matuszak asked if being self-insured has cost the City more. Mr. Holzemer confirmed that over the long run we have been under the factors, even with this increase. The Committee agreed 3-0 to recommend approval of the contract for health insurance and a third party administrator presented by Mr. Holzemer.

PUBLIC TRANSIT LEVY

Mr. Fisher said that spreadsheets were sent to the Committee members since the last meeting showing the projections that they requested. Mr. Creps added that since the last meeting they have learned that the difference between a renewal and a replacement levy relates only to the valuation of existing properties. Mr. Evans noted that according to the projections, we would still be okay if we go with a renewal rather than a replacement. He said in his opinion, that since we are still in the early years of having this transit system, he would recommend placing a renewal levy at the same millage on the May ballot. He said that he believes there will be a primary for governor in May, which if that is the case, the city would not have to pay for a special ballot/election. A may ballot would also afford the city another opportunity in November if the levy fails in May. Mr. Matuszak said that the City temporarily subsidized the program the last time the related expenses exceeded the revenues. He asked if there was any reason the City could not do that again if reducing the millage created a short-term deficit. Mr. Creps said that the Municipal Development Fund was used last time and that that fund is not as healthy now as it was then. Mr. McCarthy agreed that we are new in the transit business so he does not want to cut the millage. He did ask if we were to see a surplus three years from now if we could choose not to collect the taxes in year four. There was a brief discussion regarding whether that was possible. The Committee agreed 3-0 to recommend placing a renewal of the transit levy at the same millage as the existing levy on the May ballot.

FINANCE DIRECTOR'S REPORT

The Committee reviewed the list of expenditures greater than $5,000 for November. Mr. McCarthy asked if the payment to P & R Communications for new engine equipment was for the new fire truck. Mr. Creps said that it was. Mr. Matuszak asked if anyone is tracking the costs associated with preparing the site of the second fire station for construction so that those costs can be compared to the costs the administration quoted at the time the site was compared to the costs of acquiring an alternate site that would not have required those same types of expenditures. Mr. Fisher said that we have a project sheet with the costs to date for the new fire station and he will forward it to him.

Mr. Creps reported that the Health Insurance Fund had a balance of $152,518.77 as of November 30, 2017. Mr. Matuszak asked if the extra transfer had been backed out of that balance. Mr. Creps said that it has not been. The balance of the fund without the additional transfer is $12,391.12.

Mr. Creps distributed amendments to the 2017 budget including amended appropriations, amended estimated revenues and amended budget cash transfers. He said that these are end of the year housekeeping items and three ordinances are needed to approve them. Mr. Creps explained that with the amended appropriations the net effect is zero and most of the adjustments are to accounts within the same division. The changes in fund transfers are all items related to increased revenue. The revenues are amended to be sure that the estimated revenues are at least equal to or greater than actual receipts. Mr. Matuszak asked if any departments stood out to the administration as a result of being over budget. Mr. Creps said that the line item for inspections in the Planning and Zoning budget is over, but this is a flow through account. We pay for the inspection fees and then bill the developer. The need for the adjustment was simply a matter of timing between the expenditures and the related collections. The Committee agreed 3-0 to recommend approval of the ordinances.

INCOME TAX COMMISSIONER'S REPORT

Mr. Bronder reported that income tax collections for the month of November were a little over $1 million, which is a 5% decrease from November 2016. Year-to-date collections through November were $17.5 million, which is a 1.6% increase over the first eleven months of 2016.

There being no further business, the meeting adjourned at 5:29 p.m.

Respectfully submitted,

Jim Matuszak, Chairman
Finance and Economic Dev. Committee

Next meeting: To be determined.