

City of Gahanna

*200 South Hamilton Road
Gahanna, Ohio 43230*



Meeting Minutes

Monday, February 24, 2014

Immediately Following the Committee of the Whole

Council Committee Rooms

Finance Committee

Michael Schnetzer, Chair

Karen J. Angelou

Ryan P. Jolley

Thomas R. Kneeland

Brian D. Larick

Jamie Leeseberg

Stephen A. Renner

Kimberly McWilliams, CMC, Clerk of Council

ROLL CALL:

Present 7 - Brian D. Larick, Jamie Leeseberg, Karen J. Angelou, Michael Schnetzer, Ryan P. Jolley, Stephen A. Renner, and Thomas R. Kneeland

Additional Attendees:

Mayor Stinchcomb, Dottie Franey, Matt Holdren, Karl Wetherholt, Anthony Jones, General Williams, Tony Collins, Jennifer Teal, Sue Wadley, Clerk McWilliams, Diana Redman, Press

ITEMS PENDING:**1. ECONOMIC STRATEGIC PLANNING**

Collins said a lot of information was given at the last meeting; Teal and Collins will explain what they learned at Six Sigma Green Belt training; taught them many tools and processes; know Council has questions and concerns; this discussion will be a carry over from last meeting on sustainability; everyone wants a lot of different things to come out of this process; she wants to break it down different discussion pieces.

Teal explained that some of these discussions will be suppliers, inputs, process, outputs and customers.

Collins explained that since it's tax time; think about the concept of the process to file your taxes; what are some of the outputs; could be W-2's, customers, government levels, suppliers would be employers, investment companies, charities, inputs would be receipts and backup information, process would use accountant or other means to get the process complete and file your taxes.

Teal and Collins discussed the following tools regarding sustainability.

Outputs:

2015+ Appropriations Sustainable budget
Reserve Policy
Reliably Accurate forecast model
Capital Improvement Plan
Know "what is spendable"
List of risks (recession, etc.)
Communication Plan
Closer look at Bon-ability
List of "must-haves"
Consensus - i.e., something to adopt
Validation on City services

Quick turnaround decisions for management and staff
Timeline of deliverables
Answers to big questions (master meter, Over-time)
Website status tracker to get information out to residents
Five Year Plan
Desired Level of Service

Customers:

Citizens
Elected Officials
Staff
Media
Lending Institutions
Businesses
Developers
Vendors
Future Citizens
Other Communities
Stakeholders/Service Users
Community Groups
State/Federal/County/Schools

Teal said these steps may not be in order so that is the first order of business for this process is to prioritize the list.

Inputs:

Data - internal/external/historic/demographic/legislative/regulatory
Performance
Resident Input
Funding (studies/discussion plans)
Plan (2/17) - understand the changes
Computing Power
Assumptions

Process: (Staff and Council put in order after discussion)

Data Collection (INVOLVES SEVERAL STEPS)
Get public input from surveys and roundtable- STEP 6
Complete Reserve Policy (levels) - STEP 1
Review/Prioritize Capital & explain alternatives - STEP 4
Operating/Understand change in Revised Plan - STEP 1 & 2 included in this process
Define Uses of Excess Reserves - STEP 2
Answer Big Questions - STEP 5
Review/Prioritize Operation Decision - STEP 3

Leeseberg and Jolley would like to see the amount that is in the reserve policy before they can put forward some of the work in these

processes.

Kneeland said a lot of the outputs overlap, coming back to inputs would like to come back and look at the actual numbers that we will be working with.

Suppliers:

- Staff
- Citizens
- Council/Elects
- FA/Investment Manager
- MORPC
- Other government
- Developers/Businesses

Teal said as you have ideas send them to administration; they are compiling a brief outline of the last two meetings and will put the data in a simple spreadsheet; wants to make sure they have created a process that is ideal to everyone.

Kneeland said this looks like a comprehensive plan; will have document that describes a big process and will be a living, breathing document to be used long term.

Collins said last item is action register; have action items put in a format that is easily accessible to everyone and will bring it back to Council at the next Committee.

2. RESERVE POLICY

FIN DOC	RESERVE POLICY
DOC-0055-2014	Reserve Policy Discussion Notes
DOC-0057-2014	Reserve Calculation Worksheet

Schnetzer said appropriate uses of the reserve is outlined in notes and calculation worksheet submitted to them by finance.

Franey submitted list of enterprise funds and reserve formula possibilities, reserve formula chosen, amount for 2014 and most obvious possible use (attached). She said the three uses would be:

- If revenues drop in a significantly wet year, we can continue necessary maintenance programs;
- If we have an unexpected infrastructure failure, we have some cushion for a supplemental appropriation;

- These dollars are for planned projects. We collect the money in advance and reserve it so funds are available when the project is due.

Franey submitted General Fund - Insurance - Reserve Information (attached) which outlines the types of loss covered, coverage, deductible amount, loss history - 10/Yr Ave and number Claims - 10/Yr Ave and Risk.

Short - Term Financing; Teal said the City has little to no prior history of short-term debt; have an excellent credit rating and strong relationships with local financial institutions; staff believes it would take 2-3 months to secure short-term financing.

Gen Williams said FEMA is administered in conjunction with State and would cover 75% of eligible expenses if emergency meets the eligibility criteria; the City has good track record of obtaining maximum allowable reimbursements by tracking expenses meticulously; Gahanna has been used as example for other communities to follow; usually takes nine months for reimbursement.

Last Presidential disaster recovered \$70,000 out of the \$100,000; Gen Williams said it is imperative to keep track of expenses; hopefully have enough expenses to qualify if declared a Federal disaster; certain cases Governor will provide assistance for State disaster aid; regulated by state management agency and other agencies to receive funding at that level.

Schnetzer asked if they can put a number on what the amount of a disaster looks like; Teal said they had two in the past ten years and can gauge our loss from those emergency situations.

Teal said not all FEMA reimbursements go to the general fund; Stinchcomb pointed out that it is not so much the disaster it is the unknown emergency unforeseen at the local level; Gen Williams said yes that it could involve the police officers, a lot of over-time hours and there is no reimbursement at the local level.

Gen Williams said there are a lot of factors that can play into an emergency situation.

Larick said he would like to get to a number; Schnetzer said it would be very hard to include all variables to get a real number for a disaster.

Wadley discussed Workers Compensation; City went self-insured for Workers Compensation in 2011; Between 2011 and 2013, we paid a total of \$83,387 in claims; this is an average of \$27,800/year; claims rate is well controlled through employee safety training, HR critical review of proposed claims, etc.;

worst-case scenario type issues, we have stoploss insurance and a liability maximum limit of indemnity to cover the City in the case of a catastrophic claim; stoploss deductible is \$500,000 and the maximum indemnity limit is \$1,000,000 per occurrence and in aggregate; max out of pocket is \$1,000,000 per occurrence; 2013 year-end fund balance of workers compensation fund was \$155,600 and efforts are being made to increase the balance each year as the program matures; in the event of a catastrophic claim, the workers compensation fund would rely on support from General Fund to cover the difference until the fund balance is sufficient to cover the stoploss deductible. Leeseberg asked if top businesses leave and can't be filled; Schnetzer asked is there sufficient demand to fill a large business that has 500 or more employees; Jones said although can back-fill that amount of revenue is hard to fill short term; would take a lot of effort to fill larger users (500+); Schnetzer asked if we have working model to see what that would look like if this occurs; Jones said he can work on the information.

Schnetzer asked if there is a failure of a financial firm; money with Huntington; he realizes we have coverage up to \$250,000+; Teal said they do what they are required to do from a legal standpoint; currently primary broker holds the bulk of the portfolio in safekeeping and they do what ORC and the auditors suggest; structure and management that the City stay secure.

Jolley asked about legislative or regulatory predictions; maybe not looking for a dollar figure, but maybe dialogue about the state or federal level that could be wiped away with one signature; Teal said the good news is that these processes allow for a fair amount of lead time and something we can plan ahead if that should occur.

Teal said received great input from the worksheet submitted in the packet; rather than re-invent the wheel; this tool can be used to assess how important certain risks are and how to proceed with setting a final reserve target based on analytical guidance by giving the City a score; she suggested we plug in the numbers and discuss the risks (she believes the city would score 17-24); by using this worksheet believes can level their energy where it needs to fall and would like staff to plug in these numbers and bring back this information within a couple weeks to give us a broad comfort level so everyone can move on.

Gen Williams pointed out might be an emergency to his dept may not be that big of an issue to another department; he believes that everyone should come together and arrive at one number to get an accurate picture.

Teal said this is a lot of information and can probably get a rough draft by March 24; she can bring some examples for the next meeting.

Meeting Adjourned

Kimberly McWilliams, CMC, Reporting