

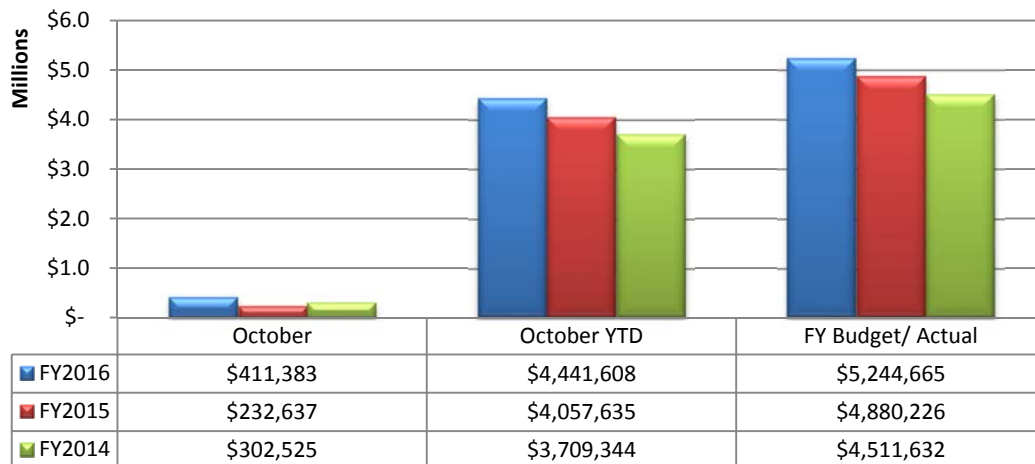


**City of Pataskala Finance Department**  
**James M. Nicholson, Finance Director**  
*Finance Director's Report to Council*

**Current Projects & Issues**

- **October 2016** – We are in the process of closing the books for the month of October. I would anticipate closing the month shortly, and plan to have the monthly financial report prepared and distributed with the mid-November Finance Director's Report to Council. At this point in time, however, I am able to update Council on the status of October's income tax collections.
  - **Income Tax Revenue** - Collections for the month of October are \$411,383 and are \$178,746 (76.83%) higher than the October 2015 collections. On a year to-date basis, however, total collections are \$4,441,608 and are \$383,973 (9.46%) higher than last year. When comparing our year over year increase to other comparable RITA communities, we are experiencing a somewhat higher rate of increase than those other communities combined. The average 2015-2016 increase for all 217 communities (including Pataskala) is currently running at 6.3%, while ours is approximately 10.5%.

**Income Tax Collections - All Funds**



- **2017 Budget** – Work on the comprehensive budget book was completed, and printed copies were prepared and distributed to the Mayor and Council. A Council budget review session was held on Monday, October 31<sup>st</sup> to provide an opportunity for Council members to ask questions regarding the proposed budget. Currently, we are aware of several adjustments to the budget that will need to be made (e.g., Mink Street Phase II, medical insurance, etc.), however, I am holding off incorporating any these changes until after the 2<sup>nd</sup> reading of the ordinance. This eliminates the risk of the Mayor, Council members or staff working from an outdated version of the budget.
- **Medical Insurance Renewal** – We continue to work on identifying and evaluating all of our options regarding the city's 2017 medical insurance renewal. Although BJ and I attended the October 27<sup>th</sup>

OPEC-HC board meeting and presented our request to be released from the cooperative without penalty, we recently received word from Frank Harmon (our broker) that our request was denied. Based upon the competitive alternative proposals received, I do not believe that it would be in the city's financial best interests to leave the plan prior to the end of the current contract end on December 31, 2017. I have notified Mr. Harmon of our intention to leave the cooperative no later than at the end of 2017, and have requested that he provide me with any costs or liabilities that we might be charged or assessed at the end of the contract period. I have not yet received that information, but will share it with Council when I do.

It appears that we may be able to modify the plan structure somewhat (increasing employee deductibles, for example) in order to reduce the overall financial impact to the city. Absent an agreement to the contrary, all employee contributions (e.g. coinsurance) are scheduled to return to their contractually agreed-upon 10% rate for January, 2017 premiums (deductions taken in December, 2016). If we were to increase the employee portion of the deductible they are responsible by \$400 (employee-only coverage) to \$800, and by \$800 for all other coverage levels (to a total of \$1,600), it would reduce the city's year-over-year increase to 9.88%. This approach assumes that total deductibles (in aggregate) would increase by \$300 from \$1,500 to \$1,800 (employee-only coverage) and by \$600 from \$3,000 to \$3,600 (all other coverages). The net difference would reflect an additional \$100 or \$200 in deductible that was previously covered by the city, but would be shifted to the employees for 2017. Below is a table summarizing the proposed deductible changes:

	Employee-Only			All Other Coverages		
	Current	Proposed	Change	Current	Proposed	Change
City-Funded Deductible	\$ 600	\$ 500	\$ (100)	\$ 1,200	\$ 1,000	\$ (200)
Wellness Credits	500	500	-	1,000	1,000	-
Employee Responsibility	400	800	400	800	1,600	800
<b>Total Deductible</b>	<b>\$ 1,500</b>	<b>\$ 1,800</b>	<b>\$ 300</b>	<b>\$ 3,000</b>	<b>\$ 3,600</b>	<b>\$ 600</b>

By taking these actions, the maximum full-year cost for the employees could increase by \$30,800 associated with the higher level of deductibles (assuming all employees 'max out' their deductible during 2017), although the reduced rate of employee contribution (from 17.5% to 10%) would reduce their coinsurance cost by \$46,465. The combined net impact of both is a year-over-year reduction in employee total out of pocket costs of \$15,665 (10.32%) for 2017. Accompanying this report is a copy of my complete analysis for the renewal.

- **Collective Bargaining** – We've now received SERB notices for all three bargaining units notifying us of their intent to collectively bargain for a new contract. The negotiating team recently met with our legal counsel, Jeff Stankunas (Isaac Wiles), to begin preparing for negotiations and developing an internal negotiating strategy. We have individual negotiation strategy planning sessions scheduled with negotiating teams to review current contract language to identify any desired contract language changes. Also, I have received and responded to a significant information request from representatives of the USW, and am expecting similar requests in the near future from the FOP and OPBA.

CITY OF PATASKALA, OHIO  
2017 MEDICAL INSURANCE RENEWAL ANALYSIS

Proposed Deductible Increase - Maintain 10% Employee Contribution

Current Program	# Empl.	Monthly Amount	City Share	City Funded Deductible	Wellness	Total City Cost	Employee Share	Employee Deductible	Total Employee Cost	Total Premium Cost	Max Deductible	Maximum Wellness	Total Cost
Employee Only	9	\$ 625.83	\$ 56,184	\$ 5,400	\$ 4,500	\$ 66,084	\$ 11,406	\$ 3,600	\$ 15,006	\$ 67,590	\$ 9,000	\$ 4,500	\$ 81,090
Employee & Spouse	11	\$ 1,245.30	136,640	13,200	11,000	160,840	27,739	8,800	36,539	164,379	22,000	11,000	197,379
Employee & Child(ren)	2	\$ 1,209.31	24,126	2,400	2,000	28,526	4,898	1,600	6,498	29,024	4,000	2,000	35,024
Family	21	\$ 1,811.09	379,378	25,200	21,000	425,578	77,016	16,800	93,816	456,394	42,000	21,000	519,394
<b>Total</b>	<b>43</b>		<b>\$ 596,328</b>	<b>\$ 46,200</b>	<b>\$ 38,500</b>	<b>\$ 681,028</b>	<b>\$ 121,059</b>	<b>\$ 30,800</b>	<b>\$ 151,859</b>	<b>\$ 717,387</b>	<b>\$ 77,000</b>	<b>\$ 38,500</b>	<b>\$ 832,887</b>
			\$ 49,694.00				\$ 10,088.25			\$ 59,782.25			

Proposed \$400/\$800 Deductible Increase w/10% EE Contribution	# Empl.	Monthly Amount	City Share	City Funded Deductible	Wellness	Total City Cost	Employee Share	Employee Deductible	Total Employee Cost	Total Premium Cost	Max Deductible	Maximum Wellness	Total Cost
Employee Only	9	\$ 650.40	\$ 63,219	\$ 4,500	\$ 4,500	\$ 72,219	\$ 7,024	\$ 7,200	\$ 14,224	\$ 70,243	\$ 11,700	\$ 4,500	\$ 86,443
Employee & Spouse	11	\$ 1,295.20	153,870	11,000	11,000	175,870	17,097	17,600	34,697	170,967	28,600	11,000	210,567
Employee & Child(ren)	2	\$ 1,256.80	27,147	2,000	2,000	31,147	3,016	3,200	6,216	30,163	5,200	2,000	37,363
Family	21	\$ 1,883.20	427,110	21,000	21,000	469,110	47,457	33,600	81,057	474,567	54,600	21,000	550,167
<b>Total</b>	<b>43</b>	<b>3.98%</b>	<b>\$ 671,346</b>	<b>\$ 38,500</b>	<b>\$ 38,500</b>	<b>\$ 748,346</b>	<b>\$ 74,594</b>	<b>\$ 61,600</b>	<b>\$ 136,194</b>	<b>\$ 745,940</b>	<b>\$ 100,100</b>	<b>\$ 38,500</b>	<b>\$ 884,540</b>
			\$ 55,945.50				\$ 6,216.17			\$ 62,161.67			

Net Increase	# Empl.	Monthly Amount	City Share	City Funded Deductible	Wellness	Total City Cost	Employee Share	Employee Deductible	Total Employee Cost	Total Premium Cost	Max Deductible	Maximum Wellness	Total Cost
Employee Only	9	\$ 24.57	\$ 7,035	\$ (900)	\$ -	\$ 6,135	\$ (4,382)	\$ 3,600	\$ (782)	\$ 2,653	\$ 2,700	\$ -	\$ 5,353
Employee & Spouse	11	\$ 49.90	17,230	(2,200)	-	15,030	(10,642)	8,800	(1,842)	6,588	6,600	-	13,188
Employee & Child(ren)	2	\$ 47.49	3,021	(400)	-	2,621	(1,882)	1,600	(282)	1,139	1,200	-	2,339
Family	21	\$ 72.11	47,732	(4,200)	-	43,532	(29,559)	16,800	(12,759)	18,173	12,600	-	30,773
<b>Total</b>	<b>43</b>		<b>\$ 75,018</b>	<b>\$ (7,700)</b>	<b>\$ -</b>	<b>\$ 67,318</b>	<b>\$ (46,465)</b>	<b>\$ 30,800</b>	<b>\$ (15,665)</b>	<b>\$ 28,553</b>	<b>\$ 23,100</b>	<b>\$ -</b>	<b>\$ 51,653</b>
			\$ 6,251.50			9.88%	\$ (3,872.08)		-10.32%	\$ 2,379.42			6.20%