



City of Pataskala

Legislative Report to Council

Legislative Report

October 7, 2024 Council Meeting

Unfinished Business

A. Ordinances

- **ORDINANCE 2024-4481 – THIRD READING - AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$3,500,000 OF BOND ANTICIPATION NOTES BY THE CITY OF PATASKALA, OHIO, IN ANTICIPATION OF THE ISSUANCE OF BONDS FOR THE PURPOSE OF PAYING PART OF THE COST OF WATER TREATMENT PLANT AND FACILITY REPAIRS AND IMPROVEMENTS, INCLUDING ALL NECESSARY APPURTENANCES THERETO, AND MATTERS RELATED TO SUCH BOND ANTICIPATION NOTES.**

The iron filter at the city's water treatment plant is failing and it has been determined that it needs to be replaced. Due to the significant investment/funding required, we are planning to issue debt to fund the design and construction of a new iron filter. Based upon the initial cost estimates from the engineers, it is anticipated that the total cost of replacing the iron filter will be around \$2.5 million. In addition to the construction costs, the city is also including: (1) \$500,000 in the debt for the design of the filter as well as construction management and inspection; (2) \$476,000 in contingency funding for the project in the event the final costs are greater than anticipated; and (3) \$24,000 for costs of issuance related to the BANS. Please know that the \$3.5 million total is a maximum (not to exceed) issuance amount and would cover all of the aforementioned items. The 'Current Estimate' column below illustrates how the \$3.50 million number was calculated.

CURRENT ESTIMATE	ITEM DESCRIPTION
\$2,500,000	Estimated Construction Cost
500,000	Design of the filter and
24,000	Estimated Costs of Issuance
476,000	Contingency
\$3,500,000	Total 'Not to Exceed' Amount

I've worked with our financial advisor (Heather Arling, Bradley Payne Advisors) to determine the best approach to funding this project. We will start with a 1-year Bond Anticipation Note (BAN) and will later determine how to finance and pay off the note in

late-2025. **We are requesting that Council hold the 3rd and final reading of the legislation at the October 7th meeting and approve the legislation. Once the legislation has been approved, we can go to the debt markets on or after November 7th (after the 30-day referendum period has passed) to have the required funding in place prior to awarding the design and construction contracts.**

➤ **ORDINANCE 2024-4482 – SECOND READING - SUPPLEMENTAL APPROPRIATION**

We have identified multiple adjustments to the 2024 budget which require modifying the existing approved appropriations. **We are respectfully requesting that Council hold the 2nd reading of the ordinance at the October 7th meeting and amend by substitution. We would anticipate the ordinance going through all 3 required readings. Changes to the ordinance made since the 1st reading have been highlighted in bold below.**

- *Sections 1-2: Iron Filter Replacement* – When the 2024 operating and capital budgets were developed, it was anticipated that we would be receiving a 7-year bank loan for the project costs. As such, proper accounting for the loan revenue and project expenses would have them recognized in the Water Capital Improvements (602) fund. Since that time, the city has elected to issue bond anticipation notes (BANS) to provide the necessary funding for the design/build of the filter. As such, we should more appropriately book these revenues and expenses in the Water Bond Improvements (603) fund. We are requesting that Council reduce the \$2.75 million in appropriations from the 602 fund and increasing the 603 fund by \$3.48 million. The increase has a net \$726 thousand appropriations increase to the budget and reflects current cost estimates.
- *Section 3: BAN Costs of Issuances* – Now that the city is planning to issue BANS to finance the Iron Filter Replacement project, we must plan for the paying and reporting the costs of issuance. It is estimated that the COI may be as high as \$24,000, but it may be less than that. The COI includes bond counsel, underwriters fee, municipal advisory fees, etc. I've included a copy of the estimated costs of issuance with my bi-weekly report to Council.
- *Sections 4-7: Income Tax Collection Fees & Refunds* - Income tax and property tax collections continue to track better than the original budget estimates. During August, the property tax projections were increased to reflect the improved trend. Unfortunately, one of the consequences resulting from increased collections is that the costs of collections have also risen proportionally. In addition, the cost of making revenue-sharing payments to the school districts in 2024 has also increased. These sections represent the increases necessary to cover those expenses.
- *Section 8: WRF Expansion Planning Loan Budget Modification* – When the 2024 budget was originally developed, it was assumed that we would issue debt of \$1.5 million for the planning and design of the WRF expansion. We have received a DEFA loan of \$450,000 for the planning portion of the project. This supplemental appropriation would reduce the \$1.5 million down to the \$450,000 amount needed. At the same time, we would be reducing the revenue side by the same amount to reflect the approved DEFA planning loan proceeds.

- **Section 9: Licking County Fees** – The property tax revenues collected by the Licking County Auditor’s office greatly exceeded expectations. As a result, the costs of collection exceeded the original budget. We are requesting an increase in this line of \$10,000 to cover the costs of collection already charged against the gross revenue collected by Licking County.

B. Resolutions

New Business

A. Ordinances

Consent Agenda

3. Motions

4. Resolution

- **RESOLUTION 2024-063 - A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO AN AGREEMENT WITH THE CENTRAL OHIO HEALTHCARE CONSORTIUM (COHCC) FOR THE PURPOSE OF PROVIDING EMPLOYEE AND DEPENDENT HEALTH INSURANCE BENEFITS.**

The city has been a member since 2018 of the Central Ohio Healthcare Consortium (COHCC) for the provision of medical insurance to city employees and their dependents. The underlying trust agreement, the Joint Self-Funding Agreement, is an intergovernmental agreement that calls out all of the terms and conditions of membership in the pool and has a 3-year term. The current 3-year agreement will expire on December 31, 2024 and has been reviewed by the COHCC Board (of which the city has a seat on) and the pool’s legal counsel. These reviews have resulted in a number of minor revisions primarily made for consistency throughout the document and to eliminate any redundant or irrelevant information. The approved rates for 2025 will be up by 3.5% from 2024. However, we are also receiving a 1-month premium holiday of \$93,331 and long-term and short-term performance dividends totaling \$206,644. The combined premium holiday and dividends reduce the total cost of coverage by \$299,975 and is equal to 25.88% (or approximately 3.1 months) of premiums. The ‘give backs’ are the result of the plan having excess reserves to cover anticipated claims. **We are requesting that Council approve the resolution at the October 7th meeting and authorize the City Administrator to execute the 2025-2027 agreement.**

- **RESOLUTION 2024-064 - A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO AN AGREEMENT WITH DELTA DENTAL FOR THE PURPOSE OF PROVIDING EMPLOYEE AND DEPENDENT DENTAL INSURANCE BENEFITS.**

The city offers its’ employees with a dental insurance program for which we are currently under contract with Delta through the COHCC. The renewal for 2025 is 4% higher than the rate paid in 2024 and is the first increase in at least 3 years. City employees currently contribute 10% of the cost for this program, and we are not advocating any changes to the program at this time. **We are requesting that, at the October 7th Council meeting,**

Council approve the resolution and authorize the City Administrator to execute the necessary documents for participation in the 2025 Delta Dental insurance program.

➤ **RESOLUTION 2024-065 - A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO AN AGREEMENT WITH THE VISION SERVICE PLAN FOR THE PURPOSE OF PROVIDING EMPLOYEE AND DEPENDENT VISION INSURANCE BENEFITS.**

The city offers its' employees with a vision insurance program for which we are currently under contract with Vision Service Plan (VSP) through the COHCC. The renewal for 2025 is equal to the rate paid in 2024 (0% increase). City employees currently contribute 10% of the cost for this program and we are not advocating any changes to the program at this time. **We are requesting that, at the October 7th Council meeting, Council approve the resolution and authorize the City Administrator to execute the necessary documents for participation in the 2025 VSP vision insurance program.**

➤ **RESOLUTION 2024-066 - A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO AN AGREEMENT WITH THE STANDARD FOR THE PURPOSE OF PROVIDING EMPLOYEE AND DEPENDENT LIFE INSURANCE BENEFITS.**

The city currently provides \$100,00 in life insurance coverage to our employees, and they are eligible to also have \$20,000 spousal and \$10,000 dependent child coverage. The program also provides for \$200,00 AD&D employee coverage and \$300,000 Police line of duty death benefit. As is the case in the other insurance programs, employees are assessed 10% of the cost, and we intend for this to be the same in 2025. The city's 2025 premiums are unchanged from 2024 (0% increase), and we are not advocating any changes to the program at this time. **We are requesting that, at the October 7th Council meeting, Council authorize the City Administrator to execute the necessary documents for participation in the 2025 The Standard life insurance program.**

➤ **RESOLUTION 2024-067 - A RESOLUTION AUTHORIZING AND DIRECTING THE CITY ADMINISTRATOR TO PREPARE AND SUBMIT AN APPLICATION FOR FUNDING UNDER THE OHIO PUBLIC WORKS COMMISSION STATE CAPITAL IMPROVEMENT PROGRAM FOR THE PURPOSE OF REPLACING IRON FILTER #2 AT WATER TREATMENT PLANT 1**

Iron Filter #2 that is located at Water Treatment Plant 1 is failing and in need of replacement. This Filter is critical in the treatment process of producing potable water for the residents served by Pataskala utilities. The Utility Department wishes to apply for OPWC funding to assist with the purchase and installation of a new Iron Filter for the above location. In order to apply, OPWC requires a resolution from council authorizing the application. This resolution will meet that requirement.

➤ **RESOLUTION 2024-068 - A RESOLUTION AUTHORIZING AND DIRECTING THE CITY ADMINISTRATOR TO EXECUTE A CONTRACT WITH HEADWAY STRATEGY, LLC. FOR INFORMATION AND TECHNOLOGY SERVICES**

The City of Pataskala uses numerous IT systems as a part of its daily operations. The city has historically hired an outside firm to install, troubleshoot, and secure those systems. Recently, the administration made the decision to pursue the option of going with a new firm for those services.

The administration followed the Request for Proposal (RFP) process and received four submittals. Following the RFP scoring process, Headway Strategy, LLC. was determined to have submitted the best proposal for Pataskala.

The cost for these services is defined in the agreement attached to the resolution as Exhibit A. This fee structure is based on an as needed per unit concept. The number of employees, servers, and data stored will affect the total cost of the agreement. For comparison, these numbers are essentially at or below what our current IT service provider is charging. The cost is shared between the different departments, with the exception of the Police Department. The Police Department uses its own IT service provider with the exception of managing their office desk phones and the Microsoft Outlook accounts.