

**COMMON COUNCIL
FINANCE COMMITTEE
JULY 9, 2020**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 on Thursday, July 9, 2020. The meeting was called to order at 8:18 a.m. with Mike Davis, Greg O'Connor, Darren Peterson, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Attorney Michael Howard, Human Resources Director Holly Ramon, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson.

Corporate Campus Infrastructure Improvements – Funding Update

Mr. Spalding stated this item is on the agenda because it will be considered by the Redevelopment Commission at a meeting later this morning. He stated he wants to show the committee how this financing fits into the City's overall finances. He stated more information will be presented to the Council at a later date.

Mr. Howard distributed a description of the project and a chart showing the sources and uses of funding. He stated the project will consist of improvements to Olio Road between 141st Street and 146th Street to four lanes with a trail on the west side of the road, a two lane roundabout at 146th Street and Olio Road, and improvements to 146th Street from Bergen Boulevard to Olio Road to three lanes with a trail on the north side of the road. He stated there will also be substantial drainage improvements and the extension of sanitary sewer. He stated the project will improve traffic flow and open the area to development. He stated approximately half of the project cost will come from road impact fees and other sources, and half will come from lease rental bonds to be issued later this year. Mr. Spalding stated the amounts are still preliminary and will be finalized soon. Mr. Howard stated all amounts will be advertised as "not to exceed" amounts. He stated the City has used lease rental bonds before to build 146th Street, Union Chapel Road, Hazel Dell Road, and other projects. He stated the Redevelopment Authority will own the assets, and the Redevelopment Commission will lease them. He stated property tax revenue will be the primary source for debt service, with the Bergen-Tegler TIF pledged as backup if property tax revenue is not sufficient. He noted that most lease rental bonds of this type are paid by TIF revenue and backed up by property tax, but this bond will reverse that scenario. He stated the annual General Obligation bond will be used to pay the 2021 debt service. He noted lease rental bonds do not count toward the City's constitutional debt limit. Mr. Peterson asked how many acres would be benefitted by the project. Mr. Howard replied the Engineering Department can answer that question, but Fire Station 77 is directly north of the project and will benefit. Mr. Light stated the Corporate Campus will benefit from the project. Ms. Wiles asked if the project will open land east of Olio Road for development. Mr. Howard replied yes, it will. Mr. Spalding stated Council action on the bonds will be presented soon.

Mr. Howard left the meeting.

City Health Benefits Comparison

Mr. O'Connor stated as the Council liaison to the Human Resources Department, he met with Ms. Ramon a few weeks ago. He stated he asked her to prepare a comparison of the City's benefits to other cities within the county. Ms. Ramon distributed copies of the comparisons. She stated the chart compared medical and prescription drug coverage provided by the City to those provided by Carmel, Fishers, and Westfield. She stated the other three cities all have high deductible health plans, but Carmel's Plan B is similar to Noblesville's. She focused on family coverage, since it is the most popular and most expensive. She reviewed employee per pay premiums, deductibles, co-pays, out-of-pocket maximums, co-insurance, prescription co-pays, the annual budgeted amount per employee, and the annual city contributions to Health Savings Accounts (HSAs). She noted that the other cities' contributions to HSAs are not included in their annual budgeted amount per employee. She stated all of the cities provide employee clinics. She noted that Fishers and Westfield employees must use Community Health Network providers. She compared total out-of-pocket employee costs and total city costs per employee. Mr. O'Connor stated health benefits for employees are a substantial expense, but our costs are competitive with neighboring cities. He stated our benefits are very attractive. Mr. Peterson asked how many retirees receive health coverage. Ms. Ramon replied Noblesville has 70, Carmel has 50, Fishers has 3, and Westfield has none. Mr. Spalding added that coverage for retirees increases costs because that age bracket needs more medical care. Ms. Ramon stated coverage is provided until age 65, after which the City pays for a Medicare supplement plan for the employee only. She stated the City's benefits are constantly being reviewed, and initiatives to save costs are implemented whenever possible. She noted that 90 percent of healthcare claims come from 10 percent of the employees, which is typical nationwide. She stated Apex, the City's benefits advisor, works to educate and help at-risk employees to improve their health practices, which keeps costs down. She stated the onsite clinic also keeps costs down because the drugs dispensed there are wholesale, rather than paying retail at a pharmacy. Mr. Spalding stated the City's plan is a very good value compared to other cities, and keeping the risk pool intact also keeps costs low. He stated keeping all employees on one healthcare plan keeps the risk pool intact. Ms. Ramon stated she solicits quotes each year for stop loss coverage, although the same provider has been chosen for the past few years. Mr. Spalding stated costs for advisors, administration of claims, and stop loss premiums are all rolled into the budgeted cost for the City's healthcare benefits. Ms. Ramon stated she is currently evaluating if there is a need to change cost sharing. Mr. Light noted that changes were made last year with the intention that this year's costs would remain unchanged.

Ms. Ramon left the meeting.

2021 Budget Development Timeline - Update

Mr. Spalding stated the timeline is still in draft form and has not officially changed. Mr. Beres stated departments are currently entering their budgets into OpenGov, which will continue throughout July. He proposed department budget presentations to Council on August 11, 18, and 25. He stated the budget is expected to be introduced at the Council's September 15 meeting after review by the Finance Committee on September 10. Mr. Spalding stated final data

regarding property tax revenue is usually available by August 1, but this year property tax and LIT revenue amounts will not be available until September 15. He stated this earlier timeline for budget passage will allow time to make adjustments if they are needed. He noted state law requires budget adoption by November 1. Mr. Peterson asked what will happen if tax revenue is significantly lower than expected. Mr. Spalding replied decisions will have to be made if that happens. Mr. Beres stated lost revenue this year could potentially be made up next year.

Mr. O'Connor asked if the committee was comfortable with the proposed format. They were. Mr. Peterson asked for more instruction for the three new Council members, since he found the information overwhelming last year when he was new to the Council. Mr. Spalding replied a capital spending plan will be included in this year's budget, which should help provide context. Ms. Wiles asked for information regarding department cuts and the reasons for them. Mr. Spalding noted that since Noblesville is a growing community, holding spending steady represents a four percent cut. Mr. Light stated departments have been making cuts since the COVID-19 crisis began and are continuing that effort in preparing their 2021 budgets. Mr. O'Connor noted a budget is dynamic, and funds don't have to be spent just because they are in the budget. Mr. Spalding stated the City's culture is one of honest budgeting, and departments know that if additional funds are needed the request will be seriously considered. Mr. Beres stated the budget process requires specificity to provide a good understanding of requests.

Fiscal (and Related) Actions on Council Meeting Agenda – July 14

- *None*

Mr. Spalding stated there has been significant progress in right-sizing and realigning budgets, so no fiscal actions will be presented at this meeting.

Claims Docket Review

Ms. Trexler and Mr. Spalding explained that payroll claims have been removed to a separate docket, so that the Council will review only discretionary spending. Mr. Spalding noted that payroll claims are legal obligations and are not subject to approval. The committee recommended approval of the claims.

Review of Agenda Addendum

Mr. Spalding stated several items have been removed from the addendum because they are complete or actively in progress.

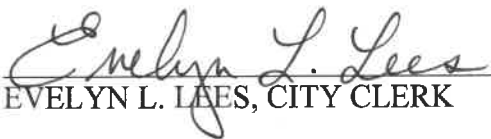
Other Business at Discretion of the Chair

There was no other business.

The meeting adjourned at 9:58 a.m.



GREG O'CONNOR, COMMITTEE CHAIR



EVELYN L. LEES, CITY CLERK