

**CITY OF INDEPENDENCE
COUNCIL WORKSHOP
MAY 24, 2022 4:00 PM
COUNCIL CONFERENCE ROOM/VIRTUAL MEETING**

MINUTES

ROLL CALL

PRESENT: Vice Mayor Grendel, Councilperson Narduzzi, Councilperson Trakas, Councilperson Togliatti, Councilperson Veverka, Councilperson Walchanowicz, Councilperson DiGeronimo

ABSENT:

FIRST READING

ORDINANCE NO. 2022-76 AN ORDINANCE ACCEPTING THE PROPOSALS FOR GROUP HEALTH INSURANCE FROM ANTHEM/ERCHEALTH FOR MEDICAL, AND PRESCRIPTION DRUG, AND FROM GUARDIAN INSURANCE FOR DENTAL, LIFE INSURANCE, AND VISION COVERAGE FOR ALL ELIGIBLE CITY EMPLOYEES FOR JULY 1, 2022 - JUNE 30, 2024 (REV. 1) **(I: MAYOR KURTZ, COUNCILPERSON DIGERONIMO, VICE MAYOR GRENDL, COUNCILPERSON NARDUZZI, COUNCILPERSON TOGLIATTI, COUNCILPERSON TRAKAS, COUNCILPERSON VEVERKA, COUNCILPERSON WALCHANOWICZ)**

Vice Mayor Grendel called the Council Workshop of May 24, 2022, to order at 4:07 p.m. Present were Council Members John DiGeronimo, Tom Narduzzi, Anthony Togliatti, Jim Trakas, Dale Veverka, and Chris Walchanowicz. Also in attendance were Mayor Gregory P. Kurtz, Finance Director Vern Blaze, Procurement Coordinator Dennis Zdolshek, City Engineer Don Ramm, Technical Service Director Dave Snyderburn, Community Services Director Emily Thomas, Recreation Director Tom Walchanowicz, Human Resources Director Bridget Kozub, Service Director Ron McKinley, Police Lieutenant Chuck Wilson, Finance Assistant Maggie Osysko and Ron Boynar from Oswald Companies.

Vice Mayor Grendel said welcome everyone, and of course we have an addition to the workshop, an all important addition, legislation regarding the proposal of the health insurance and other insurances for the employees for the next two years. It's Ordinance 2022-76, and I guess Mayor should we discuss it?

Mayor Kurtz said we should have a discussion first. To Bridget's credit, to Maggie and Vern in a short amount of time put a lot of effort into this to frame something up. The Healthcare Committee also participated. There is no good solution in this as far as I am concerned. It's a matter of moving forward and making sure that our employees are well taken care of, and at the same time you always have to have that balancing act of what taxpayers are paying.

So, maybe it would be appropriate at this time to have Bridget maybe give a summary of the process, or Maggie. I don't care who does, at least introduce the concept and information to Council so that we can proceed before discussion.

Vice Mayor Grendel said I think everybody read the memo that came out, and what a great job to start out at 9.45% and get it down to 5% and get two years. It seems like good work was done by all to get it to this point. Like you say, you never have a situation where you are looking at a reduction of health costs, and that's just the reality of the world.

Mayor Kurtz said we have to make sure as information becomes available and through technology, we understand more of what's going on in the information business. We are able to refine our needs, refine our expectations and make sure we are getting good value. We aren't paying for other's people insurance, we are paying for our people's insurance. We are off the reservation a little bit, but we are moving in the right direction. So, the employees are paying a little bit more. Everybody is going to feel this pain, and we had more competitive rates; but through an analysis and understanding, this is the direction that everyone decided to take at this point.

Vice Mayor Grendel said a 5% increase is below the inflation rate which is going up. If you think in that perspective, it's a job well done. Again, without further ado, Bridget you can give the presentation for us.

Human Resources Director Bridget Kozub said thank you everybody. So, essentially the Healthcare Committee worked with Oswald, our broker, to first we took a look at our renewal which came in at that 9.45%. We took the renewal out to market and essentially the market responded. The market definitely we learned that a lot of carriers find us to be very attractive, not just carriers but brokers alike. We are really the type of group that I think for the ERC health in particular, it seems to be extremely favorable for the fact that we bring positive risk into the pool. When you are looking at ERC health, and Ron you can speak to this as well, it is a pool of risk. So, it's a pool of different employers, and we are one piece of that pool.

I think that ultimately what ERC health is saying to Anthem and saying to the City of Independence is we have found you to be a very valuable partner, and we would like to continue that partnership. They feel that by putting this two-year deal on the table with the 5%, that it speaks to partnership and they are hoping that we can carry through for two years.

I should also make mention that we do have the opportunity to the one-year deal, and the one-year deal is a 2.5% increase. We did not configure all the contributions or that portion into this memo because ultimately the Healthcare Committee feels strongly that the two-year deal would be best, and that is what they are recommending to Council, so that is what we are sharing with you today.

I will say that after we got to the point where we were looking at the 5% increase, and then you have a carrier such as Medical Mutual on the table that is offering a 0% increase, we realized as a committee that we needed to in a sense take on some of that burden in terms of cost if we wanted

to keep Anthem ERC, and we couldn't look to the City to pay that additional cost seeing we had a 0% on the table.

So, that's when we decided to get a little bit more creative, and we looked at plan designs for one. We worked with Oswald to essentially come up with a few options, and the option that seems to really kind of stick best was to look at that PPO plan where we have a \$250 deductible currently, and bump that \$250 deductible up to a \$500 deductible, and then alike for the family plan, we bumped that one up as well. Essentially, what we are doing now is moving our plan and the deductible so the employee share along with the market. So, when you think of an actual doctor's visit today, a lot of them are going to cost you \$250; so for someone to go once and almost meeting their deductible, now it's actually putting a little bit more stake onto the employee's end to help pay for the cost of that plan. Ideally what that does is that it helps to mitigate some of the cost, and it also helps reduce some of the risk that the City has had by having such a rich plan. So, that was the first item that we looked at.

Then we looked at the way we are currently structured in terms of the employee cost share. So, traditionally we had the single and the family plan options. We have as a committee, it is my understanding, looked at building out additional tiers in the past; however, it didn't make a whole lot of sense for us to make any adjustments to the way we were structured in the past. This year it did. So, really by moving from just single and family and building out additional tiers. Now we have single and family, and we have employee and spouse, we have employee and child or children, and then you have family. So, that's a four tier structure which again what it is doing is helping to in a sense spread out the cost of the increase in a way that more so formulates and speaks to the way our claims in a sense are being held within the carrier's risk. So, ultimately looking at it, if we said alright as an employee only your cost share is going to make sense based on the number of employees that we have in the employee only pool, and then the amount of claims that are being spent on an employee only basis. So, that's how that is all broken down, and essentially what happens is that the carrier provides us with those rates, and that is how they are illustrated.

From there, we then went ahead and bumped up the employee contribution from 9% to 9.5%, and you are seeing that spread out throughout all four tiers.

Then the last change that we looked to incorporate, the City has generously provided that HSA contribution in the past where in a sense it would fund our full deductible amount on the HSA plan. So, it's the \$2,800, and then for the family it was a \$5,600 contribution. Essentially what we are doing is we are saying okay we are still recommending to provide that contribution; so on an employee it's going to be the \$2,800. On the employee and spouse basis it will be \$2,800 plus \$1,400, then employee plus child or children it would be same at \$2,800 plus \$1,400, and then for family it would be \$5,600. So, instead of funding the full \$5,600 on the employee and spouse, or employee and child, we are actually removing \$1,400 of that which will save the City \$30,000 right then and there.

So what we did is we essentially took the change to the PPO plan, the way that we structure the contributions in terms of tiering, and the adjustment to the HSA plan, we upgraded the cost savings amongst all of those adjustments so that ultimately now the impact of this 5% increase to

the City would be much less, and that's how the committee came to a point where we said ultimately here's our recommendation. We feel strongly like we have been able to make a lot of progress in the arena of wellness and encouraging employees to pursue your preventive care exam, to keep walking and moving and do all the wonderful things employees have been engaging in, and it enables us to speak from (inaudible) that has been working.

Two years provides us plenty of time to continue to evaluate and analyze the program that we currently have in place, and ultimately in two years if we see ourselves with an increase, we can certainly be prepared to look out to the market and in a sense make some adjustments if we need to at that point and time.

I think that I hit on pretty much everything. I don't know if Maggie has anything to add.

I think everything else was pretty much, it mentions about it in the memo. I don't know if there are any specific questions, but please ask.

Vice Mayor Grendel asked this was unanimous from the committee as far as that?

Chuck Wilson said just to add to that because of the plan modifications and the design changes, that high percent becomes technically 1.5% is the increase I believe.

Maggie Osysko said the net increase to the City, including the contributions from the employees and the increases that the employees are going with, it's really the \$26,500 increase for this year and next year. The rates will be the same for both years then. The rates will be the same, the City's cost will be the same for two years. We just felt that it gives us a little bit of time on the committee to look at other options as far as different wellness programs or things like that, but right now this wellness program seems to be working. That is what the committee has really strived to do is try to have a good wellness program where the employees participate and try to help them stay healthy to keep our costs down.

Councilperson Trakas said with respect to that Maggie, do we track how many claims we file every year, and has wellness impacted that in any way?

Human Resources Director Kozub said that's a great question. Our claims are certainly tracked, and given the size our group, we are able to retrieve overall claims information, but we do rely on our broker to provide us with an analysis of that, and I think Ron Boynar could probably speak to that a little bit better.

Mr. Boynar said we certainly have claims activity. What is difficult to show savings on a hard (inaudible); but we have claims activity that we can show progress and what is happening and what is not and project things forward.

Councilperson Trakas said as a percentage basis.

Mr. Boynar said I think what I can point to you is the ERC health trend is half that of the traditional market. It is a preferred risk pool. If you went into a traditional book, you are put into a pool that the carrier has. So, regardless if you are in a pool, ERC health is a preferred risk pool. You have to get accepted into the program, so it inherently just runs better because it's based on those wellness activities that everyone is doing. It's encouraging healthy habits, healthy

behavior.

Human Resources Director Kozub said and to Ron's point, I think it's important to state that in terms of our employee engagement with the program, we did have 100% participation from everybody. Now if you actually look at the sheet you received from ERC health, it will show 98%. The difference there being the folks who are on COBRA, they are not required to participate, so that is the 2% differential, but from an employee base, we are looking at 100% participation in the program.

I think it is important too to remember that while this program is working for us now, and we are seeing success, it doesn't mean that this has to be it. So, I think that's part of the goal for the committee in the future. What we talk about is keeping our minds open to making sure that we can build off of this program, right? It's not something that, while this just doesn't stop here I guess. It's kind of recreating what we want that to look like, keeping in mind what we have built and that's a standoff of that, right? That's what the committee needs to work on.

Mayor Kurtz said traction like Chuck identified, traction that the wellness program has generated, except that to be enhanced. That's a priority, and it's a priority by the Administration as we deliver something to Council to deliberate on and make a decision on. I can't say enough about Bridget coming in, a newbie, and thank God she had a lot of experience in this arena because there was dynamic tension during this whole process of the deliverable. So, between Bridget and Maggie and Vern and the team, the committee, we were able to work with Oswald and come up with this recommendation.

Vice Mayor Grendel said and you said Bridget there were a number of carriers that were engaged. This was something we didn't have a whole lot, I think we might have had very little interest in the past as we have gone through this a number of times, but I like the idea of the two years. It helps planning wise as far as budgetary, and what we can anticipate. It gives us some certainty.

Mayor Kurtz said to play out Jim's question, we were in the 70s in terms of our loss ratio, which is pretty good.

Human Resources Director Kozub said we were right around the target rate. I will say that we did see, we were trending upward towards the end here. What that tells us is either more claims were just starting to hit our experience, or we could be heading in a direction where ultimately we have people that maybe didn't see the doctor or tend to certain things because of Covid, and now they are starting to. That's why I also think that the committee thinks based on our recommendation, two years provides us with a good amount of time to be able to get a grasp on the effects that Covid did have on our group as a whole. Ultimately, we will be able to get an idea as to whether or not there have been a lot of things that have gone off the beaten path.

Mayor Kurtz said so we are locking in, and if Council adopts this, we are locking in for two years. We can still work on refining it rather than having to figure out how we are going to have our next increase.

Vice Mayor Grendel said I notice we are changing plans for dental and eye.

Human Resources Director Kozub said that was a little bit of a (inaudible). I am not going to lie. I sweat just thinking about it when we received that dental renewal. I will say it was an extremely high dental renewal initially, and quite honestly the number was so high that we had to get out to market right away. Where we came in more aligns with the way that our claims are running. Not to get too much into the weeds, what happens with a group of our size is the carriers, part of your quote that you receive from them in your proposal, that's ran off of what they call manual rates. So, sometimes if the manuals are running really high, an offer may look very attractive, but in a couple of years it's not going to be so attractive. I think that maybe that is Anthem has kind of caught up to us this renewal, and that's why we saw such a high increase. Ultimately, we are in a place now with Guardian, where our rates align very well with the entire market and also with the way that our group is running. We feel pretty confident in where we landed.

Not to mention, I think it's pretty important to just note that with Guardian you have what they call a true carrier network. So, Anthem they are more a medical carrier. We all really kind of correspond to them as medical. Guardian, this is the space that they play in. So, what that means is when you go to the dentist's office and actually have a cleaning or some sort of filling or something completed, the actual discount that you are going to receive from Guardian versus Anthem is typically going to be a lot greater. So, Guardian in a sense negotiates greater discounts. Not a knock on Anthem, but again it's not their space. So, as long as you are in network a lot of times you are going to see more savings from that standpoint, and I think that's going to help everybody out in the long run. So, again that's a two-year contract. The vision has remained the same.

The life insurance, it did, and this is something that we didn't put a whole lot of notation on in our memo, and we were just finalizing this piece so I do apologize, but we were able to actually fix the life insurance to a place where now the non-bargaining employees can also get that \$40,000 in that life and A&D coverage just as bargaining employees do, and the rate that we received, basically they are going to match where we were with Anthem. So, essentially we are in a good place to them, and we also had to add, due to our collective bargaining agreements, we have line of duty coverage, and Guardian is also able to do that for us as well.

Mayor Kurtz said you can see it's very granular. Bridget can drill down, and Maggie, but okay next because they really do a great job. Her experience in the industry really helped navigate through this as Ron could attest to.

Vice Mayor Grendel said I had experience working on Marilyn Senick's estate and everything. She had purchased different insurances, and she had cancer insurance, and we have not been able to collect on that policy because they said she didn't have cancer even though it says on the death certificate. We have been trying for a year and a half, keeping her estate open. They have given us a hard time. I want to sit down with you because it's to the point that her beneficiaries are pulling their hair out. I tried calling, and they tried calling, and they refuse to use the death certificate. They want the medical records.

Mayor Kurtz said I think if you get a chance to sit down.

Vice Mayor Grendel asked why would you purchase that?

Mr. Boynar said we routinely help employees.

Vice Mayor Grendel said that's the only reason I am keeping the estate open. I have had a terrible experience with them. They have hung up on us, and they won't return our calls.

Maggie asked was that with Anthem?

Vice Mayor Grendel said Anthem was fine.

Maggie said that was part of the other ancillary.

Vice Mayor Grendel said AFLAC was one of them. I would tell an employee here why would you put money towards a premium when your family won't get the proceeds after it's all over or have to go through hell like this. It seems obvious what she passed away from, but yet it's not obvious to them. So, I will have to sit down with you.

Human Resources Director Kozub said absolutely, and I can look into too.

Vice Mayor Grendel said if a family has to go through all of that, it's not worth getting that.

Mayor Kurtz said any additional education that Ron or Bridget or Maggie can help to raise your comfort level.

Vice Mayor Grendel said it's not the life insurance part because that was no problem, but the funds that were paid for cancer or for chronic illness, those kinds of things, that's where we really saw a difficult time with the carriers on that.

Mayor Kurtz asked any other questions?

Human Resources Director Kozub said and I will say that we are actually looking at that. So, NWGS who provides us with the services for enrollment for those lines of coverage, we have them pulling in the AFLAC policy where people who currently have AFLAC so we can just get rid of that in general. We didn't really feel good about the fact that, it seemed like the AFLAC coverage was kind of lingering out there, and we weren't really sure where it came from. So, we wanted to kind of be in control of that, and we are in the process of doing that.

Mayor Kurtz said Vice Mayor it's a refining process.

Vice Mayor Grendel said we might not have that many experiences with it because it's a specialized policy and everything. Thank you.

Mr. Boynar asked if he could add one more thing to that part of the conversation. So, we did a comprehensive market search of all the (inaudible) carriers. Also, there were alternative options that were very disruptive. So, Vice Mayor to your question earlier, multiple carriers were going through that in the market.

Vice Mayor Grendel said thank you.

Councilperson DiGeronimo asked the large claims are removed from Anthem's? Do we have large or aggregate claims?

Human Resources Director Kozub said so a little bit different, when you are fully insured versus

self-funded. Ultimately, the way that the risk pool in sense works with ERC health is they are going to pull out any claim, any excess of the claim over \$100,000. So, let's say we have a \$130,000 claim, \$30,000 of that is going to be pulled out and not included in our actual experience when they go to provide us with our rates. So, what we were able to do is pull out, we had three large claimants over \$100,000, and altogether we had \$98,951 in savings that was pulled out over that \$100,000.

Councilperson DiGeronimo said so we are capped.

Human Resources Director Kozub said we are capped at \$100,000.

Councilperson DiGeronimo asked it doesn't affect out of pocket or you put a stop loss?

Human Resources Director Kozub said that would more so be a self-funded plan, which we did look at, and I think it's something for us to continue to look at in the future is self-funded options that we have different funding arrangements per se where we pay the claims in-house versus having a pool that we pay just a monthly premium on. It's a lot to explain in just a short period of time, but ultimately we are capped at that \$100,000 mark, anything above it, the ERC health program pulls it out. I will say that every carrier does technically pull out a portion of high claims for the majority. So, even when you are fully insured with Medical Mutual, the plan that we looked at for Medical Mutual, they would essentially pull any claims out over \$130,000. So, essentially it would have been \$160,000 claim, it would have been that \$30,000, but the difference is ERC stands firm on the fact that they do not put any of that excess claims dollars back into the pool. They strictly pull it out, where the other carriers kind of trickle it back in one way or another, if that makes sense. I don't know if that helps answer your question. Does it? Maybe Ron would be better at answering it.

Councilperson DiGeronimo said I am fine with it. We are fully insured. These things (inaudible).

Human Resources Director Kozub said that would be under self-funding, which again I think we will soon get to see these next two years, and it may be something we consider doing in the future.

Vice Mayor Grendel asked any other questions for Bridget? There were none.

Excellent job everybody explaining and making it easy to understand.

Human Resources Director Kozub said and thank you to all of you and the committee. As the Mayor said, it got a little heated at times, but we all got through it.

Vice Mayor Grendel asked how long has the committee been existence? I am glad we had it because you get input from the unions, and from our employees. It's a good thing to have.

Chuck Wilson said I still have documentation when I brought Tony LaBella to the table back in 1991. So, that was 31 years ago.

Vice Mayor Grendel said it's something that you need to have. It's a good thing to have long time serving members too on the committee to bring their experience and that too. It really gives us comfort to know that the employees are reviewing that and doing what's best, not only for the

City, but what is best for the employees and families and for everybody in general. That is critical. I think that's more important than salaries, to have good health care. The older you get, the more you value it too.

Chuck Wilson said so when I gave you those figures before at a 1 ½%, that was all inclusive. That was (inaudible). If you actually factor that out,, I want to say we were probably at a 1% on medical alone with the plan design changes. We are going to pay 24% more on a volume basis.

Human Resources Director Kozub said that depends on how you shake those numbers out.

Mayor Kurtz said it could all be manipulated a little bit. So, the team did a good job.

Vice Mayor Grendel said as far as having to get a physical and all that, that will be spelled out for the employees and when the deadline is for that and everything.

Human Resources Director Kozub said the plan from here is to start for open enrollment so that's why too it was important that we get this on the agenda, and thanks again for meeting on this today. So, essentially once we have approval from Council, we can go ahead and start planning open enrollment. We would like to have meetings where all employees attend, and we will do a really good job of educating everybody on the changes. Then educating people on wellness and some ways to really kind of take charge of your health plan costs and when you go to the doctor, how can you kind of shop around and do that sort of thing. Education is going to be key to moving forward, and we want to make sure we are engaging with everybody.

Councilperson Walchanowicz said and that was one of the biggest things from all the different departments that were on the committee was how good ERC's wellness was. They gave the Amazon gift cards and all that, and it actually got people to go to the doctor that normally wouldn't go get a physical or go to the doctor. Their wellness program helped tremendously with a lot of employees. One of our employees was telling me how he is diabetic, and they have a great program for diabetics.

Vice Mayor Grendel said thank you. Thanks to the whole team that worked on that.I guess getting back to the agenda, I guess we can, if everybody is ready to vote on this.

Ordinance 2022-76.

Moved by Trakas, seconded by Narduzzi, to read by title only. Voice Vote: 7 yes/0 no; motion carried.

Moved by Walchanowicz, seconded by Narduzzi, to suspend the rules. Voice Vote: 7 yes/0 no; motion carried.

Vice Mayor Grendel said and the ordinance passes unanimously. Thank you for your great input and explanation today and Chris for your work.

Councilperson Walchanowicz said I would say it was a rougher committee than Charter Review.

Finance Director Blaze said they are really working this guy, Charter Review, Healthcare Committee, and then Zoning Board; and that's not an easy board either. You are just in between so many people.

Several people began speaking at once again.

Vice Mayor Grendel said Chris, we appreciate your work on this too.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Jim Trakas, Councilperson
SECONDER:	Tom Narduzzi, Councilperson
AYES:	Grendel, Narduzzi, Trakas, Togliatti, Veverka, Walchanowicz, DiGeronimo

LIQUOR TRANSFER FROM MORAN FOODS, LLC DBA SAVE A LOT #638, 6501 HARVARD AVE., CLEVELAND, OHIO 44105 TO STM PETROLEUM, LLC (HILLSIDE SUNOCO), 7099 BRECKSVILLE ROAD, INDEPENDENCE, OH 44131

Vice Mayor Grendel asked Mayor are we going to talk about the liquor permit now? Is there any opposition?

Any comments on this regarding this transfer?

Councilperson Walchanowicz said I was just worried that maybe they were already selling, but I went in there a couple of times, and they were not.

Finance Director Blaze said they are trying to do better there. They cleaned up a little bit.

Councilperson Walchanowicz said right, they cleaned it up, but I still go back to the same thing. Now there are going to be three liquor licenses on three different corners.

Vice Mayor Grendel said the one next door, people are lined up to go in. They do the business.

Several people began speaking at once again.

Councilperson Walchanowicz said there's a specific brand of bourbon that everybody is looking for, and everybody is there on delivery day.

Vice Mayor Grendel said it's amazing the foot traffic there.

Councilperson Walchanowicz said so my whole issue was just so many in a location where there could be feuding between.

Vice Mayor Grendel asked is that the same people that own Convenient or is that different?

Councilperson Walchanowicz said it's different.

Mayor Kurtz said along with what Chris is saying is I am challenged by it because we are bringing a license from outside of the City. I can't say it hasn't happened. They can find so many different ways to manipulate a license or expand the pool of licenses, but this is the first time. My concern or objection is bringing in a license from outside of the City.

Finance Director Blaze said so the Sunoco on Rockside sells alcohol right? So, that one does. Shell does. The one at Sprague and 21 does. This would be the only service station in town that wouldn't.

Mayor Kurtz said the only thing I would do is that I would make sure that they have met all the different requirements from the Building Department.

Councilperson Trakas said you can't deny the license because for some of the reasons we discussed. So, if there was something specific, but I think we would be overturned by the Commission.

Mayor Kurtz said I don't think we have to take any action.

Councilperson Trakas said it would pass without objection.

Councilperson DiGeronimo asked beer and liquor?

Mayor Kurtz said just beer.

Councilperson DiGeronimo said you have domestic beer here, you have liquor across the street and craft beer in Convenient.

Several people began speaking at once again.

Vice Mayor Grendel said I have been in my office for 36 years, and the Convenient Food really was a convenient food when they started out. I used to walk across there, and they served chicken. I used to buy my lunch there.

Councilperson Walchanowicz said Tim and Sandy Hanlon.

Vice Mayor Grendel said and then after that.

Mayor Kurtz said Vern is chomping at the bit.

Several people began speaking at once again.

CONTINUED DISCUSSION OF 2022-2026 CAPITAL IMPROVEMENT PLAN

Finance Director Blaze said I wanted to just jump back a little bit and just go higher level again just to kind of give a brief overview of how much money we have been taking in as a City the last couple of years, what is budgeted for 2022. That's the top one. It's pretty self-explanatory. That's all sources, and that includes HIDTA and Strike Force. I tried not to complicate it. So, they are included in that, and revenue, but it's also included in operating expenses because they do run through our books. They wash pretty much equal one to one, and there should be some money left over for us at the end of the year for doing that. It's been averaging just over \$100,000 a year that we have been collecting. That's not including any fines and forfeitures that we get through seizures. That's a separate category, but it's pretty basic.

The top line is how much revenue the City had coming in, what we are budgeting for this year, how much money has gone out on an operating basis. That leads you to the third

line, okay after you subtract off what the operating expenses cost us, here's what is available for both our capital and infrastructure as well as paying our debt back, and under that is what we actually spent in cash by year of capital infrastructure. In the 2022 budget column it is what is appropriated, it's not what was spent yet, it's what we appropriated.

An appropriation is the maximum amount that can be spent. So, it's a good reflection of what could be spent in cash this year, \$12,875,000. To track that off with the previous row, and that leaves you what is available for debt service. Now debt service on the next row, it's all over the board because for many of those years, 2017, 2018, 2019 and then finally at the end of 2020, we changed the model. In those years a lot of our debt was in short term one-year notes. So, every year they were maturing. So, every year technically we had to borrow that money to pay those off, and so you have a lot of money coming in from borrowing, and you had a lot of money going out because you had to pay off that principle every year.

So, it's hard to get a read on what it says debt services because it's all over the board based on what was borrowed.

Now 2021, that's a legitimate number based on our debt service of about \$2,200,000 plus. If you recall, we paid off some higher interest rate debt. At that time in 2021, we were getting .09% on money with Star Ohio. We were getting 2% for one-year notes issued by governmental entities in the State of Ohio. The most we were getting was .5% and .6% on CDs from Independence Bank. So, the collective decision was made, okay if we have this debt out here, 3.6% and all we are getting is somewhere between .09% and .6%, it made sense to pay that debt off, which we did. You can see there is a net change in cash each year.

Again, hard to tell exactly what is from just operations because in a lot of those years, 2017, 2018, 2019 and 2020 there were borrowings to pay off the one-year notes and that, and that affects your cash balance.

Then there is a gray row there to separate, what I wanted to do in that middle section was say okay if I take that amount that is available for capital and infrastructure for each year, both actual 2017 to 2021, five years, plus what is budgeted for this year; and if we have a level debt service payment like we do here in 2022, the \$2,200,000, if that was what our debt service was those past years, I wanted to give Council, the Mayor and anybody else listening and watching an idea how much would have then been available each year for capital and infrastructure. It ranged from a low of \$12,000,000 in 2017, and then it was pretty consistent between \$14,500,000 and \$16,000,000 in 2018, 2019 and 2020 and 2021.

Then there is another gray row, and then the final section below, I would say okay this year we are budgeting about \$10,000,000 being available for capital infrastructure and debt service. If we were to borrow at the end of this year, the \$15,000,000 that we had previously talked about, we would have debt service of the \$2,200,000 that we currently have, plus about another \$1,300,000; and I put an asterisk by that because that assumes

that would be 15 years, and that assumes the interest rate would be 3 ½%. The Fed is on a mission to increase interest rates very quickly to try to bring inflation down, so by the time the City would go out and borrow, your guess is as good as mine as to what that rate would be, but 3.5% starts the discussion to kind of get in a similar ballpark to see where we are.

So, then if we wouldn't have that debt service for this year in 2022, but I put it like we would, and we would get the \$15,000,000 borrowed. So, that would leave us about \$21,500,000 available in cash for capital infrastructure.

Vice Mayor Grendel said that \$41,500,000 you have under total operating expenses, is that projected?

Finance Director Blaze said that 2022 budget column, the \$41,500,000 rounded, I call it 2022 budget. You can call it 2022 appropriation. You could call it 2022 projection. I have to prepare the form that way because if it's appropriated, it's spent. So, I want to, hopefully we are estimating worst-case scenario with that. That \$41,500,000 we wouldn't be spending all of that, but and right now we are tracking well below that. We do have some catch-ups with the auditors. This is just a one page summary of the Capital Plan.

So, good question. Any other questions on that first page?

Councilperson Trakas said you sent out a note a few weeks ago that said you and the Mayor had looked through and worked with the Department Heads, and there could be a savings in the \$6,000,000 range.

Finance Director Blaze said but that \$6,000,000 included a number of other options. We were going back to Directors to look to cut that \$41,500,000 in that last column for a total operating expenses 2022 budget, that was part of it. We were conceding that if we were ever going to do anything downtown, burying utilities, that we would have to fund that through some type of TIF project, a big mega project there. So, we were taking that \$1,000,000 off of the Capital Plan. We were doing some things like that to massage it in a number of places to get some additional funds. You are correct. All of that was not just from the operating budget. It was part of it, but not all of it.

Councilperson Trakas asked so what did that get to the operating budget?

Finance Director Blaze said it's fluid. I think that it is an administrative call. I don't know if all the hirings are done for this year. I think the Mayor could speak to that, I have seen some interviews taking place, and a lot of it is to build a bench for some people that have kind of indicated that they may be retiring in the next couple of years. I think Council we have had that discussion a couple of times, and when you are aware of that, the budget reflects that. So, that's one of the reasons that the 2022 budget and the operating expenses, that \$41,500,000 is what it is because for awhile you are going to have some overlap. I won't mention specific names if it's not out there, but you are going to have the person who is the position right now doing it, but if they are going to be out another 6

months, 12 months, 18 months, and their potential successor shows up now, you have to pay both of them while Person B is learning Person A's job.

Mayor Kurtz said it's at least a couple of year transition.

Finance Director Blaze said it is what it is.

Vice Mayor Grendel asked and Vern what did we assume for the healthcare because we had to set it, and now we know. Was it about in the ballpark of what we put in the appropriations?

Finance Director Blaze said yes because the total increase is going to nominally increase, but the net result to some of the plan changes that were talked to you by Bridget and Maggie and Ron, I'm not losing sleep over medical costs for this year. It's a huge component of our total cost. We had \$35,000,000 in income tax last year, and we are projecting \$33,000,000 this year. At the gross cost, before you subtract off employees' contribution to healthcare, you are at \$2,800,000. You pushing healthcare at almost 10% of our income tax, and that's on top of the pensions. That's on top of the wages and salaries. So, healthcare is a major cost, but because it's not taking a huge jump, I am not losing sleep over that right now. It's manageable, at least within the budget.

Mayor Kurtz said it's already made actually.

Finance Director Blaze said that's the worst-case scenario. The new hires, we projected that they would be hired on January 1, and they haven't. Every month that goes by that somebody who was scheduled to be hired isn't hired, it's another month of savings in the operating budget. So, I would be shocked if we came close to that \$41,000,000, but right now that's what is appropriated, so that is the figure I have to use in this spreadsheet.

The sheet you have next, it's just a one-page summary. Maggie and I are still kind of take a simulating (inaudible) of the comments made, especially with Engineer Ramm here because that's the last number of meetings we finished off with in April as far as infrastructure, and the 2022 number you can see, total capital and infrastructure, real estate \$13,200,000, but then reading across, we are still at \$26,500,000 I am rounding it for 2023, and \$18,000,000 for 2024. I initially threw out like okay what would it look like if we borrowed \$15,000,000, and that would get us through \$15,000,000 worth of projects. It's \$15,000,000 more than we would have if we didn't borrow, but the question was raised, okay that gets us through 2022 and 2023; but 2024 is looking pretty healthy too. Then 2025 and 2026 at least for now start to go down, but we all have to admit that's a couple of years out, and all the departments, we are not that dialed in the further out we go. So, it's like a weather forecaster, you could predict the day pretty good, the day after pretty good, but you start giving that 10 day forecast, the further out you go, it's a little less reliable. I think we can all stipulate that, and it's the same with the Capital Plan where the further years you get out, it just gets harder and harder to be exact; but hey there are numbers there, it starts the discussion, and that's where we are right now.

So, I said okay go back to Sheet 1, if we are going to generate about \$10,000,000

internally that's available for capital and infrastructure, and we are going to borrow \$15,000,000 this year, that leaves us with \$21,500,000 roughly to work with. So, what does that result in going forward?

This is the last one, have patience with me. It starts with that estimated \$21,500,000 available at the top of the page here, and I will walk us through. It's very linear. It is not very complicated. You have \$21,500,000 to work with at the end of this year, assuming that we borrow \$15,000,000. That second sheet, that summary sheet, if you go to the 2022 column right now it's \$13,200,000 that is scheduled for 2022. So, \$21,500,000 minus \$13,200,000, and we have about \$8,300,000 left over that we could carry over to 2023 because in theory we borrow this \$15,000,000. Then in 2023, let's say numbers hold flat, our revenue doesn't go up, but our revenue doesn't go down. Our expenses kind of stay within range, and we are able to generate say \$10,000,000 left for capital and infrastructure. So, if we carry \$8,300,000 over, and we have \$10,000,000 that we were going to generate in 2023, that would give us about \$18,300,000 to work with next year, but you could see on the second page I passed out, the 2023 column is \$26,500,000. So, subtract that off, and now we are short \$8,200,000 by the end of next year.

You go into 2024, okay we generate another \$10,000,000. I am throwing a number out that is kind of rooted in the past. It doesn't project any great optimism. It doesn't project any great pessimism, it's just a number that we are using to project and walk you through the process here. We started out 2024 with an \$8,200,000 deficit available for capital infrastructure, not a structural deficit, and we were going to generate another \$10,000,000; that would give us about \$1,800,000 to work within 2024, but that 2024 column is sitting at \$18,000,000. So, subtract off \$18,000,000 from \$1,800,000, and by the end of 2024 we really need, if we wanted to implement the CIP plan as it currently sits right now only through 2024, not only do we need that \$15,000,000 that we talked about, but we need another \$16,200,000 to really do everything that we want to do in 2022, 2023 and 2024. Let's do the math, \$15,000,000 plus \$16,200,000 is \$31,200,000. Again, that's an eye-popping number. I think we need to talk more. You don't want to hear that, I don't want to hear that, nobody wants to hear about it, but something has to give. Either we have to keep massaging this Capital Plan down to something more realistic, or we have to acknowledge we have to borrow out millions and millions of dollars to do everything we want to do. I am not going to say it's not possible, I am just saying we have a little over \$20,000,000 right now, and if we borrow another \$31,000,000 over the next couple of years, we are putting ourselves in a debt level of \$50,000,000, and I just don't think that's really realistic.

Mayor Kurtz said well unvoted debt. Voted debt.

Finance Director Blaze said that was an option we talked about, going to the voters and saying hey we can't fund all this internally. The schools have a levy, and we are here to talk.

Vice Mayor Grendel said the other thing too is with inflation going up, these amounts might not even be accurate.

Finance Director Blaze said we tried to acknowledge a little bit of inflation in there. I think the Engineer's office did the best they could, but who knows.

Vice Mayor Grendel said and the interest rates. The interest rates are trending upwards too.

Finance Director Blaze said so many people in this country, credit card debt, that's tied to the prime rate. The prime rate is tied to the Fed funds rate. So, every time the Fed announces a half a point increase in the Fed funds rate, your credit card is going up. Anybody that has a home equity line of credit, a lot of people do. That's how you have been paying cash for cars and kids' education and things like that. Not everybody had all the cash, they are just pulling the equity out of the house. All those loans are variable, and as soon as the prime goes up, as soon as the Fed's funds rate goes up, your line of credit rate, your home equity rate goes up. There is going to be a day of reckoning coming pretty soon.

Vice Mayor Grendel said we are definitely heading for a recession.

Councilperson Trakas said the first three months of the year was the first time since 2008 we have had three months in a row of people missing credit card payments in large numbers.

Finance Director Blaze said when interest rates were zero, it was easier to do. Now that the rates are going north, every month the Fed kicks the rates up another half point, and they haven't taken the .75% off the table, the consumer is going to feel the pain. They are feeling it at the gas pump, they are feeling it at the grocery store, everywhere. Wages aren't going up as fast as prices are. We are just projecting the economy is going to stay in the climate the way it is, but if you really want to be conservative, you have to think something is going to give here. I don't know how people can be paying \$40,000, \$50,000, \$60,000 for a basic car, \$4.50 a gallon for gas. Everything is just getting outrageous. Houses, how can you even buy a house anymore?

Vice Mayor Grendel said Mayor, I remember back in 2007 or 2008, we were going through a similar type of downturn. I remember when you took office after Fred and everything, it was unreal. It's cyclical. Again, our needs for infrastructure, that doesn't go away. You can pay the piper now, or you can pay it even more so a few years down the road. So, that's the dilemma that we are in. We have to keep pace with our needs for the things that Don works on as far as the sewer lines, the water lines, the roads.

Finance Director Blaze said kick the can down the road, and we end up being like that section of Ridgewood between State Road and Ridge Road.

Councilperson Walchanowicz said they just ground all that out.

Finance Director Blaze said after how many years.

Mayor Kurtz said now they have to do from Broadview to State.

Councilperson Walchanowicz said they ground the whole thing out.

Finance Director Blaze said Parma did either not have the money, or allocate the money, so they were beholden to Cuyahoga County to do that job, and they were beholden to outside sources to fund it. If you are beholden to outside sources to fund it, you don't call your shots, somebody else does. The County does, ODOT does, the Federal Government does. They hold the purse strings.

Vice Mayor Grendel said Don has been good as far as putting the seal and the different things on the roads shortly after they are reconstructed so we can hopefully prolong their life more than just the 15 or 20 years. You want to prolong their life as long as you can. With Wood, that was 1999 I think or 1998, and it still looks good to this day, and Sunset and Elmwood still look pretty decent even after 20 years plus and everything because of the maintenance we do. I think Excavating did that job if I am not mistaken. You can tell at the time it was a good job too. You pay for good construction, and it pays off in the two or three decades that you look back at it.

Mayor Kurtz said Vice Mayor and Council, I think Vern did a wonderful job explaining.

Several people began speaking at once again.

Finance Director Blaze said it's realistic though.

Mayor Kurtz said be thankful we are in a position where you still have \$10,000,000, that's a lot of money. You look back 10 or 20 years ago, that was a lot of money. So, everything is relative.

Vice Mayor Grendel said but if you are going to borrow, wouldn't it make sense to borrow now because who knows what the rates are going to be next year or two years from now. Or does it make sense?

Mayor Kurtz said I am challenged to think about \$15,000,000, that's realistic, you say \$16,000,000 and it's not even in my sphere of reality. I think at some point we have to look at what we want to do and what we need to do. We always have to have that balance. We need to make certain repairs to our infrastructure. That is a need, but we have a number of wants, projections. I think Don did a real nice job of trying to always give us a projection in some of these more critical areas about Brecksville Road. I sat there and watched on Brecksville Road near Rockside, that section needs to be done at some point. So, there are needs and wants, and we have to refine this.

Then you have to ask yourself the question, how do we generate additional revenue? Well some of the projections, some of the discussion we had later in the afternoon yesterday when we talked about ideas and what we can do, and the brainpower around this room and experience around this room, should be able to tie something together that we can at least act on or project with in terms of our uncut diamonds, those five areas.

Then we have major capital projects, structural projects, whether it be a Service Garage or Police Department or Civic Center, the infrastructure on the campus, let alone the northwest quadrant and those other major opportunities. That's facilities, we don't talk about those when we talk about our major capital improvements. We are focused on

roads, and sewers. Then we talk about the internal capital, the different equipment we plan for and project for, and then we get down to the operating budget, and we need manpower, and we are going through this transition phase. We need to have a bench to build a bench. We are too sophisticated, too large to be able to lose somebody with all the experience and talent, and all of a sudden not have someone to be able to keep things going no matter who is Mayor or Council. That is our job to at least have the, as we were talking to a couple of the volunteers this week.

Vice Mayor Grendel said both the boys and the girls won the districts.

Mayor Kurtz said the preliminaries are tomorrow.

Finance Director Blaze said the 4 x 800 will be tomorrow, and the rest of the meet tomorrow is preliminaries.

Mayor Kurtz said and the whole point is we have talked about, and that's why I go back to the hand off. We have to hand this off to the next Administration, the next Council, so at least we have something of substance and the history of why we did what we did. Vern, thanks again. I think it's educational, and you know Don's scope of what if. So, now we have to decide do we borrow money, do we stick with where we are at in terms of the revenue side of it. Then if we make that decision, we need to go back and try to figure what we are going to trim because if we are not going to borrow money then it becomes more of a defined definite way of here's what we are doing. If we are going to borrow some money, and then we can expand that. It's already June so I think some of this will be bleeding over into the next year and the following year, but it's the combined brainpower in this room should certainly give us an opportunity to do something.

Vice Mayor Grendel said I think we should look at a two year, this year and next year, make some of the decisions because I think the way the world activities are going and everything else, I think we need to get moving and everything. This way take care of things this year and next year as far as if we are going to borrow or what projects we are going to work on and see what the trends are later; but as far as what has been going on in Europe, our country is sending money by the bushels. We don't know if it's being used by Ukraine or some of the politicians are skimming off the top. The more you watch, the more upset you get. I don't know if our country has a plan, and the way they are bringing in people, they are hopping over here by the tons and everything, and they are shipping them all around the country. I know you say well how does that affect Independence, but it does affect the whole country.

Councilperson Walchanowicz said you are looking at all that money for gas, and parents can't even go to the store and buy formula for their infants. The stuff is not going to get any better, and look at yesterday's meeting with the air handlers, in 20 days it went up \$10,000.

Mayor Kurtz said I was talking to a vendor today about the supply of equipment. They won't even honor a State purchasing price guarantee anymore. Some of these vendors are saying it will be when we deliver it, and there's no more version 2022. You are talking

Kubotas, you are talking some of this equipment that, and so it's so volatile. It is not just the public sector, it's in the private sector too.

Councilperson Trakas said given what we see, I still think we really, kind of what we were talking about, I think we need to put together a hybrid approach of belt tightening, actual cuts perhaps if things aren't as high a priority as reality, and that is what our residents are doing. The City has to do the same thing. Borrowing as minimal amount of money as we can I think just to see how this thing plays out, but also equipment purchases and you know it would be nice to get a new this vehicle, but is it necessary. So, I think those types of things which are long term, so maybe we do this on a monthly basis and just kind of come up with almost like a two-year budgeting type of process where we really take a look and take a fine-tooth comb to every part of City government. Obviously, growth is a big part of that. So, if you have growth, then you don't have to do as much of the belt-tightening, but I think you might have to do all of it, just get sharp pencils out and kind of find out where we are going to be. I think you are right; interest rates aren't going to get lower, and next year won't be cheaper money that we get. Now you are really adding to the cost of the projects by another percentage because we are borrowing money for those, and we have to pay them back.

Finance Director Blaze said it might. It depends on how long of a timeframe we are looking at because granted this is residential mortgage business. Liberty Mortgage, a very successful mortgage company located on Oak Tree Blvd., like all the companies there, there are challenges right now because nobody is refinancing anymore because rates have gone up again and again. There has been so little inventory on the market that there is a plethora of sales. So, they are not originating as much mortgages, but the CEO or owner of that company is acknowledging the tough times in the next couple of years that he predicts by 2024 and 2025 that the peak of interest rates will hit. The Fed will be cutting interest rates. Mortgage rates are going to fall, and there is going to be another refinance crisis because business is going to be client, client, client. So, I think he's right. The interest rates are going to continue to go up through 2022 as long as the Fed keeps raising rates, but at some point they are going to peak; and the Fed is going to have to start nudging them down. So, if we were looking at borrowing, we would be kind of hitting it unfortunately on that up cycle.

Let me suggest at 5:17 p.m. here if maybe the Mayor can get together with Don tomorrow, Thursday, Friday, one of those days a couple of hours, block the time off and really look at that 2022, 2023, 2024 infrastructure projects and really, really have an honest conversation about are these needs or are these wants. Does this project really need to be done in 2022, 2023 or 2024 or is it we want to do it? That could get us a long way toward knowing how much we are going to need to borrow because if some of these things can go to the right in years without material negative impact on our infrastructure, then I think it's a legitimate way that we can combine kind of what you had said, Councilperson Trakas. I think Councilperson Togliatti you had mentioned in the past two meetings needs versus wants, and we separate these projects into those categories and have this hard conversation, and they are painful and difficult; but that's why we ran for

the jobs we did because nobody else wants to do this. Nobody else wants to be the one that has to allocate that scarce capital, but we do. Then we can go next Tuesday, and then the Mayor can come to you and say we sat down, and here is what we narrowed down based on the economic realities. Nobody wants to borrow \$31,000,000, but if we are only putting \$10,000,000 in the capital infrastructure every year for the next couple of years, we may or may not be leaving ourselves short.

Councilperson Trakas said the assumptions are sound. That is a reality.

Councilperson Veverka asked Vern what's the potential interest rate right now? If you were to go out and get your \$15,000,000 right now, what rate potentially is out there tomorrow?

Finance Director Blaze said 3 ½% based on what was today, May 24th. That was valid a couple of weeks ago. I don't think there has been a huge spike since then. The U.S. Treasury kind of backed off.

Councilperson Veverka said take your 3 1/2% times your \$15,000,000; so what's your debt service just on the new debt?

Finance Director Blaze said well the principle and interest is \$1,300,000, and that is why I added the \$1,300,000 to the \$2,200,000 that we are paying now. The new debt service, \$3,400,000 or \$3,500,000 if we were to borrow.

Councilperson Veverka said so what we are saying is the additional indebtedness where we would have to pay out of the money potentially that we would have for projects, we would lose \$1,300,000 besides? Is that a true statement?

Finance Director Blaze said that's one of the reasons we are doing the one spreadsheet, to show you hey if our debt services goes up a little bit, a very good question, then that's going to leave us that much less in capital and infrastructure. So, you either wait and do it over time, or you borrow some money and get it up front, and then you have less to work with. You can save money for a house and pay cash, or you get a 15, 20 or 30 year mortgage, and then you have that much cash flow for that period of time less out of your income to pay your bills.

Vice Mayor Grendel said how about the Fire Department who is putting money aside long term for those items. Can we squeeze another couple of years with proper maintenance and care? Does it have a ripple effect? It seems like the first few years I was on Council, we were hardly buying, but it seems like now we are buying.

Mayor Kurtz said we disciplined ourselves the last couple of years so we can upgrade some of the equipment. We should look at how we stretch, how we find some dollars.

Councilperson Veverka said well that was the question that I had related to the motor pool and what particular parts of it are legitimately that can be stretched. You don't want to be to the point of you have to put way too much money in it, but on the other hand, you don't want to trade or basically give away a vehicle that you maintained a long way,

and it still should be decent, whether it be a Police cruiser or a tandem axle or whatever.

Finance Director Blaze said I think we are all committed to be financially responsible. I don't see anybody who doesn't want to be, and stretching the life of our vehicles is a way that's done. We have to find the art of defining where the line is, stretching it too far because we have this one word in our vision statement. We want to be a premier community. You start stretching vehicles out, you start stretching infrastructure projects, your roads start looking bad, your equipment starts looking bad, and it calls into question then are we still a premier community? There's a fine line there somewhere, and it's hard finding it.

Vice Mayor Grendel said we also have the lowest tax rate of any city and everything. It doesn't seem like Brecksville has any problems. Those people ante up for the schools and everything. They have the mindset that, of course it might be different than the people of Independence; but sometimes the City could do so much but you have to pay a little more tax if you want things. Just like anything else.

Mayor Kurtz said I am not saying they should pay more.

Vice Mayor Grendel said you have to make the case for it.

Mayor Kurtz said that's why you have to make the case.

Finance Director Blaze asked did you see Brecksville's latest revenue raising technique, to sell passes to their community center to non-residents. You don't even have to work in the community. They are capping it at 500, but it's like \$700 for a family pass.

Vice Mayor Grendel said Seven Hills does that.

Mayor Kurtz asked so do you want to do it?

Several people began speaking at once again.

Councilperson Walchanowicz said I don't know the answer to this, but when was the last time we had to borrow for infrastructure projects?

Councilperson Togliatti said Rockside Woods North.

Councilperson Walchanowicz asked so that was like three or four years ago? What did we borrow for that project?

Finance Director Blaze said Matt Stu and I have a disagreement about that. It is so complicated.

Several people began speaking at once again.

Councilperson Trakas said it was three different borrowings, three different phases of the project.

Councilperson Togliatti said there was one borrowing that was slightly over \$10,000,000.

Councilperson Walchanowicz asked and that was back like probably 2016 or 2017?

Councilperson Togliatti said 2018.

Mayor Kurtz said we borrowed \$12,000,000 back in 1999. We needed that for the Rockside Road project. We are not bashful about borrowing. We pay it back.

Several people began speaking at once again.

Mayor Kurtz said the last structural levy we had was for the Civic Center because we borrowed all \$15,000,000 for the Shared Use Facility.

Finance Director Blaze said we have been in those discussions whatever we do, and nobody is talking about going to the voters right now, but the school district next year, they may and that's their first opportunity to renew that emergency operating levy, and you heard them when they were here. They are not just going to renew it because the renewal amount is not enough. It's going to be the renewal amount which is 8 or 9 mils, plus whatever they are going to tack onto that.

Vice Mayor Grendel said that's what I told them, they should concentrate on that first because if you get the bond issue, pass that, and then you fail with your operating levy.

Mayor Kurtz said I am not sure I heard a consensus or direction on the proposal with respect to these new schools from this body. So, in my conversation with Ben it was kind of you better just pull the reigns in because I am not sure that the City is comfortable with your proposal at this time. So, unless I misread the tea leaves, that's the impression I got from those around this table. It goes back to our whole campus upgrade, whether we tie it to a Civic Center or we tie it to some school upgrade.

Several people began speaking at once again.

Councilperson Trakas said you just have to delineate what millage does what.

Mayor Kurtz said so it's pass/fail. So, you are saying the City and school, these two tied as one, and you define so many mils of this and so many mils of this which should be so much money, you combine it and people vote it yes or no.

Councilperson Trakas said correct and some people put separate levies on, and the one passes and the other fails; and then they are kind of stuck because they don't know what to do.

Mayor Kurtz said I have to believe that if we tied something to the campus, to the Civic Center, that would support the schools and so upgrade the chances for the school.

Councilperson Trakas said I'm just thinking the more joint use we can do that eventually lowers costs. So, these are all tax dollars, whether they are school tax dollars or the City tax dollars, our citizenry looks at it as tax dollars. So, whatever you can do to try to flatten that cost structure would be beneficial.

Mayor Kurtz said we just break it out.

Councilperson DiGeronimo said Vern on the schedule here, I like the presentation with

the cash basis, but just looking at a five year window, the big item with the infrastructure and the street projects, that's the big number, and I don't know are we looking at a five year window where just a lot of things are hitting right now or Don was saying over the 30 year life of a project. Are we at the high end or do you think we have been at the \$10,000,000 to \$15,000,000, and it's never been quite enough because we pushed it and pushed it. So, we have been flat. It's not like we are going to be.

Finance Director Blaze said look, we took Rockside Road from two lanes to six lanes. We didn't have Linden Lane and all these new subdivisions. Every time we accept a new roadway, the clock starts ticking when the day will come that we will at least have to do some repairs and then some replacement. We are a community that does not assess for infrastructure projects like that. I know there are communities that do that. It's how they manage it sometimes with a more limited income stream than we have. They force the people who own the property.

Mayor Kurtz said we did two sewer issues back in the 1960s and 1970s because they cut off our building permits, so we had to. The assessments for the Rockside Woods and West Creek, we haven't done an assessment.

Several people began speaking at once again.

Councilperson Trakas asked in 1982, 1983, and 1984 was that an assessment or not?

Several people began speaking at once again.

Finance Director Blaze said we have only done assessments for commercial projects, the Rockside Road area that I can recall.

Mayor Kurtz said we did a 2.1 mil operating levy back in the early 1980s.

Councilperson Trakas said maybe that was that.

Mayor Kurtz said it expired in 1987. That's when we went to the extra half percent income tax. We only passed that by six votes I believe. The Civic Center was 32 votes. That's a landslide.

Vice Mayor Grendel said Mayor when you do your review with the Department Heads, you have to take into consideration the northwest quadrant and do we invest money into that so we want to be prepared if an opportunity comes and we were asleep at the switch and everything. They will go somewhere else because we aren't ready.

Mayor Kurtz said it did happen when we had the opportunity to bring in that company, the one next to Eaton at Chagrin Highlands. They really were excited about coming from Fairlawn to Independence until they actually came and saw it and the three restaurants and the view they would get from their corporate headquarters, and they said no.

I think we need to do at least something with engineering this year with respect to the beginning phase of the northwest quadrant.

Vice Mayor Grendel said we can't be short-sighted and not prepared when an opportunity

arises.

Mayor Kurtz said that means to me preparing ourselves so that if someone comes, if someone says hey I have some hot opportunity, at that point, we at least know we have the engineering, the wetland delineation, the infrastructure. We know exactly where the utilities are going. At least we are that sophisticated. Right now, it's okay we can start. Now let's be in the game is what I am saying.

Councilperson Trakas said that makes sense.

Mayor Kurtz said that's what I am saying the investment strategy, the soft cost money, but it really prepares you for that to be able to leap faster if you already have your plans ready.

Councilperson Trakas said look at what Intel, it was just virgin land, and it was easy. That's what they wanted, they wanted easy. They come up here, and there's not enough parcels you can string together to do what they did at the time. So, you have to make it easy, and you have to be flexible and quick.

Mayor Kurtz said that's why I think if we can get that accomplished this year, have people focused on that.

Vice Mayor Grendel asked when will the project be completed, three years from now?

Mayor Kurtz said three years.

Vice Mayor Grendel said that's why I would like to be ready. If we could get some ancillary businesses.

Councilperson Trakas said I think we can be aggressive about it too. They are looking for that, and maybe we can partner with higher education and we work with like the Akron or Kent. There are parts that they are going to be needing with regard to research and high tech manufacturing.

Mayor Kurtz said the northwest quadrant, we should be able to do something they want in regard to that.

Vice Mayor Grendel said we have to look into the future and see what their needs are going to be in a few years, maybe a hotel coming, that's gone. A big office building is not going to be in the future.

Mayor Kurtz said I met with one of our State Senators yesterday, and I said Columbus is not helping us.

Councilperson Trakas said they introduced a capital bill today, we don't know what's in it yet. We will find out if we are getting anything. They don't care about us.

Councilperson Togliatti said getting back to John's comments, I think it would be a good exercise for us to refresh the Mannik & Smith roadway study because they did a complete inventory of all of our roadways. They laid out a construction schedule by year,

costs, estimated costs of each year and what maintenance should be done. There was a peak, and then it plateaus where you are spending minimal dollars, maybe in the hundreds of thousands of dollars per year maintaining your roadways. I truly believe that if we would have stuck with their schedule, that a lot of these roads would have been done by now, and we could be on this maintenance path; but things got deferred and kicked down the line as they tend to do.

Finance Director Blaze asked what year was that they did that?

Several people said 2017.

Councilperson Trakas asked so we are on a five year cycle now?

Mayor Kurtz said yes. I'm not sure, the economy has changed too.

Several people began speaking at once again.

Councilperson Togliatti said and they gave a great presentation.

City Engineer Ramm said the State routes were not included in that because of ODOT participation. So, you are talking about Brecksville Road.

Mayor Kurtz said we will pull that out because if it didn't include the State routes.

Finance Director Blaze said it's probably good for identifying conditions, like school A,B,C,D, fail; but I don't know if those kind of reports factor into the entity's ability to pay because they could say hey you should do all of these roads on this five year sequence, but if they are not digging into the money and seeing what money is available, then it's just a plan.

Mayor Kurtz said that's more of what they do. In all fairness to them, that's what the inspections are based on.

Several people began speaking at once again.

Councilperson Togliatti said I know they offered a two-year refresh, a three-year refresh where it would be a cheaper rate.

City Engineer Ramm said I don't recall that either, I will have to revisit that.

Councilperson Walchanowicz asked can you look into that?

Several people began speaking at once again.

Councilperson Trakas asked Mayor from your perspective, if you were to go out in bond market, which it looks like we are going to have to, when do you have to know what you need?

Finance Director Blaze said I don't think we need a half year lead time. If Council would pull the trigger in the month of June, and legal counsel, and by the end of the summer I am sure something could be effectuated. The question is what strategy? Do we just immediately borrow long term? Lock our rate in, or do we take a chance of kind of the

model that was employed here a couple of years ago? Short term one year bans are cheaper than a 15 year. So, maybe we borrow on a one year ban and renew them, and then as interest rates peak in 2023 and 2024, and they come down, then we pounce and lock them in. That is to be discussed once we decide if we are going to go to borrow. They are not easy decisions. We could do some short, we could do some long.

Vice Mayor Grendel said well we should make it a two-year, this year and 2023 because we are all going to be here.

Councilperson Trakas said I think you almost have to because that's your cycle in a sense. I think that two year budget cycle makes sense.

Councilperson Togliatti said well we don't have the ability to do any of the capital projects this year because I don't think we have engineering completed on Kleber, Longano, Brookside.

City Engineer Ramm said 2022 engineering, and ideally constructed in 2023.

Councilperson Togliatti said and those are the high dollar ones.

Councilperson Trakas said Dalebrook.

Vice Mayor Grendel said and I know Dalebrook we did in 2000 wasn't it. We did the total rebuild at that time.

Mayor Kurtz said we did larger storm sewers.

Several people began speaking at once again.

Councilperson Veverka asked Don, how much was the Dalebrook one? Is that mill and fill?

Councilperson Trakas said that's a total rebuild.

City Engineer Ramm said reconstruction, water main replacement. The storm sewers have their calcification problems. It was predicted to be a large project.

Mayor Kurtz said I will get with Don, and we will go over that.

Finance Director Blaze said \$3,250,000 plus \$3,250,000, that's \$6,500,000 plus \$3,400,000, that's \$9,900,000 plus \$2,400,000. It's \$12,000,000 right there at today's prices.

Councilperson DiGeronimo asked does anyone know how many homes are back there?

Councilperson Trakas said 131.

Several people began speaking at once again.

Mayor Kurtz said \$20,000 a house.

Councilperson DiGeronimo said think about Meadowbrook, I think there are only four.

It's a bad formula financially.

Councilperson Veverka said so based on the Dalebrook thing, Brookside is a bargain.

Councilperson Trakas said the other thing I think we need to communicate, and I think we have, but we need to communicate to our residents that it's not inexpensive to do this the way we are doing it. You talk about premier and what it costs.

Mayor Kurtz said you are right because a lot of our neighboring communities, they don't do it like we do.

Several people began speaking at once again.

Councilperson Walchanowicz said maybe some of these young families moving in are more open to investing back into their community compared to some of our senior residents. They spent all of this money to build these big houses, and they are invested. Those are the ones that are going to vote for the schools.

Mayor Kurtz said they want to have nice services, nice parks. They want trails and all these good things.

ADJOURNMENT

Moved by Veverka, seconded by Walchanowicz, to adjourn the Council Workshop of May 24 2022. Voice Vote: 7 yes/0 no; motion carried.

There being no further business, the Council Workshop of May 24, 2022 was adjourned at 5:42 p.m.

Debra J. Beal, Clerk of Council

Minutes Unapproved at Time of Release May 26, 2022