



SHAKER HEIGHTS

Finance and Administration Committee Agenda City Hall Conference Room B Monday, January 22, 2019 7:30 AM

1. Approval Of The Minutes Of The Regular Meeting Of December 10, 2018.

Documents:

[FNMN1210.PDF](#)

2. Authorizing An Amendment To A Professional Services Contract With Weber Murphy Fox To Modify The Not To Exceed Amount Of \$31,280 To The Not To Exceed Amount Of \$35,030. SPW

Documents:

[MEMO TO FINANCE.PDF](#)

3. Accepting A Proposal And Authorizing A Contract With Planning NEXT In The Not-To-Exceed Amount Of \$52,780 For The Coordinated Facilities Master Plan Phase 1 Visioning, And Authorizing An Additional Appropriation In The Amount Of \$35,186 For The Library And Schools Share To Bring The Total Amount To \$85,186.

Documents:

[PLANNING NEXT .PDF](#)

4. 2019 Certified Local Government Grant Applications

Approving the application for a grant and the acceptance of a grant from the Ohio History Connection Certified Local Government Grant (CLG) Program in the amount of \$19,700 for City Hall Space Study and Plan.

Approving the application for a grant and the acceptance of a grant from the Ohio History Connection Certified Local Government Grant (CLG) Program in the amount of \$16,000 in partnership with the Cleveland Restoration Society for 18520 Winslow Road Rehabilitation Improvements.

Documents:

[MEMO_FINANCE COMMITTEE_CLG_01-17-19.PDF](#)

5. Authorizing The Application For And Acceptance Of A Community Recycling Awareness Grant From The Cuyahoga County Solid Waste District In An Amount Up To \$5,000. SPW

Documents:

[CCSWDRECYCLINGGRANT.PDF](#)

6. Authorizing A Personal Services Contract With Empowering And Strengthening Ohio's People (ESOP) In The Total Amount Of \$25,000 To Provide Shaker Seniors With Services To Achieve And Maintain Financial Wellness And Housing Stability. NRDC

Documents:

[ESOP.PDF](#)

7. Establishing An Agency Fund, Flexible Spending In The Fund Accounts Of The City.

Documents:

[NEW ACCOUNT FINANCE.PDF](#)

8. Authorizing An Appropriation In The Amount Of \$4,721.00 From The 2017 Flexible Spending Account (FSA) To The Human Resource Department Operating Budget.

Documents:

[FINANCE COMMITTEE FLEXSAVE FUNDING JANUARY 2019 - FINAL.PDF](#)

9. Approving A Seven-Year Lease Purchase Agreement With US Bancorp Government Leasing And Finance Inc. For \$700,000 To Finance The Cost Of Acquisition Of A Fire Engine For The Fire Department.

Documents:

[LEASING ARRANGEMENT FOR FIRE PUMPER.PDF](#)

10. Authorizing The Execution Of Certificates By The Director Of Finance And The Payment Of Amounts Due Upon Certain Contracts For Which The Finance Director Has Issued Then And Now Certificates In Connection With Certain Expenditures.

Documents:

[THEN AND NOW FINANCE JANUARY 2019_.PDF](#)

To request an accommodation for a person with a disability, call the City's ADA Coordinator at 216-491-1440, or Ohio Relay Service at 711 for TTY users.



SHAKER HEIGHTS

**Finance and Administration Committee
Monday December 10, 2018
7:30 A.M.
Conference Room B**

Members present: Council member Sean Malone, Chair
Council member Rob Zimmerman
Council member Earl Williams (arrived at 7:39 a.m.)
Citizen member Marty Kolb
Citizen member Linda Lalley
Citizen member Tom Cicarella
Citizen member Anthony Moore

Others present: Mayor David E. Weiss
Chief Administrative Officer Jeri Chaikin
Robert Baker, Finance Director
Cheryl Arslanian, Assistant Finance Director
Patricia Speese, Public Works Director
Sandra Middleton, Human Resources Manager
Frank Goforth, League of Women Voters

Audio of this December 10, 2018 meeting may be found [here](#)

The meeting was called to order by Chair Malone at 7:31 A.M.

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APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 19, 2018.

Chair Malone stated that the minutes of the November 19, 2018 meeting were approved as read.

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APPROVING AND AUTHORIZING EXECUTION OF A COMMUNITY COST SHARE AGREEMENT WITH THE NORTHEAST OHIO REGIONAL SEWER DISTRICT IN THE AMOUNT NOT-TO-EXCEED \$50,000 FOR THE FAIRHILL COMBINED SEWER OVERFLOW.

Patricia Speese, Director of Public Works, stated that this item is to authorize a Cost Share Agreement with the Northeast Ohio Regional Sewer District (NEORS) for the CSO 225 Outlet Pipe Replacement Project. Back in 2017, the Northeast Ohio Regional

Sewer District (NEORSD) notified Public Works that the outlet pipe for combined sewer overflow 225 (CSO 225) had significantly deteriorated. The outlet pipe owned by the City is located north of the Fairhill Road and Kemper Road intersection, discharging into the Doan Brook. There was no obstruction to the flow by the deterioration and no immediate concerns about slope stability, so no repairs were warranted.

In 2018, Public Works staff met with an engineer from the Cuyahoga County Department of Public Works (CCDPW) to review the scope of work and develop preliminary costs to make the repair. Our initial intent was to perform the work in the fall of 2018 and use CCDPW's sewer contract. In general, the project entails removal of approximately 30 trees north of the bike path, removal and replacement of roughly 80-feet of 36-inch pipe, construction of a new headwall to reinforce the existing structure and restoration work.

Public Works personnel will perform restoration of the trees. CCDPW's estimate to perform the work was approximately \$60,500. Public Works staff estimates the tree replacement to be approximately \$7,500.

In the summer of 2018, NEORSD proposed a cost share for this replacement. Since District flow is conveyed through the CSO during wet weather events, they are agreeable to paying 50% of the cost with a not-to-exceed \$50,000. NEORSD submitted an agreement on October 31, 2018 for the City's consideration.

Given that the CSO 225 outlet pipe replacement needs to be performed to minimize future slope instability, it is our recommendation to enter into the agreement with NEORSD to offset the cost of performing the work. It is our intent to start the work in February 2019. Funds for the City's share of this work have been set aside as part of the 2018 Sewer Capital.

In response to Chair Malone regarding sidewalks, Director Speese stated this project would not affect the new sidewalks.

The Finance Committee recommended authorizing approving and authorizing execution of a Community Cost Share agreement with the Northeast Ohio Regional Sewer District in the amount not-to-exceed \$50,000 for the Fairhill combined sewer overflow.

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ACCEPTING A PROPOSAL AND AUTHORIZING A CONTRACT WITH GPD GROUP FOR DESIGN SERVICES FOR THE AVALON AND STRATHAVON ROAD WATERLINE PROJECT IN THE AMOUNT OF \$53,622.

Director Speese, stated that this item is to authorize a contract with GPD Group in the total not to exceed amount of \$53,622 for professional design and related personal services for the Avalon and Strathavon Road Waterline Design Project. In the fall of 2018, Public Works applied and received funding from Cleveland Water Suburban Water Main Renewal program to replace the water mains on Avalon Rd (Fernway Rd to Van Aken

Blvd) and Strathavon Rd (Lomond Blvd to Scottsdale Rd). Cleveland Water (CWD) has agreed to pay for this project on the condition that the City of Shaker Heights design and manage the project. CWD will pay the City the total costs of the design and construction. The City agreed to administer this project but must first have the waterline designed.

Request for Proposals were sent to five (5) firms who have either performed professional services in the City before or have demonstrated an interest and the qualifications in waterline design. The scope of work entails that the consultant prepare construction documents for the replacement of the waterline on Avalon and Strathavon Roads. On October 12, 2018 the City of Shaker Heights received four (4) proposals.

Public Works reviewed the proposed fees. Although GPD's consultant's average score was higher than the other consultants were, their initial submitted fee was \$62,150. Public Works met with the GPD to discuss their proposed fee; showing their commitment to the project, GPD submitted a revised design fee on November 5, 2018 in the amount of \$53,622. We feel this is reasonable for the scope of work entailed with the design of the Avalon and Strathavon Road waterlines.

The GPD Group has a strong understanding of the project requirements and is experienced with these types of projects. They have shown their commitment to the project by reducing their fee and have detailed a schedule to meet project milestones.

Based on their understanding of the project, proposed project team and technical approach, we request approval to award the contract to GPD Group for design services for the Avalon & Strathavon Road Waterline Project in the amount of \$53,622.

In response to Chair Malone regarding reimbursement, Director Speese stated that the design, inspection, construction and the City's portion of contract administration all will be reimbursed by Cleveland Water.

In response to Chair Malone regarding the payment of \$53,622 to GPD, Director Speese stated that would be reimbursed by CWD.

In response to Citizen member Lalley, Director Speese stated that Public Works used the ranking system mentioned in prior meetings for all projects in qualifying contractors for a project.

Director Baker stated that in 2008 all the waterlines owned by Shaker Heights be transferred to the City of Cleveland in return for a promise that Shaker would be near the top of their list for new waterlines. Presently, the City is still paying off debt for two waterline projects done fifteen years ago before the waterlines were transferred to Cleveland.

Director Speese stated that approximately \$20M in new waterline improvements by CWD is completed and this program is extremely beneficially to Shaker Heights.

In response to Council member Zimmerman regarding why Cleveland does this program and what does it receive, CAO Chaikin stated this is income tax sharing, so that if a business moves from Cleveland to Shaker, Shaker will share income tax with Cleveland.

The Finance Committee recommended accepting a proposal and authorizing a contract with GPD Group for design services for the Avalon and Strathavon Road Waterline Project in the amount of \$53,622.

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AUTHORIZING A CONTRACT WITH THE CUYAHOGA COUNTY BOARD OF HEALTH, FOR THE PERIOD OF JANUARY 1, 2019 THROUGH DECEMBER 31, 2020, IN THE AMOUNT OF \$135,033 FOR 2019 AND \$155,041 FOR 2020, TO HANDLE HEALTH PERMITTING, LICENSING AND ENFORCEMENT UNDER OHIO LAW, AND TO PROVIDE VARIOUS HEALTH RELATED SERVICES TO THE CITY'S RESIDENTS.

Jeri Chaikin, Chief Administrative Officer, stated the City's Health Department could not achieve public health accreditation without substantial additional resources and reorganization. After a cost-benefit analysis for maintaining our own department, which confirmed the high costs and rigors required to become accredited, Council voted on November 13, 2017 to close our own Health Department and join the Cuyahoga County Board of Health (CCBH), effective January 1, 2018.

The first year contract was for 2018 at a rate of \$4.12 per resident at a total cost of \$117,206. CCBH had no increase prior to that since 2014 and the second year of the contract is an increase in per resident rate of 15% to \$4.74 in 2019 and \$5.44 in 2020. Shaker Heights experience with the CCBH is good and is pleased with their services, including holding regular meetings with the CCBH sanitarians and leadership to address the minimal "growing pains" in our new relationship. CCBH has been incredibly responsive to all of our requests and we have received compliments from our residents and businesses about their service.

In July 2018, the City received notification of the proposed increase by CCBH from their Board and a letter explaining the nature of those cost increases. CCBH also presented the increases to the Cuyahoga County Mayors and Managers Association in September. Based on a number of new, long term requirements like State mandated accreditation and synchronization with IRS reporting cycles for hospitals, significant additional capacity building, operations, monitoring and maintenance costs will be incurred by CCBH. CCBH also made necessary building infrastructure efficiencies and system replacement and repairs to its facilities, with amortized debt service to cover the costs of the work.

In response to Council member Zimmerman regarding CCBH providing better service, Director Speese stated that CCBH has provided far more oversight in the refuse and transfer station areas since they are highly regulated areas and significant training for stormwater management to all staff.

CAO Chaikin stated that CCBH has many sanitarians on staff that specialize in many areas and will provide training and information to the City to cover any topics of concern.

Council member Zimmerman stated that the Finance Committee is more involved in cost, but believed that when it was presented to Council that it was important to state the positives and negatives services provided CCBH.

In response to Citizen member Lalley regarding input on controlling CCBH cost; CAO Chaikin stated that she believed there is a board that includes some of the mayors and the County that oversees it. She will check into this.

Chair Malone asked if this increase is going to be a one-time thing or will the County be increasing its cost periodically when the contract comes up for renewal.

CAO Chaikin stated that it is her belief that they will increase every few years, but believes the current fee of \$4.12 has been in effect for a few years and will request a history of the increases in the past. This increase was slightly higher due to accreditation and improvements to their facility and other infrastructure.

Chair Malone stated that there is no other options for cities in Northeast Ohio, wanting to provide health services to their residents.

Citizen member Kolb stated that the City of Cleveland and Shaker Heights had been the only two cities left with their own health department. In 2012, there was a long debate regarding cash savings, but another concern was taking another service away from the community at a time when the City was reducing City staffing.

Citizen member Cicarella stated this is a perfect example of regionalizing a service, but who has the ability to apply pressure on costs. Is there a group or a committee that has the ability to questions the increase in costs?

Citizen member Moore asked if the City has a good sense that the overall community understands that this change took place. Does the City market this program so residents can take advantage of it, for example, flu shots at South Pointe Hospital?

CAO Chaikin stated that the program is on the City's website and letters were sent to all businesses and the residents that would come to the health department for flu shots.

Citizen member Moore stated that with the increase in fees should the City possibly try to survey who is taking advantage of the services offered.

The Finance Committee recommended authorizing a contract with the Cuyahoga County Board of Health for the period of January 1, 2019 through December 31, 2020, in the amount of \$135,033 for 2019 and \$155,041 for 2020. To handle health permitting, licensing and enforcement under Ohio Law, and to provide various health related services to the City's residents.

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AUTHORIZING A CONTRACT WITH MCGOWAN GOVERNMENTAL UNDERWRITING FOR PROPERTY AND CASUALTY INSURANCE IN THE AMOUNT OF \$341,384 FOR THE YEAR 2019.

Sandra Middleton, Human Resources Manager, stated this item is accepting a proposal and authorizing a contract with McGowan Governmental Underwriters/Argonaut in a total of \$341,384 for property casualty insurance.

Property casualty insurance includes a multitude of lines of coverage. This coverage includes automobile, general liability, property, public officials, law enforcement, fire department liability, employment practices, boiler and machinery, money and securities, computer and valuable papers to name a few. The City has additional coverage for terrorism, cyber-crime and Finance Director Bond. As an additional measure of protection, the City also maintains an umbrella policy for \$10,000,000.

The City currently has McGowan Governmental Underwriters as its agent for all major lines of property casualty insurance with Argonaut Insurance and American Agricultural Insurance Company for the umbrella policy. The City has been with Argonaut since 2008 and has utilized McGowan Governmental Underwriters as its agent for over 25 years.

The City calls on agents periodically to submit competitive proposals for our property and casualty insurance. The City traditionally uses a consultant to oversee this process. The last time the city accepted proposals for property casualty insurance was December 2006. The City contracted with Compensation Analysis, Inc., Daniel O'Brien, Principal to provide insurance and risk management consulting services. Mr. O'Brien has provided insurance and risk consultation in the past for the City

Four agencies received the Request for Proposal that have specialized experience insuring public sector clients. Of these four agencies McGowan Governmental Underwriters, Fedeli Group, Jackson-Dieken, Todd Associates; only McGowan Governmental Underwriters, the incumbent agent, provided a proposal.

Mr. O'Brien's report included market observations. Ohio has shifted from stagnant pricing at renewal to standard increases. The market is "hard" as a result of continued losses and very low investment income for the insurance industry. Most public entities are experiencing increases from 5 - 12 % because of the shift. A new normal renewal for risks with a "good" loss ratio is a 5% increase. There continues to be a lack of "capacity" in Ohio. There are very few insurance carriers that are interested in the public sector in Ohio. A lack of carriers means less competition which leads to little incentive for carriers to be aggressive.

Mr. O'Brien suggested that the City look at a more routine RFP process; accepting proposals every 3 to 5 years.

Mr. O'Brien recommends that the City conducts a formal real property appraisal in 2019. The appraisal will allow the insurance company to remove the 125% margin clause. This margin clause limits a property loss to a specific, per location limit rather than having the entire property blanket limit available for a loss.

Mr. O'Brien also recommends that the City extends the 12 month renewal to a one-time 15 months to allow underwriting an opportunity to access the City's risk during an off peak time. This move may benefit the City's future renewal quote.

The City's consultant recommends that the City accept the proposal from McGowan Governmental Underwriters and Trident/Argonaut Insurance Company at \$341,384 versus the expiring premium of \$320,000, representing a 6% premium increase

The 4% increase in premium includes a substantial increase in vehicles in our auto fleet; an increase in Flood and Earthquake insurance (\$3,000,000 to \$5,000,000); an increase in Building Ordinance & Law (\$100,000 to \$1,000,000) and an increase in contractors' equipment per bid spec.

The Ad Hoc Liability and Property Insurance Sub-Committee of the Finance and Administration Committee reviewed the City's consultant report in its entirety at its December 5, 2018 meeting. The Committee supported the recommendation of the consultant. The Ad Hoc Committee will oversee the implementation of the consultant's other recommendations.

Citizen member Moore stated that in Mr. O'Brien's report he spoke about the Shaker Dams and that the City is not alone in this issue. Mr. O'Brien also mentioned in his footnotes that dams have been in the news around the country the last couple of years and that has added to the sensitivity with insurance agencies and suggested that they be added to the memo being presented to Council.

Council member Williams stated that the increase in the Building Ordinance and Law seems to be reflecting the fact that many of the City buildings are not ADA compliant and people are having accidents. He asked what type of claims are frequent as opposed to catastrophic.

Manager Middleton stated there had been no claims and that increase was to assist in putting a property back to code.

CAO Chaikin stated that the City spent a \$100,000 in grant funds several years ago to make main City Hall ADA compliant.

In response to Citizen member Kolb regarding claims, Manager Middleton stated that claims were for property damage from trash scooters, auto accidents, sewer claims, and sidewalks.

Citizen member Cicarella stated that the City is getting more coverage in the 6% increase.

The Finance and Administration Committee recommended authorizing a contract with McGowan Governmental Underwriting for property and casualty insurance in the amount of \$341,384 for the year 2019.

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PROPOSED 2019 BUDGET

Director Baker summarized recent changes that affected the 2019 Proposed Budget that was presented at a Joint Council/Finance and Administrative Committee meeting on November 12, 2018. RITA collections, expenses and additional transfers are a few issues that will change the 2019 Proposed Budget figures.

Mayor Weiss stated that following the Council meeting and further discussions, what followed was to remove everything that initially went into the operating budget and the cuts along with the reduction of spending enabled us to get to a positive fund balance for 2018 and increase the street capital expenditure back up to the original proposed amount. The 2019 budget seems to be a break-even budget as proposed. He highlighted the transfer-outs line for 2019 being about \$2M short for capital expenditures.

CAO Chaikin stated that \$155,000 expenses were removed from the budget.

Citizen member Lalley stated she was concerned that we are being overly conservative since she has been observing full restaurants, people shopping in the stores, housing sales, booming market which reflect no indication of a dire situation. She fully agrees with the timing and waiting to see what happens, but to be presenting everything in such a negative matter, she believes is misleading. Caution and timing are appropriate, but permanent budget changes does give concern.

Mayor Weiss stated this budget is temporary allowing the City time to confirm what we hope is our expectation that revenues will increase in the first half of the year.

In response to Mayor Weiss regarding a year over year drop in revenues, Director Baker stated since the income tax rate increase, there has not been a drop in revenues.

Citizen member Lalley stated that she would rather see transfers versus changing the way the City does business.

Director Baker stated that under Ohio Law a temporary budget can't last longer than 90-days and that is making the City adopt a full year's budget because in 90-days the City will not know the real situation. When a temporary budget passes, the full budget must pass by April 1.

In response to Citizen member Kolb regarding final 2018 RITA tax collection, Director Baker stated that the City would not possibly receive them until the second quarter of 2019.

Council member Zimmerman stated the new budget process has been handled responsibly and the budget will be passed with the changes that have been presented and Council will review in the first and second quarter of 2019 to see what the fiscal picture looks like and make any necessary adjustments at that time.

Citizen member Moore stated he agrees with Citizen member Lalley and believes that this situation should be dealt with more formally by explaining that some of this might be a result from the federal tax law and how people are responding to it. Secondly, the City is planning the budget revision process is beginning June and this reflects the prudence the administration is presenting.

Council member Williams stated that he believes we are still in an adjustment period and recovering from the loss of the estate tax, which was the capital budget. The City is still trying to maintain the loss of \$2M in capital expenditures once funded by the estate tax. This adjustment period is normal and will not be extremely long term, but is going to take time to have new revenues from the development in terms of income tax.

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There being no further business, the meeting was adjourned at 8:42 a.m. The next meeting will be December 10, 2018.

Respectfully submitted,

Robert H. Baker, Finance Director
Finance and Administration Committee



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MEMORANDUM

TO: Members of Finance Committee

FROM: Kamla Lewis, Director of Neighborhood Revitalization

C.C. Mayor David E. Weiss
Chief Administrative Officer, Jeri E. Chaikin

DATE: January 16, 2019

RE: **Contract to Provide Financial Capability and Housing Stability Services to Shaker Seniors**

The City is recommending entering into an 11 month contract, in the amount of \$25,000, with the non-profit agency, ESOP (Empowering and Strengthening Ohio's People) as a pilot program to provide financial capability and housing stability services to Shaker's seniors, to better enable our seniors to age in place with greater economic stability. This proposal was discussed at the January Neighborhood Revitalization and Development (NRD) Committee and unanimously approved. Most of the discussion focused on positive feedback about ESOP and their partners, and questions about marketing the program, making adjustments if demand exceeds currently budgeted hours and ways to build trust with seniors.

Background

Seniors (55 and older) in Shaker comprise 29.4% of the population (2010 census), and the City provides a range of services and programs specifically aimed at this segment of the population. The Recreation Department provides recreation and transportation programs and contracts with a part time social worker to respond to requests for information and referral from seniors. The Economic Development Department provides grants to seniors to help with home repairs and accessibility.

However, often as the City works with our seniors around issues of housing maintenance and tax delinquency, it has been evident that their needs require a range of services that exceed our staff capacity to address them. These include tax and mortgage delinquency, financial capability, hoarding, and caregiving needs. Nationally, 32% of people aged 53-62 have \$0 saved for retirement. 30% of seniors experience a \$0 or negative budget every month after paying for their basic needs.



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- Shaker residents on homestead exemption (a proxy for seniors) represented 33% of tax delinquent properties in Shaker in November 2018, and 36% of the total tax delinquency. Without assistance, these seniors are in danger of losing their homes.
- Seniors historically represent approx. 85% of the Housing Specialist's caseload.
- Based on the types of situations they encounter working with seniors, the Building/Housing, Recreation, Law and Police Departments, all of which have frequent interaction with seniors, support the addition of the services offered by ESOP to our seniors.

As examples, ESOP staff would be available to assist seniors who receive housing violations create budgets, and connect with benefit programs which can provide financial assistance. For seniors facing crises related to high credit card debt and payday loans, ESOP will negotiate with creditors to create fair and affordable repayment plans and work with their partners at Hebrew Free Loan Association (HFLA) to seek interest free loans to get out of payday loans and or pay down high interest credit card debt. They provide specific property tax counseling services, including operating their own unique Senior Property Tax Loan Program.

ESOP's background

ESOP helps people in all stages of life achieve and maintain financial wellness and housing stability. The organization was founded in 1993. In its early days as the East Side Organizing Project, ESOP used community activism to combat predatory lending and other disreputable financial practices. As the organization evolved into Empowering and Strengthening Ohio's People, ESOP shifted focus to provide individuals with the knowledge and tools they needed to ensure their financial wellness and housing stability. In its 25 year history, ESOP has helped more than 42,000 homeowners across Ohio save their homes from foreclosure.

In recent years, ESOP developed the Senior Financial Empowerment Initiative, an integrated suite of financial capability services for older adults and their caregivers. The commitment to helping older adults and their caregivers achieve financial wellness and housing stability was enhanced in 2017, when ESOP became a subsidiary of Benjamin Rose Institute on Aging, a 110-year-old nonprofit organization whose mission is to advance support for older adults and their caregivers. ESOP's clients all have full access to an array of services and supports for older adults and their caregivers from the Benjamin Rose Institute on Aging. In addition to one on one counseling, ESOP offers 15 financial capability workshops and homebuyer education workshops.

ESOP Program Outcomes

73% of the clients ESOP serves are African American women over the age of 65. Most rely exclusively on Social Security, are deep in debt, and, on average, have a fixed income of \$12,131.



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- Even on this meager income, through one-on-one coaching and counseling, ESOP has helped their clients increase their credit score by an average of 27 points, decrease their debt by an average of 20% or \$2,415, decrease their monthly expenses on average by 22% or \$218, and still manage to save \$244.
- Clients who participated in their matched savings program established an average emergency savings of \$1,092. These are life-changing numbers for seniors who live at this level of income.
- ESOP has assisted 529 seniors avoid property tax foreclosure, and have saved 1,663 clients a total of \$785,571 by accessing benefits.

Proposed Contract with ESOP

- ESOP would provide up to 68 hours per month of one on one financial counseling and housing counseling services, at the Shaker Heights Community Building. Specific office hours will be determined on a monthly basis in consultation with the City, but appointments will be encouraged, and office hours adjusted accordingly. Clients could also receive services at ESOP's offices located at 11890 Fairhill Road, if they so choose. If the City chooses to have ESOP offer any of their workshops, these hours would count towards the 68 hours per month.
- Services provided would include:
 - **Financial Counseling and Coaching:** One-on-one sessions are available by appointment to help people develop budgets and better manage their finances.
 - **Foreclosure Prevention Counseling:** ESOP will negotiate with lenders to help people obtain affordable loan modifications to save their homes from foreclosure.
 - **Property Tax Counseling:** ESOP helps people resolve their property tax delinquency through a payment plan directly with Cuyahoga County or through their own Senior Property Tax Loan Program (SPTLP).
 - **Senior Property Tax Loans:** Affordable loans and counseling to help eligible homeowners pay delinquent property taxes and avoid foreclosure.
 - **Matched Savings Accounts:** Eligible clients can earn a dollar-for-dollar match up to \$500 if they engage in financial coaching for a year.
 - **Accessibility Modification Grants and Loans:** help people get the funds they need to make their homes safer so they can age in place.
 - **Benefits Assessment and Enrollment:** assists clients in understanding and applying for local, state and federal benefits.
 - **Transitional Counseling:** Stewarding older adults through downsizing and/or successfully transitioning to assisted living facilities.
 - **Vision Screening and Eyeglass Vouchers:** Free screenings and glasses for eligible consumers to ensure they can properly see and monitor financial statements.
 - **Volunteer Income Tax Assistance (VITA):** free income tax preparation for adults with low to moderate income.



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- **Pre-purchase Counseling:** work to ensure that individuals are financially ready for homeownership.
- **Homebuyer Education Workshops:** Individuals learn the important basics of the home-buying process and gain the knowledge and skills needed to secure an affordable mortgage.
- **Post-purchase Counseling:** Gain the tools and knowledge needed to be a successful long-term homeowner prepared for financial emergencies and necessary home repairs.
- **Group Financial Education Workshops:** Workshops provide valuable information on topics ranging from budgeting and goal setting to understanding credit and debt, avoiding financial exploitation, spending choices, and the importance of savings.
- The contract would cover the period February through December 2019.
- Funds for the program have already been appropriated in the Neighborhood Revitalization Department 2019 budget.
- The City would provide free office space in the Community Building for meeting with clients and assist in marketing ESOP services through existing channels, including our website, magazine and fliers, as well as referrals from departments.
- ESOP would provide the City with non-confidential information about program usage and outcomes, including demographics, income level, debt reduction, savings, monthly expense reduction and credit improvement.

Recommendation

Staff is requesting that the Finance Committee recommend to Council entering into a professional services contract with ESOP in the amount of \$25,000 for 2019 to provide Shaker seniors with services to achieve and maintain financial wellness and housing stability.



SHAKER HEIGHTS

Memorandum

To: Finance and Administration Committee Members

From: Joyce G. Braverman, Director, Planning Department

cc: David E. Weiss, Mayor
Jeri E. Chaikin, Chief Administrative Officer

Date: January 17, 2019

Re: Coordinated Facilities Vision Plan—
Recommendation to Award Contract to Planning NEXT & Request for Additional
Appropriation of \$35,186.00

The City of Shaker Heights, Shaker Heights City Schools, and Shaker Heights Public Library issued a Request for Proposals (RFP) seeking a facilitator to assist in a coordinated facilities planning process on November 19, 2018. A Task Force comprised of representatives from all three entities was formed to lead this effort. Based on discussions with this Task Force, the primary purposes of the project are to:

1. Craft a long-term vision;
2. Identify and share long-term facilities priorities;
3. Plan for limited resources;
4. Share estimates of resources and services;
5. Anticipate funding needs;
6. Explore areas for coordination and collaboration on capital improvements; and
7. Develop an overall master facilities plan for the community.

The project has two phases: Phase 1) Visioning, and Phase 2) Physical Space Study and Master Plan. The RFP addresses work for Phase 1.

A ballpark budget of \$40,000 was shared as part of the RFP process. The consultant contract will be held by the City of Shaker Heights, but the three entities have agreed to pay for Phase 1 of the project in equal amounts. This will be reflected in an initial Memorandum of Understanding (MOU) and finalized in a formal agreement.

The Coordinated Facilities Master Plan Phase 1 Visioning RFP was issued to seventeen (17) firms, distributed to the AIA (architects) and APA (planners) professional organizations, and posted on the City's website. Four proposals were received (see attached proposal comparison spreadsheet) and two interviews, shown in bold, took place on Thursday, January 10:

<u>Consultants</u>	<u>Price Proposed</u>
• Enlightenment Consulting Group	\$40,000
• Planning NEXT	\$47,000
• MKSK	\$75,190
• Weber Murphy Fox	\$122,500

Planning NEXT included optional work that would increase their base cost of \$47,000. If the selected optional work is pursued, their proposed price would total \$52,780.

All proposals were evaluated based on project understanding and approach, experience, past work, and price. The Selection Committee (Dr. Steve Wilkins, Interim Superintendent, Shaker City Schools; Amy Switzer, Director, Shaker Heights Public Library; Joyce Braverman, Planning Director; and assisted by Shaker Heights Planning Staff) reviewed the proposals and interviewed the two teams.

The Planning NEXT team quickly rose to the top during the interview process for the following reasons:

- Planning NEXT expertise is vision planning and associated public participation processes
- Depth of vision planning experience
- Seasoned project manager and focused team
- Immediately understood need for, and amenable to, adjusting scope to meet client needs
- Proposed fee reflected an understanding of client budget (\$47,000-\$55,980)
- References extremely positive

MKSK is also qualified. Although their proposal for this particular project was initially compelling, upon further review it was not a good fit and did not meet client needs:

- MKSK proposed a very large team, with ill-defined responsibilities for each member
- Inexperienced project manager
- Proposed fee was not reflective of client budget (\$75,190)

Recommendation

Following interviews, staff held a conference call with Planning NEXT to formalize scope adjustments and refine the proposed cost. Planning NEXT adjusted the scope and provided an updated cost of \$52,780 for Phase 1 of the project. The revised scope includes:

- Refinement of data gathering phase to include a building inventory and map, and tour of city and selected buildings.
- Addition of inward-facing stakeholder interviews and task force visioning to clarify project scope and focus information gathering from community.
- Two outward-facing meetings with the community.
- Inclusion of two optional tasks that the Client Group deemed valuable to the process:
 - A project identity package to facilitate streamlined communications from three organizations (\$3,340)

- Coordination of a speaker panel representing a variety of perspectives to kick-off planning process (\$2,440)

The Planning Department recommends entering into a contract with Planning NEXT in the not-to-exceed amount of \$52,780 for Phase 1 of the project. Payment of the contract will be equally shared by the organizations as follows:

- City of Shaker Heights \$17,594
- Shaker Heights Public Library \$17,593
- Shaker Heights City School District \$17,593

The Planning Department recommends accepting contributions of \$17,593 each from both Shaker Heights City Schools and Shaker Heights Public Library for their share of the project payment. \$50,000 is contained in the Planning Department operating budget for the City's share of both phases of the project. We request an additional appropriation of \$35,186 for the Library and Schools share to bring the total appropriation to \$85,186.

Coordinated Facilities Master Plan—Phase 1 Visioning Proposal Comparison

Team Members	Project Manager	Approach	Previous Projects/Experience	Fee	Anticipated Completion Date	Comments/Questions
Planning NEXT	Sarah Bongiorno	<ul style="list-style-type: none"> Facilitate an Orientation Workshop; gather all relevant data Develop an outreach plan and communications plan Facilitate four public workshops Prepare Community Vision Memo Discuss policies & initiatives through a Community Priorities Summit Finalize input from two rounds of public engagement Produce vision plan document 	<ul style="list-style-type: none"> Columbus State Community College Campus Planning “Fairgrounds to Future” (vision for former Montgomery County Fairgrounds site) ValpoNEXT Vision Plan and Creative District Plan 	\$47,000 Proposed fee does not include the following optional services: <ul style="list-style-type: none"> Develop a project identity Host a kickoff speaker series Conduct Council, Committees, and Boards meetings 	July 2019 (6 months)	<ul style="list-style-type: none"> No local representation on project team (located in Columbus)
MKSK (Lead) Project Management Consultants Bialosky	Arin Blair	<ul style="list-style-type: none"> Establish scope of work, schedule, and project management protocol Conduct initial collection of base information (Public Meeting #1); synthesize into an alignment report Create draft vision plan and recommendations (Public Meeting #2); summary memo Draft a final vision plan (Public Meeting #3) Provide final plan documentation 	<ul style="list-style-type: none"> Van Aken District (landscaping plan) Cleveland Heights-University Heights School Master Plan Southwest Bexley Master Plan & Implementation Bexley Public Library Site Improvements Master Plan Crocker Park (Master Plan) Columbus Creative Campus Plan & Implementation Columbus College of Art & Design Framework Plan Upper Arlington School District Planning & Design 	\$75,190 <ul style="list-style-type: none"> Does not include development of a project identity or kickoff speaker series 	August 2019 (7 months)	<ul style="list-style-type: none"> Provided a facilities map for all three entities Detailed project approach on pages 21-22

Team Members	Project Manager	Approach	Previous Projects/Experience	Fee	Anticipated Completion Date	Comments/Questions
Weber Murphy Fox (Lead) CBLH Design Burges & Burges	David Thal	<ul style="list-style-type: none"> • Assessment and documentation of existing conditions • Creation of focus groups, surveys, and research • Information consolidation • Visioning initial findings • Public outreach • Consolidation of public input • Composition of a final visioning report 	<ul style="list-style-type: none"> • Bethel Park new high school • Peters Township SD new high school • Erie County Blasco Library Children’s Area expansion • Allegheny College Pelletier Library (renovations) • Ross Township Municipal Complex (Cost-benefit analysis for renovations of existing facility vs. construction of new) • Crawford County Government Reorganization • University Heights Library Addition and Renovation • Cuyahoga Falls Public Library – Master Plan Study 	\$122,500 <ul style="list-style-type: none"> • Does not include development of a project identity or kickoff speaker series • Conducting Council, Committees, and Boards meetings is not specified 	October 2019 (9 months)	<ul style="list-style-type: none"> • Current consultant for the City of Shaker Height’s Space Study and Plan for City Hall
Enlightenment Consulting Group, LLC (Lead) Dimit Architects	Peter Whitt	<ul style="list-style-type: none"> • Establish understanding of baseline vision plan ideas and resources • Modify scope based on feedback and data • Development an engagement strategy to support internal and external communication • Explore creative alignments between the entities • Research financial data to ensure feasibility of plan • Finalize vision plan 	<ul style="list-style-type: none"> • Cleveland Public Library Community Vision Plan • City of Cleveland Racial and Ethnic Relations Report 	\$40,000 <ul style="list-style-type: none"> • Does not include development of a project identity or kickoff speaker series • Conducting Council, Committees, and Boards meetings is not specified 	October 2019 (9 months)	<ul style="list-style-type: none"> • Provided a firm profile (page 2), but no individual profiles for project team



SHAKER HEIGHTS

Memorandum

To: Finance and Administration Committee Members

CC: David E. Weiss, Mayor
Jeri E. Chaikin, Chief Administrative Officer

From: Joyce G. Braverman, Director, Planning Department
Cameron Roberts, Planner, Planning Department

Subject: **2019 Certified Local Government Grant Applications**

Date: January 17, 2019

This is a request to authorize an application for, and acceptance of, two grants from the Ohio History Connection (Ohio's state historic preservation office). The Planning Department will submit two grant applications with one in partnership with the Cleveland Restoration Society.

Approximately \$100,000 in funds are made available each year for the Certified Local Government (CLG) grant program for activities that further historic preservation. The grants are only available to those communities designated as CLG's. Shaker Heights has regularly applied for and received funding through this grant since becoming a Certified Local Government in 1993. CLG grants are federal funds administered by the Ohio History Connection.

Application #1: City Hall Space Study & Plan

The first priority application is for rehabilitation improvements at Shaker Heights City Hall in coordination with the City Hall Space Study and Plan project. City Hall is a designated Landmark Property and also located within the National Register of Historic Places.

This project aims to co-locate the Building and Housing Inspection Department by re-organizing department locations and functionality within City Hall. This includes investigating use of the 2nd floor firehouse, which has been vacant since 2004. The project consultant, Weber Murphy Fox, has been working on the project since July 2019. Based on their cost estimates, none of the proposed work can be fully implemented with the allocated budget of \$450,000 for the project in 2019. A CLG grant could help close the gap.

The project includes restoring approximately 28 historic, wood windows. The estimated cost provided by the consultant for this work is \$18,200. This would require review and approval by the Landmark Commission and compliance with the Secretary of the Interior's Standards, which are the standards required by Ohio History Connection for CLG grants.

A grant application will be made specifically for this historic window work, while emphasizing its contribution to the overall rehabilitation of City Hall space. The grant application will request \$19,700 to repair windows deemed necessary and cover an 8% design fee required by the

consultant for construction. This application requires a 40% match, which will be allocated from the \$450,000 currently budgeted for the project. Planning Department staff will prepare the grant application and facilitate all grant work.

Application #2: 18520 Winslow Road Rehabilitation Improvements

The second priority application is for rehabilitation improvements at 18520 Winslow Road in partnership with the Cleveland Restoration Society (CRS). This property is located in the Winslow Road Local Landmark District.

Since its abandonment in 2014, the home had deteriorated significantly and required extensive work. The City acquired the property in January 2018, and in partnership with CRS, submitted a CLG grant application to rehabilitate the property. In April 2018, the City and CRS secured a CLG grant of \$14,255 to assist in the rehabilitation work. The property was then transferred from the City to CRS in May 2018.

CRS has been actively working on the property and significant improvement can already be seen. The whole exterior has been repainted, masonry on the chimneys has been rebuilt, the roof has been fully replaced, the front porch has been restored, and a number of windows have been repaired or replaced. Throughout this work, CRS has taken full responsibility of managing the CLG grant.

There are two remaining items for exterior work: building a new detached garage and restoring the driveway. CRS has secured bids for both and estimates that the work will range from \$26,000-\$33,000. CRS has gone well beyond their initial budget for this project and has requested partnership with the city to pursue another grant. Ohio History Connection has verified that this project would be eligible for a second CLG grant.

The grant application will request \$16,000 for the remaining exterior rehabilitation improvements to 18520 Winslow Road. This application requires a 40% match, which will be comprised of in-kind donations and additional project funds from CRS. No cash match is required from the City. CRS will prepare the majority of the grant application and facilitate all grant work as a third party administrator.

Recommendation:

This is a recommendation to authorize an application for, and acceptance of, two grants from the Ohio History Connection. We request that this be passed as an emergency and on first reading in order to meet grant application deadlines. Grant applications and supporting legislation are due February 11. Grant awards will be announced in late April.



SHAKER HEIGHTS

TO: Members of the Finance & Administration Committee

CC: David Weiss, Mayor
Jeri E. Chaikin, CAO

FROM: Patricia Speese, Director of Public Works

SUBJECT: Community Recycling Awareness Grant

DATE: January 7, 2018

The Cuyahoga County Solid Waste District (CCSWD) has available a zero match 2019 *Community Recycling Awareness Grant* with a maximum award of \$5,000 per municipality. In an effort to keep with the cities goal of Effective Cost-Efficient Government, we are requesting approval to apply for this grant to educate residents on the changes in recycling and promote the Reuse/Reduce/Recycle mantra.

The City of Shaker Heights has been committed to being environmentally responsible for many, many years. We continue to look for ways to make residents aware of the importance of recycling. We have been challenged this year with all the changes that have taken place with recycling. We would like to apply for the 2019 CCSWD Community Awareness Grant and use the funds to produce materials that we will place in the Shaker Life Magazine. These materials will touch on how to Reuse, Reduce and Recycle. We will offer suggestions to our residents on how to Reuse items, and offer ways to reduce what they purchase that is not recyclable and present all of the new recycling guidelines that we currently face. Additional copies of the materials will also be distributed throughout City buildings, the Library and for passing out at Block Parties.

The grant amount the City would like to apply for is the maximum amount of \$5,000 and requires no matching funds from the City. The application deadline is February 1, 2019. The recipients will be announced no later than March 4, 2019. This request was presented and unanimously approved by the Safety & Public Works Committee at their January 4, 2019 meeting. Discussion centered around educating residents on how to re-use items so that the recycling and contamination of recycling could be reduced.

We request approval to apply for and accept the *Community Recycling Awareness Grant for \$5,000* from the Cuyahoga County Solid Waste District to create and distribute educational materials on recycling.



SHAKE RECYCLES



SHAKER HEIGHTS

MEMORANDUM

TO: Members of Finance Committee

FROM: Kamla Lewis, Director of Neighborhood Revitalization

C.C. Mayor David E. Weiss
Chief Administrative Officer, Jeri E. Chaikin

DATE: January 16, 2019

RE: **Contract to Provide Financial Capability and Housing Stability Services to Shaker Seniors**

The City is recommending entering into an 11 month contract, in the amount of \$25,000, with the non-profit agency, ESOP (Empowering and Strengthening Ohio's People) as a pilot program to provide financial capability and housing stability services to Shaker's seniors, to better enable our seniors to age in place with greater economic stability. This proposal was discussed at the January Neighborhood Revitalization and Development (NRD) Committee and unanimously approved. Most of the discussion focused on positive feedback about ESOP and their partners, and questions about marketing the program, making adjustments if demand exceeds currently budgeted hours and ways to build trust with seniors.

Background

Seniors (55 and older) in Shaker comprise 29.4% of the population (2010 census), and the City provides a range of services and programs specifically aimed at this segment of the population. The Recreation Department provides recreation and transportation programs and contracts with a part time social worker to respond to requests for information and referral from seniors. The Economic Development Department provides grants to seniors to help with home repairs and accessibility.

However, often as the City works with our seniors around issues of housing maintenance and tax delinquency, it has been evident that their needs require a range of services that exceed our staff capacity to address them. These include tax and mortgage delinquency, financial capability, hoarding, and caregiving needs. Nationally, 32% of people aged 53-62 have \$0 saved for retirement. 30% of seniors experience a \$0 or negative budget every month after paying for their basic needs.



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- Shaker residents on homestead exemption (a proxy for seniors) represented 33% of tax delinquent properties in Shaker in November 2018, and 36% of the total tax delinquency. Without assistance, these seniors are in danger of losing their homes.
- Seniors historically represent approx. 85% of the Housing Specialist's caseload.
- Based on the types of situations they encounter working with seniors, the Building/Housing, Recreation, Law and Police Departments, all of which have frequent interaction with seniors, support the addition of the services offered by ESOP to our seniors.

As examples, ESOP staff would be available to assist seniors who receive housing violations create budgets, and connect with benefit programs which can provide financial assistance. For seniors facing crises related to high credit card debt and payday loans, ESOP will negotiate with creditors to create fair and affordable repayment plans and work with their partners at Hebrew Free Loan Association (HFLA) to seek interest free loans to get out of payday loans and or pay down high interest credit card debt. They provide specific property tax counseling services, including operating their own unique Senior Property Tax Loan Program.

ESOP's background

ESOP helps people in all stages of life achieve and maintain financial wellness and housing stability. The organization was founded in 1993. In its early days as the East Side Organizing Project, ESOP used community activism to combat predatory lending and other disreputable financial practices. As the organization evolved into Empowering and Strengthening Ohio's People, ESOP shifted focus to provide individuals with the knowledge and tools they needed to ensure their financial wellness and housing stability. In its 25 year history, ESOP has helped more than 42,000 homeowners across Ohio save their homes from foreclosure.

In recent years, ESOP developed the Senior Financial Empowerment Initiative, an integrated suite of financial capability services for older adults and their caregivers. The commitment to helping older adults and their caregivers achieve financial wellness and housing stability was enhanced in 2017, when ESOP became a subsidiary of Benjamin Rose Institute on Aging, a 110-year-old nonprofit organization whose mission is to advance support for older adults and their caregivers. ESOP's clients all have full access to an array of services and supports for older adults and their caregivers from the Benjamin Rose Institute on Aging. In addition to one on one counseling, ESOP offers 15 financial capability workshops and homebuyer education workshops.

ESOP Program Outcomes

73% of the clients ESOP serves are African American women over the age of 65. Most rely exclusively on Social Security, are deep in debt, and, on average, have a fixed income of \$12,131.



SHAKER HEIGHTS

- Even on this meager income, through one-on-one coaching and counseling, ESOP has helped their clients increase their credit score by an average of 27 points, decrease their debt by an average of 20% or \$2,415, decrease their monthly expenses on average by 22% or \$218, and still manage to save \$244.
- Clients who participated in their matched savings program established an average emergency savings of \$1,092. These are life-changing numbers for seniors who live at this level of income.
- ESOP has assisted 529 seniors avoid property tax foreclosure, and have saved 1,663 clients a total of \$785,571 by accessing benefits.

Proposed Contract with ESOP

- ESOP would provide up to 68 hours per month of one on one financial counseling and housing counseling services, at the Shaker Heights Community Building. Specific office hours will be determined on a monthly basis in consultation with the City, but appointments will be encouraged, and office hours adjusted accordingly. Clients could also receive services at ESOP's offices located at 11890 Fairhill Road, if they so choose. If the City chooses to have ESOP offer any of their workshops, these hours would count towards the 68 hours per month.
- Services provided would include:
 - **Financial Counseling and Coaching:** One-on-one sessions are available by appointment to help people develop budgets and better manage their finances.
 - **Foreclosure Prevention Counseling:** ESOP will negotiate with lenders to help people obtain affordable loan modifications to save their homes from foreclosure.
 - **Property Tax Counseling:** ESOP helps people resolve their property tax delinquency through a payment plan directly with Cuyahoga County or through their own Senior Property Tax Loan Program (SPTLP).
 - **Senior Property Tax Loans:** Affordable loans and counseling to help eligible homeowners pay delinquent property taxes and avoid foreclosure.
 - **Matched Savings Accounts:** Eligible clients can earn a dollar-for-dollar match up to \$500 if they engage in financial coaching for a year.
 - **Accessibility Modification Grants and Loans:** help people get the funds they need to make their homes safer so they can age in place.
 - **Benefits Assessment and Enrollment:** assists clients in understanding and applying for local, state and federal benefits.
 - **Transitional Counseling:** Stewarding older adults through downsizing and/or successfully transitioning to assisted living facilities.
 - **Vision Screening and Eyeglass Vouchers:** Free screenings and glasses for eligible consumers to ensure they can properly see and monitor financial statements.
 - **Volunteer Income Tax Assistance (VITA):** free income tax preparation for adults with low to moderate income.



SHAKER HEIGHTS

- **Pre-purchase Counseling:** work to ensure that individuals are financially ready for homeownership.
 - **Homebuyer Education Workshops:** Individuals learn the important basics of the home-buying process and gain the knowledge and skills needed to secure an affordable mortgage.
 - **Post-purchase Counseling:** Gain the tools and knowledge needed to be a successful long-term homeowner prepared for financial emergencies and necessary home repairs.
 - **Group Financial Education Workshops:** Workshops provide valuable information on topics ranging from budgeting and goal setting to understanding credit and debt, avoiding financial exploitation, spending choices, and the importance of savings.
- The contract would cover the period February through December 2019.
 - Funds for the program have already been appropriated in the Neighborhood Revitalization Department 2019 budget.
 - The City would provide free office space in the Community Building for meeting with clients and assist in marketing ESOP services through existing channels, including our website, magazine and fliers, as well as referrals from departments.
 - ESOP would provide the City with non-confidential information about program usage and outcomes, including demographics, income level, debt reduction, savings, monthly expense reduction and credit improvement.

Recommendation

Staff is requesting that the Finance Committee recommend to Council entering into a professional services contract with ESOP in the amount of \$25,000 for 2019 to provide Shaker seniors with services to achieve and maintain financial wellness and housing stability.



SHAKER HEIGHTS

Memorandum

To: Members of Finance and Administration Committee

From: Robert H. Baker, Director of Finance

cc: Mayor Earl M. Leiken
Chief Administrative Officer Jeri E. Chaikin

Date: January 22, 2019

Re: Request to Establish an Agency Fund for Flexsave

As discussed in the memo from Monica Hayes, HRRM Analyst in the Human Resources Department, the City is changing the way it manages the Flexsave program for its employees. While most changes can be accommodated within the General Fund, in order to pay the Flexsave payments and service fees, it is necessary to create a new agency fund. It will be Fund No. 772, the Flexsave Fund.

Staff of the Finance Department request that the Finance and Administrative Committee recommend to Council to establish Agency Fund No. 772, the Flexsave Fund.



SHAKER HEIGHTS

Memorandum

TO: Members of the Finance and Administration Committee

CC: Mayor David Weiss
Jeri E. Chaikin, Chief Administrative Officer
Sandra Middleton, Human Resources Manager

FROM: Monica Hayes, Sr. Human Resources Analyst

SUBJECT: **Change in FlexSave Funding and Establishing Fund**

DATE: January 11, 2019

The City provides full-time employees with the opportunity to participate in a flexible spending account (FSA), administered by Medical Mutual of Ohio (MMO), called FlexSave. There is a monthly service fee of \$5.40 paid by the City per participating employee. Employees commit to an amount each year for healthcare expenses that are not covered by health insurance, i.e. deductibles, co-payments, co-insurance, etc. The employee contributes to their FlexSave account via pre-tax payroll deductions, which lowers their taxable income. Each pay period, the Finance Department sends MMO the employee contributions for that paycheck. The employee must have incurred healthcare expenses within the current year equal to their committed amount in order to get reimbursed out of their FlexSave account. Any unused employee contributions are forfeited at the end of the submission period. These forfeited amounts have been used for various Wellness activities over the years. There was a \$25,108 surplus of forfeited contributions, accumulating since the inception of the program, which was kept with MMO in case an employee received reimbursement for their expenses and then terminated employment before all of their payroll contributions for the year had been collected, as is allowed by the rules that govern these types of accounts.

Effective January 1, 2019, MMO will no longer collect the employee contributions each pay period. These funds will remain with the City. Instead, MMO will submit a check register each week, containing the payments that were made to employees for their FlexSave reimbursements. The Finance Department will make an Automated Clearing House (ACH) transfer to MMO for the amount owed.

In order to comply with this change, it is requested that a separate account be created to hold the payroll contributions until they can be distributed. Any forfeited amounts would be available for Wellness activities, as in the past. MMO has returned the \$25,108 surplus, which can be used to start this account. The monthly service fees would be paid out of this new account as well.

MMO has also sent a \$4,721 check for the 2017 forfeitures. There will be another check forthcoming when the 2018 forfeitures have been calculated. For 2019, these checks be deposited into the Wellness fund, 10177000 484201, which is the revenue account for Human Resources.

It is requested that the Finance and Administration Committee authorize establishing an agency fund No. 772 FlexSave fund to accommodate this change by MMO to fund the FlexSave FSA payments and service fees. It is also requested that the \$4,721 forfeiture money from 2017 be appropriated into the Human Resources Department Wellness account in the general fund for 2019 to be used for various employee Wellness activities.



SHAKER HEIGHTS

Memorandum

To: Members of Finance and Administration Committee

From: Robert H. Baker, Director of Finance

cc: Mayor Earl M. Leiken
Chief Administrative Officer Jeri E. Chaikin

Date: January 22, 2019

Re: Approving Lease Financing Arrangement for the Fire Truck

The 2019 approved capital plan allocated funding for the acquisition of a truck that is a critical component of providing fire safety service to the City. The approved plan called for financing the cost of the pumper truck in the amount of \$700,000. The cost to acquire the equipment will be financed through a tax-exempt lease purchase agreement. The City has used this type of financing to fund the acquisition of a rescue squad vehicle for the Fire Department in 2013, the aerial ladder truck in 2016 and vehicles for Public Works in 2014 and 2017.

Lease financing offers the City low borrowing costs and flexibility. By using a lease purchase arrangement the interest rate is fixed and is not subject to the impact of interest rate increases during the term of the financing. A lease purchase financing has several other benefits to the City including:

- Preservation of capital dollars for other projects for which leasing is not an option.
- No impact on the City's statutory debt capacity because the lease is exempt.
- Diversifies the City's debt portfolio and can be paid down early.
- Provides flexible terms and additional options for operating budget planning.
- Vendors are paid promptly upon funding of the lease escrow.
- Lease payments may be designed to match the expected useful life of the asset.
- Provides access to bank provided products that are becoming more common.

The Finance Department recommends acceptance of the lease proposal from US Bancorp Government Leasing and Finance Inc. (USBGLF). The City already has a Master Lease Agreement with USBGLF. The lease will be structured as a tax-exempt municipal lease, with title in the City's name and US Bank holding a security interest in the equipment during the term. In addition, the City currently has an existing master lease agreement with USBGLF for the lease purchase financing of the aforementioned Public Works equipment and aerial ladder truck. The new financing will be added to the existing agreement with the bank.

The equipment being replaced has a useful life in excess of fifteen years. The recommendation is to structure the lease for seven years thereby minimizing the interest cost paid and balancing the generational equity of the asset with the useful life. Payments for the acquisition of the ladder truck equipment will be made directly from the lease escrow account that is to be funded once the lease is closed. The City is paying the full cost of the truck up front in order to take advantage of the prepayment discount in excess of \$21,000 offered by the vendor. The final cost being financed net of the discount is \$700,000. The trade in of the pumper being replaced will be used to purchase various equipment that will be housed on the truck once it is in operation.

The lease structure, if entered into, would have seven annual payments of \$114,723 including interest. Lease payments are required to be paid out of the Fire Department operating budget rather than the debt service budget. The appropriation will be included for the first payment commencing in February of 2020. The final payment will occur in 2026 but the terms from US Bank do include the option to prepay the lease. If approved by Council the lease documents can be executed and a lease escrow funded by the first week of February. Payment will be made to the vendor from the lease account to satisfy the prepayment terms. The City will own the equipment once the final lease payment is made and the financing will be categorized as a capital lease on the City's books.

The Finance and Administration Committee is requested to recommend to authorize the City entering into a seven-year lease purchase agreement with US Bancorp Government Leasing and Finance, Inc. to finance the acquisition cost of an aerial ladder truck for the Fire Department.



SHAKER HEIGHTS

Memorandum

To: Members of Finance and Administration Committee
From: Robert H. Baker, Director of Finance
cc: Mayor Earl M. Leiken
Chief Administrative Officer Jeri E. Chaikin
Date: January 22, 2019
Re: Then and Now Approval – January 22, 2019

Section 5705.41 (D) (1) requires in part that the fiscal officer certify that amounts required to meet obligations have been lawfully appropriated and are available for expenditure prior to the obligations being incurred. If this is not done the fiscal officer may make such certification, after the fact (commonly referred to as "Then and Now"), however if the amount of the obligation is \$3,000 or more City Council must approve payment within 30 days of such certification.

The Finance Committee is requested to recommend to Council that the Then and Now Certificate presented for the transaction on Exhibit A and the related payment be approved.

EXHIBIT A

Monthly Then and Now Certification Summary
January 1 - January 20, 2019

Table with 7 columns: DEPARTMENT, P/O #, P/O DATE, INVOICE DATE, WARRANT*, AMOUNT, DESCRIPTION. Rows include HR, Law, and Unum Life Insurance Company of America.