

6/27/2019 | 8:15 AM

The meeting of the Citizen Financial Review Task Force was called to order at 8:20 a.m. in the Lower Level Meeting Room, located at 3600 Tremont Road by Chairperson Ann Gabriel.

**MEMBERS PRESENT:** Chairperson Ann Gabriel, Colin Gawel, Greg Guy, Ukeme Awakessien Jeter, Tim Keen, Kaz Unalan

**MEMBERS ABSENT:** Jamie Crane, Matthew Kirby, Matthew Rule

**STAFF PRESENT:** City Clerk Ashley Ellrod, Finance Director Brent Lewis

## 1. Approval of Minutes of June 20, 2019 Meeting

Mr. Guy moved, seconded by Mr. Unalan, to approve the minutes of the June 20, 2019 Citizen Financial Review Task Force Meeting.

Motion carried.

## 2. Review Draft Report to City Council

Chair Gabriel advised the Committee will need to meet one more time next week. Agenda Items #3-6 will be moved to that meeting.

### Task Force Comments

Chair Gabriel advised she wanted to review the Draft Report to City Council (attached hereto and incorporated herein by reference as Exhibit A).

The Finance Director advised on Page 8, Recommendation 4, Option C: – It states the city has not implemented the recommendation of raising employees share of benefits costs. The Finance Director advised the city has taken several steps to phase-in greater employee responsibility (just limited by bargaining unit agreements). He provided a brief memo to explain some of the changes that have been made (attached hereto and incorporated herein by reference as Exhibit B).

Mr. Guy recognized the city does have collective bargaining agreements and that can limit creativity. Mr. Keen said public entities often use that as an excuse, that there is nothing that can be done. He stated that is not true, and he advised city governments need to be more aggressive in their collective bargaining with public employee unions to



seek out comps that they think are necessary to achieve their management objectives. He would not object to including an appendix of the changes the city has made. Ms. Jeter suggested highlighting what has been done. Chair Gabriel questioned if they wanted to add some examples in the paragraph, or include an appendix. Ms. Jeter advised she is not a fan of adding appendices, the Committee agreed.

The Finance Director advised on Page 8, Recommendations 7 & 8 – these are being implemented to greater/lesser degrees. Parks & Recreation has extensive data from the Comprehensive Plan about cost recovery goals and best practices, Development fees cover department operations, and the water/sewer fees were raised (effective January 1, 2019) albeit to a much lesser degree than the 2014 recommendation, recognizing it would be cost prohibitive for residents to attain full cost recovery. The Finance Director suggested highlighting what has been done, noting in all instances they may not be able to charge enough to cover costs.

The Finance Director advised on Page 9, - In regards to the stress test that is suggested, he understands this theory. He pointed out the reason they have the 30% reserve and the 2x debt coverage is to deal with downturns in the economy. They have also structured the CIP to be reviewed annually, so that if a downturn occurs, then projects can be moved back and additional cash can be allocated for operations or to meet the required debt payments.

In response to Ms. Jeter, the Finance Director advised there are standard policies, the recommendation provided is not too far off, and for years it was a 20% reserve. A former Council Member urged an increase to 30% reserve and received the support of Council on the increase. Mr. Unalan said more background information could be what is missing in that piece.

The Finance Director advised on Page 9, sentence 4 on staffing increases – Staff would suggest including some brief historical perspective (today's workforce is 227, compared to 270 in 2006), and include that some of the new positions are shared costs (School Resource Officers) and others funded by Capital Improvement Program needs (Engineering) and revenues (Development). Mr. Keen said not every sentence can have extensive background to it and he does not feel additional context is necessary. He noted the Committee discussed it and that is what they decided. The Committee agreed.

The Finance Director advised on Page 10, second paragraph on Fund Balance, the fund balance policy is evaluated every two years as part of Council's Financial Policies Committee. The "rainy day fund" is in place to carry the city through a tough economic period and to possibly be used during that time period.

The Finance Director advised Page 10, last paragraph on license plate fee option - Revenues generated through license plate fees can only be used for street projects. He said he understands not wanting to recommend an additional fee be put into place, however, implementing this option would provide cash to help fund capital projects and reduce the reliance on debt issuance, which was mentioned in this report.

In response to Chair Gabriel, the Finance Director advised the uses have been identified already. Ms. Jeter responded saying in the report "a specific use has not been identified"



is inaccurate, the Finance Director advised that is correct. Ms. Jeter stated if the sentence “a specific use has not been identified” is inaccurate it should be corrected. Mr. Keen said they should add a sentence that “based on a recent change to State law, the city has the option to add the \$5 increase” Mr. Keen suggested it could read “However, since this fee can be imposed at any time, City Council should have a full discussion about how the revenues from this fee would be used before any action is taken”.

Chair Gabriel advised on Page 9, the last sentence of recommendation 14 can be removed, but more language is needed. Mr. Keen suggested “fully debated, discussed, and tied to a specific purpose.”

Mr. Keen noted that every instance the Committee had suggested not to raise taxes or revenue has been removed from the report. Mr. Gawel agreed.

Mr. Keen advised the Committee’s view that the city should not proceed in these two areas has been removed from the report.

Chair Gabriel asked if the Committee would like hard no’s in the report. Mr. Keen advised the whole group has to decide. He stated the last Task Force put it together with the expectation the city would raise the income tax, and that is what happened. This group is generally assessing where the city is, and it is in good financial shape right now. He said there are a few references to places where additional revenue may be available, and in his view it is not needed right now.

Ms. Jeter said she believes the Committee’s charge is to review whether the 2014 Task Force recommendations were implemented and look for additional opportunity areas. She advised recommending hard no’s can come back and hurt in three or four years, if there is a legitimate reason for it.

Mr. Keen said he is pointing out there are two instances the Committee has said the city should not go to these additional revenue sources and they have been reworded to say the city should carefully consider the specific use.

Chair Gabriel stated she is comfortable removing the last sentence “Consequently, we do not recommend placing a levy on the ballot until such a purpose has been identified.”

The Finance Director advised in regards to Page 11, Paragraph 2 – the city has offered to share IT services with Grandview. He stated there are shared services with Fleet Maintenance. Mr. Unalan suggested it read “in general areas commonly considered include.”

Ms. Jeter said she feels the intent of the recommendation is there should be an ongoing process for evaluating privatization opportunities. Mr. Keen stated a process does not mean you have to look at the same thing.

Chair Gabriel recommended removing the paragraph on page 11 about complexities in government compensation.



The Finance Director advised he provided the Committee with the Economic Development section of the Master Plan and minutes regarding Issue 23, which may change some of the wording in the report.

The Finance Director suggested not using the name of specific vendors, consultants, etc. in the report.

The Finance Director advised the city has a capital asset system that tracks all the capital equipment and infrastructure, and they take regular inventory. In regards to fleet maintenance, that system tracks mileage, service and gives it a rating. Once it hits a rating, it determines if it is ready for replacement.

Mr. Keen said there needs to be a budgetary process. What is lacking is a specific multi-year capital equipment budgetary process. Mr. Unalan added visibility for planning purposes.

Chair Gabriel advised that Mr. Rule sent in comments for the Committee (attached hereto and incorporated herein by reference as Exhibit C). The Committee agreed to remove "The Task Force cautions against economic development activities which may take focus away from the priority corridors".

The Finance Director advised there are ways the city can help shape development, but to keep in mind these are private land owners.

Mr. Gawel suggested there could be a sentence added "the Committee supports Council being proactive in addressing specific areas."

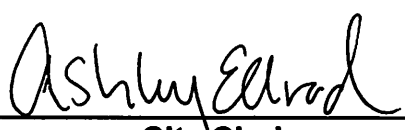
Chair Gabriel told the Committee to send her any specific edits, do not reply all, and she will try to consolidate them for their final review next week.

In response to Chair Gabriel's invitation to speak, there were no questions or comments from the public.

\* \* \*

There being no further business before the Citizen Financial Review Task Force, the meeting was adjourned at 9:44 a.m.

  
Chairperson

ATTEST:   
City Clerk



City of Upper Arlington

**CITY OF UPPER ARLINGTON**

**2019 CITIZEN FINANCIAL REVIEW TASK FORCE**

**REPORT TO CITY COUNCIL**

**JUNE 2019**

## INTRODUCTION

*The Task Force met for the first time on April 4, 2019 and completed its work by presenting this report to City Council on July 8, 2019.*

On March 4, 2019 Upper Arlington City Council appointed nine residents of the City to serve on a Citizen Financial Review Task Force to study the City's response to the report of the 2014 Citizen Financial Review Task Force (2014 Task Force) as well as issues related to the City's financial status and operations.

The members of the Task Force were:

Jamie Crane	Ann Gabriel (Chair)
Colin Gawel	Greg Guy
Ukeme Awakessien Jeter	Tim Keen
Matthew Kirby	Matthew Rule
Kaz Unalan	

Substantial support was provided by City staff including:

Dan Ralley, Acting City Manager  
Brent Lewis, Finance Director  
Ashley Ellrod, City Clerk  
Jackie Thiel, Public Services Director and City Engineer  
Debbie McLaughlin, Parks & Recreation Director  
Joseph Henderson, Economic Development Director  
Chad Gibson, Acting Community Development Director  
Steven Farmer, Police Chief  
Lyn Nofziger, Fire Chief  
Emma Speight, Communications Director  
Jon Lindow, Assistant Finance Director

## **CHARGE TO THE TASK FORCE**

On March 4, 2019, Upper Arlington City Council adopted Resolution No. 2-2019, which contained the following charges to the Citizen Financial Review Task Force:

1. Review the report of the 2014 Task Force
2. Determine the extent to which recommendations have been implemented; evaluate whether desired outcomes were achieved for each implemented recommendation, or if not, determine if each recommendation is still valid at this time
3. Undertake a high-level review of the City's current financial status and overall outlook
4. Explore further privatization and/or collaboration opportunities
5. Undertake a high level assessment of existing service levels to verify alignment with community needs and/or expectations
6. Assess the status of capital investments made to date and the outlook/plans for the next 10-year Capital Improvement Program
7. Examine and recommend specific program areas where a fuller review may be necessary
8. Report findings and make recommendations for City Council to consider

## EXECUTIVE SUMMARY

Based on a study of financial information, interviews with many City officials, a review of the capital improvement program, the results of surveys and studies relating to City services, the Kingdale West/River Ridge neighborhood, and Parks & Recreation, and extensive discussion at multiple public meetings of the Task Force, the Upper Arlington Citizen Financial Review Task Force reached consensus on the following conclusions:

- Most of the recommendations of the 2014 Task Force have been implemented and the desired outcomes have been achieved. Those not implemented are still valid at this time.
- Fund balances are very strong and the city is in strong financial shape. There are sufficient revenues to support the operations of the City and a robust capital plan to address the extensive capital needs.
- We commend the City on its exemplary privatization and collaboration initiatives implemented to date. In general, back office functions where employees do not work face to face with the public are prime candidates for privatization and/or shared services. Information Technology, Human Resource Compliance Functions and Fleet Maintenance were identified as potential areas for review.
- For the most part, citizens are happy with service levels and the City has been responsive to areas of concern identified in the 2017 Community Survey. Areas of service level not being met relate primarily to Parks & Recreation.
- The City is making the right choices regarding the Capital Improvement Program, and there is a good process in place to make these decisions.
- Identified areas where a fuller review may be necessary include fees for services and programs, capital equipment, and economic development activities.



## STATEMENT OF SHARED VALUES

In order to create a framework for evaluating the elements of the Charges and possible recommendations to City Council, the Task Force unanimously agreed upon the following statements of shared values:

- We believe that Upper Arlington offers a superior quality of life to its citizens of all ages by emphasizing public safety, innovative public services and high quality amenities. We intend to continue and build upon that tradition for the benefit of future generations.
- We want to live in a community that carefully maintains and reinvests in its existing assets— such as streets, parks and other municipal facilities—and that embraces opportunities for new investment to provide inviting public gathering spaces in support of a safe, healthy and connected community.
- We recognize that in order to maintain the high quality of City services our community has come to expect, we need to ensure that our City is well managed and uses its available resources prudently, efficiently and effectively.
- We understand that our community has limited options to generate additional revenues and we should carefully weigh all appropriate and available means of raising the necessary revenue while insuring that any plan is done in a fair and equitable manner.

## METHODOLOGY

Given the high level reviews requested in City Council's Charge to the Task Force and the time frame to complete the work, the members of the Task Force worked as a Committee of the Whole and addressed all of the charges as a group.

The Task Force met regularly at 8:15 am each Thursday in the Municipal Building. In addition, two Wednesday evening meetings were held in the Municipal Building to provide an opportunity for citizens not able to attend the Thursday morning meetings to provide input to the Task Force. All meetings were conducted in sessions that were open to the public. Minutes were kept of each meeting and any information requested by one member of the Task Force was distributed to all members of the Task Force, so as to ensure that all members remained fully informed.

At the organizational meeting, City staff presented each of the Task Force members with a notebook containing detailed information about the City's financial situation. Among other materials, the notebooks contained copies of the City's most recent Comprehensive Annual Financial Report (CAFR), the City's most recent Popular Annual Financial Report (PAFR), financial policies, the most recent rating reports from Moody's Investors Service and S&P Global Ratings, the City's 10-Year Capital Improvement Program (CIP), the 2017 Community Survey, a summary of comparative fiscal indicators benchmarking Upper Arlington against demographically similar communities and a summary of Upper Arlington demographics, financial history, trends and expenditures with comparative data for Central Ohio communities. The Finance Director, Communications Director and the Acting City Manager led the Task Force through a review and explanation of the materials and answered questions raised by members of the Task Force. In addition to the written materials provided by City officials, members of the Task Force requested and were provided with copies of the 2019-2020 Adopted Budget Book, the Parks & Recreation Comprehensive Plan and the River Ridge/Kingsdale West Study.

The second and third meetings of the Task Force were focused on understanding governmental accounting. The Finance Director led the Task Force through the basics of fund accounting, the various basis of accounting used by the City, revenue sources and uses, and restrictions on use of funds by source type. Task Force members were extremely interested in understanding the intricacies of city finances and asked probing questions to gain a better understanding.

The Task Force met with Directors/Chiefs from City departments including Public Services and City Engineer, Parks & Recreation, Economic Development, Community Development, Police, Fire, and Finance. These are all of the first line Directors/Chiefs who organizationally report to the City Manager. We asked each Director/Chief to prepare a brief introduction to his/her department; who they are and what they do. We then followed up with questions from the Task Force. While all conversations with City officials were conducted in a cordial manner, members of the Task Force did not hesitate to ask tough questions to gain a better understanding of the City's operations. Given the wealth of experience brought to the table by various members of the Task Force, the conversations were often quite specific with respect to City practices and procedures, with many productive exchanges of ideas about the pros and cons of various actions that could be taken to increase operating efficiency.

As the Task Force reviewed materials and met with Directors/Chiefs, members of the Task Force submitted requests for additional information and clarification. Staff would promptly provide responses, usually by the next meeting.

Information gathering was completed on May 23 and deliberations began May 30. The Task Force was very methodical in its review to be fully responsive to each of the charges. We have proceeded step by step through the charges and thoroughly discussed each charge separately including each recommendation of the 2014 Task Force.

## **OBSERVATIONS AND RECOMMENDATIONS REGARDING THE CHARGES FROM CITY COUNCIL**

**Determine the extent to which recommendations have been implemented; evaluate whether desired outcomes were achieved for each implemented recommendation, or if not, determine if each recommendation is still valid at this time**

Recommendations 1, 2, 5, 6, 9, 11, 12, and 13 have been implemented and the desired outcomes were achieved.

Recommendation 3 relates to exploring options for meeting service delivery needs in a more cost effective manner. While this recommendation has been implemented and the desired outcome has been met, the Task Force recommends that these efforts continue and be part of standard operating procedures when procurement and/or delivery of city services are considered.

Recommendation 4 lists specific options for consideration. Options A and B have been implemented and desired outcomes are being met. Option C recommends raising the employee share of the cost of health insurance and other benefits to levels more closely aligned with private sector employers. This recommendation has not been implemented. However, steps have been taken to control and/or reduce the cost of health care incurred by the City. Employee contributions are comparable to those of other public entities. Health care and other benefit plan costs should continue to be closely monitored as they represent a significant expense to the City. Option D recommends consideration of contracting for legal services. It is our understanding that this is currently in process.

Recommendations 7 (general operating) and 8 (business operating) relate to fees charged for programs and services. These recommendations have not been implemented but do remain valid at this time. The Task Force will address fees in the “Areas where a fuller review may be necessary” section of this report.

Recommendation 10 relates to exploring new avenues of revenue to support City Operations. Similar to Recommendation 3, while this recommendation has been implemented and the

desired outcome has been met, the Task Force recommends that these efforts continue and be part of standard operating procedures.

Recommendation 14 relates to the one-half mill property tax for bonds issued to fund capital improvements. Part of this millage expired in 2017 with the rest expiring in 2020. The recommendation was that the City consider putting before the voters a property tax for capital needs to replace those levies. This recommendation has not been implemented and Council has asked for the Task Force's input on this issue.

Given the support citizens have recently provided to the Schools with the approved property tax increase and the City with the .5% increase in the income tax, the consensus of the Task Force is that, if a levy is placed on the ballot, use of the proceeds from the levy should be tied to a very specific purpose and thoroughly communicated to the citizens of Upper Arlington. Consequently, we do not recommend placing a levy on the ballot until such a purpose has been identified.

Recommendation 15 calls for a fresh review of the City's financial position in three years to determine the effectiveness of actions taken and initiate new actions as necessary. While it has been five years since the report of the 2014 Task Force, our Task Force is the implementation of that recommendation. We recommend that a new Citizen Financial Review Task Force be convened every five years to take a fresh view of the City's financial position and recommend areas for additional study.

#### **Undertake a high-level review of the City's current financial status and overall outlook**

Fund balances are very strong and the city is in strong financial shape. With the increase in the income tax, there was a significant burst of growth in income tax receipts as expected. Growth of income tax receipts has been sustained by a strong general economy as well as economic activity from City projects. We note and commend that the City has continued to monitor expenses despite the significant rise in revenue. In particular, staffing levels are being increased only after due consideration. There are sufficient revenues to support the operations of the City and a robust capital plan to address the extensive capital needs. The Task Force is impressed with the City's tracking and understanding of the City's revenues and expenses and

the budgetary process and by its understanding and grasp of where the City is benchmarked with other communities.

The Task Force also recognizes that financial challenges remain. The extent of the capital needs and the fact that the current economic expansion is the longest in history needs to be taken into account. Continued vigilance is needed on how tax dollars are spent. The income tax is the largest revenue source for the City representing approximately 48% of the overall revenue estimates and 55% of General Fund revenue estimates. Withholdings from employers operating within the City account for 59% of the income tax revenues. Given the significant reliance on the income tax, we recommend that the City conduct a stress test to determine the impact of potential significant decreases in revenues, through economic downturn or employers leaving the City, on required spending for City operations and services, and the resulting impact on fund balances.

In conjunction with the stress test, we also recommend that the City undergo a formal evaluation of the appropriate level of fund reserves. The current policy is to hold 30% of the general fund expenses in reserve. However, at the current time, the fund balance is at 46% and it is projected to be at 46% for the next five years. Once an appropriate reserve level has been established, the City should determine the disposition of amounts above the target. The disposition should be for one time uses and should not be used for ongoing expenses. We also suggest that the City consider a range target for the fund balance around a point instead of a fixed reserve. That will give the City flexibility to lower the reserve in stronger economic times and increase the reserve in weaker economic times.

The Task Force is somewhat concerned about the comments from the rating agencies concerning the level of debt the City has taken on. The City could consider financing capital improvements using cash to reduce the size of future issuances of debt or increase the time between debt issuances. The increase in the gasoline tax can also provide additional funding to support cash payment for capital improvements. We acknowledge that taking on debt may have been a conscious decision given the current low interest rates. However, Council should assess what debt level it believes is appropriate on an ongoing basis.

The City has an option to add an additional \$5.00 to the cost of a license plate. It is anticipated that the fee could generate between \$300,000 and \$400,000 which could also be used to

provide additional cash for certain capital improvements. However, since this fee can be imposed at any time and a specific use has not been identified, the Task Force does not recommend pursuing this option at the present time.

### **Explore further privatization and/or collaboration opportunities**

We commend the City on its exemplary privatization and collaboration initiatives including the privatization of solid waste services, the consolidation of 911 dispatching and call services, the partnership among the City, Schools and Library to install the fiber optic network and the shared cost with the Schools to include a School Resource Officer at the High School, one officer at each middle school and one officer for the elementary schools. While not implemented, we acknowledge the effort to explore privatization of pool operations and to develop a Joint Economic Development Zone with Clinton Township. Despite the efforts of the City, the partnership with Clinton Township to provide Fire and EMS services was terminated by Clinton Township and the Village of Marble Cliff chose to continue its shared service agreement with Grandview. We understand that retaining outside counsel for legal services, sharing records management systems software for police departments with local municipalities, and sharing security system back-end for video monitoring and door access with the Schools is currently under consideration.

In general, back office functions where employees do not work face to face with the public are prime candidates for privatization and/or shared services. We suggest three areas to consider; Information Technology (IT), Human Resources compliance functions, and Fleet Maintenance. There are several IT providers in the area and given the rapidly changing IT environment, from a quality perspective, a third party provider may be a better solution.

We recognize that there some complexities in government entities' compensation compliance processes given the various public employee pension systems and unions. However, all government entities would have these issues. Given the large number of municipalities as well as county and state agencies, if there is not an existing company to provide these services, there may be an opportunity for government entities to collaborate to create and to share such services.

We recommend that the City engage an independent, objective third party to evaluate current service delivery processes and available privatization and shared options. An independent, objective review will provide an opportunity for improvement and can be focused upon a set of agreed upon procedures to control the cost of the review. The Task Force recommends that the City consider the resources offered by the State Auditor's office as those services are, in general, more cost effective than those offered by many consulting firms.

The City must constantly monitor service delivery and prioritize what is most important. The Task Force strongly encourages the City to continue its efforts to explore options for meeting service delivery needs in the most cost effective manner.

**Undertake a high level assessment of existing service levels to verify alignment with community needs and/or expectations**

The basis of our assessment of existing service levels is the 2017 Community Survey and our meetings with Department Heads and Chiefs. The results of the 2017 Community Survey indicate that, for the most part, citizens are happy with service levels. We also note that the City has been responsive to the survey and has worked to address areas where there were concerns such as the implementation of the Solid Waste Program in 2018.

While we commend the City for consistently seeking input from the citizens of Upper Arlington, we note that similar input has not been sought from the business community. Given the importance of retaining the current employer base, it would be beneficial to understand the service expectations of businesses as well as how well those expectations are being met. We encourage the City to survey the business community with an instrument similar to the Community Survey with appropriate modifications.

During our discussions, the question was raised as to whether surveying the entire community every three to four years is most appropriate for understanding needs of the community. We understand that the Kingsdale West/River Ridge survey was intended to be the first of neighborhood specific surveys. We suggest replicating that survey to specific individual neighborhoods on a consistent, rotating basis.



Areas of service level not being met as identified in the 2017 Community Survey relate primarily to Parks & Recreation. An online, real time, field and court scheduling system that is readily accessible to the public is strongly recommended. Such a system would provide better communication and understanding of what options are available. A third party vendor may be the most effective way to timely and effectively implement such a system. We understand the Parks & Recreation Department is exploring such software called Teamup. While we acknowledge that there will be a learning period for citizens to become familiar with the software, such a system could not only facilitate scheduling for the public but also allow the Parks & Recreation Department to take fields offline for rest by marking them unavailable. This system could be enhanced by including a process for identifying and scheduling meeting space within the City.

An intergenerational indoor recreation facility was identified as a major need in the 2017 Community Survey. In addition, the Task Force observes that the existing Senior Center is not a competitive amenity and, in its current tired physical condition, is not reflective of the high standards of our community. We understand that the City will be conducting a feasibility study to assess a Community Center which would address both the need for an intergenerational indoor recreation facility as well as the need to update/replace the Senior Center. In the interim, we suggest the City, Schools and Library work together to better utilize existing space within the City. While we understand that the City, Schools and Library are separate government entities, we suggest that further cooperation in sharing space would be beneficial to the citizens of Upper Arlington. In particular, there is great need for indoor space during winter months, especially gym space, for youth activities. Some leagues and teams are going outside the City to rent space for these activities. Rental of indoor space could become a revenue stream or at least cover incremental operating costs.

We offer our thoughts on issues to be considered in the Community Center feasibility study, especially those related to finances and the local competitive landscape. The feasibility study for a Community Center will need to be very specific as to financial impacts. The Task Force recommends that the feasibility study address the full costs, both operating and capital, over the whole life cycle of the project. Consideration must also be given to how the presence of a Community Center affects other needs of the city, including but not limited to, police, fire, and infrastructure. The feasibility study should also include any anticipated offsets from shutting down the existing Senior Center and incorporating its program offerings into a new intergenerational Community Center.

The Task Force recommends that the 0.5% income tax that was voted on for infrastructure not be used for the Community Center. There are other potential sources of revenue to support the facility and the increase in the gas tax may free up General Funds currently allocated to capital improvements. The Capital Improvement Plan has been at a heightened level since the passage of the tax increase, but there are still infrastructure challenges and we would not want to dilute the ability to fund those needs.

The Task Force recommends conducting an analysis of the competitive landscape of community offerings among comparable communities as a Community Center is an amenity that seems to be an expectation when people and/or businesses consider where they would like to reside. The competitive analysis should also address the respective facility size, facility staffing and funding structure utilized by other local communities. We also recommend the feasibility study explore public/private partnerships and privatization of services such as professional management by an outside firm.

**Assess the status of capital investments made to date and the outlook/plans for the next 10-year Capital Improvement Program**

The Task Force believes that, overall, the City is making the right choices regarding capital improvements. We are impressed with the process in place, how diligent the plan is, that it is being updated annually, and appreciate the transparency of the process. Given the substantial increase in procurement activity since implementation of the Capital Improvement Program, the City may want to reevaluate the procurement strategy to make sure it remains appropriate and the most cost effective.

We recognize the City is aggressively seeking outside grant funding and we encourage this process to continue. In particular, we encourage the City to review its grant management process to ensure it is able to capture all available grants.

While the Task Force is impressed with the Capital Improvement Program to date and plans for the next 10 years, we recognize there may be a need for significant changes in the plan going forward. In particular, we believe it would be helpful to have a “what if” strategy relating to capital improvements. One area of concern is the sewer and storm water systems, especially

south of Lane Avenue. We are aware of the remediation plan agreed to with the EPA but note that most of the sewer and water lines affected are north of Lane Avenue. It is not clear from the improvements to date or those planned for the next 10 years whether consideration has been given to the state of the sewer and water lines south of Lane Avenue. Given the age of those lines, they may be susceptible to the same overflow issues that are part of the EPA agreement. Even if not directed by the EPA, it would be prudent to evaluate any potential risk of failure of the storm water lines south of Lane Avenue as there could be significant potential liability in this area. “What if” scenarios might also be helpful in anticipation of economic development projects.

### **Examine and recommend specific program areas where a fuller review may be necessary**

Over the course of the meetings and information gathering activities of the Task Force, a variety of topics came to light. We offer our observations and recommendations in no particular order.

### **Fees for Services**

As previously noted, Recommendations 7 and 8 of the 2014 Task Force state that fees for services should be set at a level sufficient to cover both operating and capital improvement costs associated with those services. It is our understanding that Council has determined that such a fee structure is not practical or attainable. The Task Force recommends that the City identify all the direct, indirect (as is practical), operating and capital costs for each program or service, assess what level of fees would be necessary to cover those costs, and then make a judgement as to what the City wants to subsidize. In this regard, Council could consider a study/review to determine if the process it follows to identify fees to impose and the level of subsidy each program or service receives is comparable to like cities. While the Parks & Recreation Comprehensive Plan includes cost recovery targets for certain of its programs, comparison to our peer cities would be informative. The consideration and decisions regarding subsidies of City programs and services should be a formal part of budget process and communicated to the public.

### **Complete Capital Equipment Review**

At the present time, each Department within the City is responsible for its own capital equipment. This includes maintaining the inventory of the equipment, estimating useful lives

and anticipating replacements, and when appropriate, arranging for maintenance with the Public Service Department. However, these individual plans are not consolidated so that an overall assessment of capital equipment can be easily made. In particular, the City cannot easily assess the funds required for new or replacement capital equipment in any given year. Also, without a consolidated picture of capital equipment, it may be difficult for the City to determine if the overall capital equipment plan is cost effective or identify opportunities where cross department use of capital assets may be appropriate.

We recommend the City consider an independent, objective third party review to evaluate the capital equipment needs of the City, determine the appropriate useful lives of those assets and consider the best plan for maintaining those assets. The assessment could also include guidance on indicators of when capital equipment levels need to be increased or decreased given service demands.

### **Economic Development**

The Task Force is very pleased with the many exciting things going on in the City regarding economic development and acknowledges that this is being accomplished with only one dedicated Economic Development Professional. We also acknowledged there may have been thought given to areas we recommend for further consideration but they have not yet been formalized or communicated. We understand there are economic development activities that are “behind the scenes” for competitive purposes. We offer our observations in an effort to further the initiatives already in place.

The Task Forces observes that current development activities may be overly reactive and/or project specific. The Task Force believes there is a need for the City to develop a broad, holistic vision for economic development and income tax revenue growth. Although commercial property is limited in the City, we observed that many adjacent communities have creatively and successfully overcome similar limitations utilizing visionary public/private partnerships.

Once the vision is developed, specific targets/benchmarks should be established and the vision should be pursued with intentionality. The Task Force recognizes that creation of this economic vision will require an initial investment of time and capital and may require third party consultants and/or external planners to bring fresh thinking to the process. Given that 48% of City revenue comes from the income tax base, it is key the City is focused on utilizing the highest level talent (both internally and externally) to grow this base.

Specific priority geographic corridors should be identified and pursued. The Task Force identified Lane Avenue, Kingsdale/5 Points, and Arlington Blvd/Henderson Rd as the priority corridors. The Task Force cautions against economic development activities which may take focus away from the priority corridors. The development community looks to local jurisdictions to signal that they want to encourage development and the public and the business community need to understand the City's specific vision for each corridor. There is an opportunity to clearly message the City would be willing to work with the development community.

As current legal proceedings begin to wind down in the Arlington Blvd area, it is important for the City to plan for the next steps regarding this property. We learned that over 30% of the City's commercial space is in this corridor so it is vital to set a vision and expectations for this area. In particular, there needs to be a consistent branding or identification of the area.

The Task Force notes that the latest Master Plan was completed in 2013. We believe that it would be beneficial for the City to update the Master Plan given the significant development that has taken place in the last six years. The plan could begin with a review of economic expansion opportunities in a three, five and seven year time frame with targeted benchmarks for growth. The plan could also provide for "what if" scenarios depending on economic events. For example, the use of the Arlington Blvd property is uncertain at this point. When an economic event happens, the City must be ready to act. The City could develop a set of scenarios and options to pursue should a given scenario occur. In addition such a Master Plan could serve as a great indicator to developers on what is welcomed and what is not.

While bringing new businesses and jobs to the City is critical, it is also important to retain the current businesses already here. The Task Force senses a need for a stronger relationship with existing businesses. As mentioned previously, we suggest the City consider a business survey similar to the community survey to determine if City services are in alignment with the expectations of the business community and what additional services may be desired. Business leaders can be engaged in the formation of the aforementioned broad, holistic vision for economic development which would give them ownership in future economic development activities. In addition, we suggest current business owners could serve as advocates for the City in the economic development process. Finally, we understand the primary function of the Community Improvement Corporation (CIC) is to review the financial incentives offered by the City and make recommendations to City Council. However, since the City has only one

Economic Development Professional, members of the CIC could help reach out to the current business base to strengthen relationships within the business community.

When appropriate, the Task Force agrees that financial incentives should be utilized to activate the identified corridors as well as retain existing businesses. We note there is healthy competition among cities for businesses and it is important that staff have the appropriate tools to counter balance offers from competing cities to retain our current businesses and attract others. The City currently has 11 Tax Increment Financing (TIF) areas with a 12<sup>th</sup> recently approve for the Lane Avenue II project. While the TIFs currently in place have been highly successful, it may be appropriate for the City to explore other underutilized financial incentives to fund not only new business acquisition but also business retention. The Task Force reminds Council to continue to be mindful of how economic incentives are used, the level of upfront funding the city is providing, and whether the expected returns are being achieved. Clear goals around income tax revenue, employer retention and new employers should be stated when financial incentives are offered. The Task Force perceives a misunderstanding of economic development incentives and their benefits by the public. It may be beneficial to include a brief explanation of incentives used, particularly TIFs, and the return to the City in the Popular Annual Financial Report.

## **CONCLUSION**

This report represents the strong consensus of the 2019 Upper Arlington Citizen Financial Review Task Force. All members of the Task Force wish to thank City Council for giving us the opportunity to serve the community on this project and for supporting us as we conducted our work. Having completed our work, we believe it has given each of us a good understanding of the financial challenges facing our City.

We wish to compliment the Acting City Manager, the Finance Director, and the other members of the City's management team for their hard work and professional approach in implementing the recommendations of the 2014 Task Force. We note and commend that the City has continued to monitor expenses despite the significant rise in revenue. In particular, staffing levels are being increased only after due consideration and high-quality services have been maintained. Upper Arlington continues to stand out as a model for effective local government.

We urge our fellow citizens to consider the information in this report carefully. We are confident that upon reflection our community will concur with the consensus we have reached (after much discussion and vigorous debate) and support our recommendations to City Council. We believe Upper Arlington will continue to be a residential community of choice for future generations.

**From:** [Brent Lewis](#)  
**To:** [Ashley Ellrod](#)  
**Cc:** [Agabriel002@columbus.rr.com](mailto:Agabriel002@columbus.rr.com)  
**Subject:** RE: CFRTF Report  
**Date:** Thursday, June 27, 2019 7:31:50 AM  
**Attachments:** [image004.png](#)  
[CC0914.15\[1\].doc](#)  
[2013 Master Plan - Economy.pdf](#)  
[Healthcare.docx](#)  
[image003.png](#)

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Ann –

First, I am responding to the email Ashley sent me earlier today, so I do not think this is going to all members of the task force. You may need to forward. I have done my best to make it through the report that I received earlier today. Overall, I would say it is a very thorough report and it appears that you have captured the sentiment of the group. In an effort to help ensure that the final report to City Council accurately captures past history, and existing policies and practices, we (I needed some help from my colleagues of course) have provided the following comments for discussion. Given the short turn-around of this email, I respectfully request some additional time for further review before the report is finalized. Please note the following comments are just thoughts for your consideration.

## EXECUTIVE SUMMARY

- **Bullet 1, last sentence suggested adjustment:** “Those not implemented are still valid, with some suggested amendments as noted further in this report.”
- **Bullet 3 - suggested amendment to soften the recommendation:** “Some back-office operations where employees do not work face to face with the public may have the potential for additional privatization and/or a shared service opportunities, such as some of the functions performed by Information Technology, Human Resources and Fleet Maintenance.
- **Last bullet:** Suggest switching out the word “necessary” with “appropriate.”

## OBSERVATIONS AND RECOMMENDATIONS REGARDING THE CHARGES FROM CITY COUNCIL

- Recommend structuring this section of the report to include the 2014 recommendations for ease of reference. That way readers do not have to go in between the 2014 and current report.
- **Page 8, Recommendation 4, Option C:** – It states the City has not implemented the recommendation of raising employees share of benefits costs. Though on the face this may be accurate, the City has taken several steps to phase-in greater employee responsibility (just limited by bargaining unit agreements). I thought I sent information on the steps taken, but maybe this got lost in the cut off period. I have attached a brief memo to explain some of the changes that have been made.
- **Page 8, Recommendations 7 & 8** – these are being implemented to greater/lesser degrees. P&R has extensive data from the Comp Plan about cost recovery goals and best practices, Development fees cover department operations, and the water/sewer fees were raised (effective January 1, 2019) albeit to a much lesser degree than the 2014 recommendation, recognizing that it would be cost prohibitive for residents to attain full cost recovery



- **Page 9, Recommendation 15 - suggest striking sentence 2, amending last sentence to:**  
“The timing for Council convening this follow up task force was at the five-year mark, and we recommend...”

## **UNDERTAKE A HIGH-LEVEL REVIEW OF THE CITY’S CURRENT FINANCIAL STATUS AND OVERALL OUTLOOK**

- **Page 9 –** In regards to the stress test that is suggested, I understand this theory. I would just like to point out the reason why we have the 30% reserve and the 2x debt coverage is to deal with downturns in the economy. We have also structured our CIP plan to reviewed annually, so that if a downturn occurs, then projects can be moved back and additional cash can be allocated for operations or to meet our required debt payments.
- **Page 9, sentence 4 on staffing increases** - Suggest including some brief historical perspective (today’s workforce is 227, compared to @ 270 in 2006), and include that some of the new positions are shared costs (School Resource Officers) and others funded by Capital Improvement Program needs (Engineering) and revenues (Development).
- **Page 10, second full paragraph on fund balance** – The fund balance policy is evaluated every two years as part of Council’s Financial Policies Committee (this was a big topic of discussion in the last meeting). The last sentence is a bit counter-intuitive as written. The “rainy day fund” is in place to carry the City through a tough economic period and to possibly be used during that time period.
- **Page 10, last paragraph on license plate fee option:** Revenues generated through license plate fees can only be used for street projects. Though I understand not wanting to recommend an additional fee be put into place, Implementing this option would provide cash to help fund capital projects and reduce the reliance on debt issuance, which was mentioned in this report. Just might be a better way to word this.

## **EXPLORE FURTHER PRIVATIZATION AND/OR COLLABORATION OPPORTUNITIES**

- **Page 11, paragraph 2:** Privatization of back office functions – suggest softening of recommendations per bullet 3 of the executive summary.
- **Paragraph 3:** I am not sure if we discussed some of the other shared approaches that we currently take, such as CORMA. CORMA is a group of central Ohio municipalities to that have joined together to for a risk sharing pool for liability insurance. This pool helps us manage costs and share ideas.

## **UNDERTAKE A HIGH LEVEL ASSESSMENT OF EXISTING SERVICE LEVELS TO VERIFY ALIGNMENT WITH COMMUNITY NEEDS AND/OR EXPECTATIONS**

- **Page 12, paragraph 2:** A business retention survey process was last conducted in 2014 in partnership with the UA Chamber of Commerce, and previously 10 years prior – typically a very time consuming process to reach the right contacts at area businesses.
- **Page 12, paragraph 3:** Consider clarifying that River Ridge/Kingsdale West **Study** did not include a statistically valid survey. This study arose from an identified need (trends in new homes, building heights, code compliance issues, etc.). It could be repeated in other neighborhoods as/when similar needs arise, so perhaps rephrase that similar studies could be conducted as deemed appropriate.
- **Page 13, Parks & Recreation items:** Can we suggest that the report reference the findings

and recommendations of the Parks & Recreation Comprehensive Plan, which is extremely detailed in its goals and strategies for improvement, including addressing the suggestions outlined in this report.

- **Page 14, first paragraph:** In September 2015, City Council passed a Motion to clarify that the revenues raised from Issue 23 would not be used to fund a community center (**minutes attached**).

#### **ASSESS THE STATUS OF CAPITAL INVESTMENTS MADE TO DATE AND THE OUTLOOK/PLANS FOR THE NEXT 10-YEAR CAPITAL IMPROVEMENT PROGRAM**

- **Page 14, paragraph 3:** The concern about sewer/storm sewer south of Lane is unfounded, a detailed study of the entire community was conducted per EPA requirements, and found this infrastructure to be in good shape.

#### **EXAMINE AND RECOMMEND SPECIFIC PROGRAM AREAS WHERE A FULLER REVIEW MAY BE NECESSARY**

##### **Economic Development**

- Economy section of Master Plan is attached for review.
- The Master Plan identifies the City's key commercial districts, and zoning maps were updated in 2002 to reflect desired redevelopment goals for these districts.
- Perhaps the master plan recommendation could be focused on a review of implementation progress made to date with the current version of the plan, recognizing that a major review/update is slated for the 10-year mark
- **Page 17, paragraph 2, sentence 2:** This appears to be referencing that the Tree of Life property once represented approximately 35% of the City's income tax revenue when it was owned by CompuServe. I don't think we have data stating that 30% of the City's commercial space is on Arlington Centre Blvd.
- **Page 17, paragraph 4:** Just a suggestion that the City continue to conduct surveys of existing businesses on a periodic basis.

#### **GENERAL NOTE**

- Suggest not using the name of specific vendors, consultants, etc.

I think that is it for now. I am looking forward to the discussion tomorrow. Once again, thank you to all the task force members for the commitment to the community, the time that was put in, the productive discussion that has occurred, and all the input that has been provided.

#### **BRENT LEWIS**

Finance Director | Finance Department  
The City of Upper Arlington  
3600 Tremont Road, Upper Arlington, OH 43221  
o: 614-583-5288 | c: 614-315-1000  
e: [blewis@uaoh.net](mailto:blewis@uaoh.net) | [upperarlingtonoh.gov](http://upperarlingtonoh.gov)



**From:** Ashley Ellrod <aellrod@uaoh.net>  
**Sent:** Wednesday, June 26, 2019 9:18 AM  
**To:** Brent Lewis <blewis@uaoh.net>  
**Cc:** Agabriel002@columbus.rr.com  
**Subject:** CFRTF Report

Hi Brent,

**A message from Chair Gabriel:**

You are receiving this document in advance in order to provide input at the meeting. At the same time, I have also requested the Finance Director review this document to make sure the technical information or substantive information is correct. He will be offering corrections to us, if any, by email and will also be present at the meeting to discuss those items.

Please do not reply all to him. If you have a concern with something he has presented just call him. I will be asking him at our final meeting to address any item he has raised by his email response and/or individually with our members.

Ann

**ASHLEY ELLROD**

City Clerk | City Clerk's Office  
The City of Upper Arlington  
3600 Tremont Road, Upper Arlington, OH 43221  
o: 614-583-5033  
e: [aellrod@uaoh.net](mailto:aellrod@uaoh.net) | [upperarlingtonoh.gov](http://upperarlingtonoh.gov)



City of **Upper Arlington**



# 2013 Master Plan

## Chapter 3. Economy

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### A. Goal

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Emphasize high quality jobs and businesses, collaborative partnerships and enhancement of the local tax base while respecting the residential character of the community and creating a stronger and more diverse economy.

### B. Overview

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This chapter of the Master Plan addresses the City's economic issues from a market and fiscal perspective. It provides general guidance for enhancing the local tax base, fostering high quality jobs and businesses, and collaborating with economic partners.

Economic development and fiscal conditions are strongly linked in Upper Arlington. Overall, the City has experienced fluctuating revenues and maintained stable operating expenditures. While an aging infrastructure requires ongoing maintenance and replacement, prior to adoption of the 2001 Master Plan the City had under-invested in this area and faced a backlog of needs. An average annual capital improvements expenditure of \$7.9 million from 2001-2012 has significantly improved this situation, however the backlog of necessary infrastructure projects remains high, with additional state/federally-mandated projects on the horizon. In addition, the State has recently reduced the Local Government Fund by 50 percent and eliminated the estate tax completely, effective January 2013. Both have major financial implications. The City faces an over-saturation of retail space, and while the Northwest submarket performs well for office space, it does not favor Upper Arlington's largely Class B and C buildings for this use.

This chapter recommends enhancing revenue sources by strengthening the City's tax base, redeveloping key commercial areas to increase office use, and doing so in a manner consistent with the character and high quality of the City's residential neighborhoods. The City should also enhance relationships with the private sector by targeting existing businesses for retention and expansion, attracting new corporate citizens, and building partnerships. In addition, the City should continue to monitor measurements of economic success and establish alternative revenue sources, such as fees-

for-service. Because the school system is a critical part of the City's quality of life, redevelopment should not be undertaken in such a way that it creates a negative fiscal effect on the school district.

Development based on the Study Area Plans, which provide the policy framework for changes in the City's primary commercial areas, will help achieve Upper Arlington's economic development goals. Market demand is an essential consideration in the viability of redevelopment.

## C. Key Findings

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Key findings from the fiscal investigation are outlined below.

- **Changing Revenue Stream:** Revenues peaked in Upper Arlington in 2007 before declining in 2008 at the onset of the nationwide recession. Income tax revenue continued to tumble in 2009 in the midst of high unemployment rates before rebounding in 2010 to near pre-recession levels. The income tax continued this pattern in 2011 by showing an increase of 7.8 percent and in 2012 with a 4.0 percent increase, collecting \$15,252,861, the highest amount to date. Future estimates are cautiously optimistic as the economy, at least locally, slowly recovers. Income tax accounts for approximately 30 percent of all City revenue and remains the City's largest single source. Static real estate values and the related property tax collections represent another major effect from the recession. Historically, City real estate values have increased with each Franklin County property revaluation. In light of the weak economy and real estate market, the County did not undertake a market reevaluation in 2008. Following a 2011 assessment, real estate valuations and property tax revenue estimates remained largely unchanged. Furthermore, during these lean economic times, recent legislation at the State level has negatively affected local governments. The Local Government Fund, representing approximately five percent of City revenues, has been cut in half. In addition, the elimination of the estate tax in 2013 will have an even larger impact, and create holes in both the operating and capital improvement budgets.
- **Estate Tax:** From 2008-2012, estate tax revenues have averaged \$4.7 million and been a significant source of revenue for the City, both for operations and capital improvements. The first \$2.1 million of annual collections helps fund General Fund operations and historically represents approximately nine percent of General Fund revenue. In addition, the City has transferred \$9.7 million of excess estate tax revenue (accumulated during the aforementioned five-year period) from the General Fund to the Estate Tax Capital Improvement Fund for infrastructure projects. Estate tax collections are anticipated to trickle in through 2013 as estates are finalized and then cease completely in 2014.
- **Expenditures:** The City adopted a 2013-2014 \$36.1 million operating budget with 224 full-time employees. The 2013 appropriations are approximately one percent less than those of 2012. This will be the fourth consecutive year that the budget is less than the previous year's budget. Seventy four percent of the operating budget is personnel; the smaller budget reflects a smaller

staff (17 less full-time staff members than the previous two-year budget). The City's budget is under strain as revenue sources were reduced and eliminated by State legislature. The Local Government Fund reduced in the previous State budget was again reduced in the last State budget by 50 percent. The Local Government Fund, once \$2.5 million (10 percent of annual General Fund revenue) is now less than \$1 million annually. The Estate Tax elimination left a \$2 million gap in annual revenue.

- **Infrastructure Maintenance:** Upper Arlington is a mature city with aging infrastructure, which requires ongoing maintenance and replacement. Per current policies, the City maintains a seven-year Capital Improvement Program with an average annual funding of \$5 million with the goal of achieving the annual replacement cost of infrastructure based upon service life of each component. The Capital Improvement Program plan is funded with a mixture of cash and debt. General obligation bonds are the primary source of debt. The general obligation bonds are paid by dedicating 13.3 percent of the annual income tax receipts for repayment of principal and interest on the bonds. The cash portion primarily comes from the estate tax. With the elimination of this tax effective January 1, 2013, funding for the Capital Improvement Program is currently identified through the end of 2014, with a limited amount of programming possible in 2015. In order to sustain the program at current levels, other cash and debt funding options will need to be considered.
- **Income Tax Base and Economic Development:** Income tax receipts have been and will continue to be the City's most important revenue source both for operations and infrastructure maintenance. Approximately two-thirds of this revenue source is derived from individuals who work in Upper Arlington. The income tax base is highly dependent on the retail sector, an employment base that is strongly oriented toward part time and lower paying jobs. The City has successfully redeveloped some of its limited commercial real estate into professional and mixed-use space. Significant improvement in income tax revenues will require continued redevelopment of existing commercial areas with diversification toward higher-paying office employment.
- **Fiscal Return and Land Use:** Different land uses generate different fiscal costs and financial returns. The costs and returns are unique to each community. Retail jobs in general generate lower income taxes than wages from office uses. This is due to both disparity in wages and density levels of employees per square foot. Two very successful office developments in recent years support these findings. The Lane Avenue Office Building, leased to The Ohio State University, and the Orthopedic Center for Excellence have both become top income tax withholders. The City incentivized both projects with economic development tools.

## **D. Objectives and Strategies**

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### **Objective 1. Enhance the City's revenue sources.**

The City's revenue sources must be enhanced to support Upper Arlington's quality of life. This includes both tax rates for individuals employed in the City and Upper Arlington residents who are employed outside the City. Income taxes are an important source of Upper Arlington's revenues and every effort will be made to broaden and expand the City's employment base in order to increase these tax revenues. In addition, new sources of reliable revenue will need to be found to finance improvements to the City's infrastructure. As a means to help manage fiscal issues, a program for estimating and monitoring fiscal health should be developed.

### **Strategies**

#### **a. Maintain a program to estimate fiscal needs (i.e., capital, operations, maintenance and replacement) and monitor their progress.**

An appropriate mechanism has been identified and adopted for estimating fiscal needs on an annual basis and for planning purposes. This program incorporates a seven-year Capital Improvement Plan, departmental operating budgets, and estimates of annual capital maintenance and replacement needs. The program is used as a basis for prioritizing projects and monitoring progress.

*Implementation:*    **Finance & Administrative Services Department, Public Services Department, City Manager**

*Timeline:*            Ongoing

#### **b. Expand the City's personal income tax base by facilitating redevelopment of commercial areas per the Study Area Plans.**

Encouraging development that helps attract well-paying jobs will enhance the income base. These jobs will in turn generate a higher level of income tax revenues, some of which can be targeted for regular maintenance of the City's infrastructure. Development should be market-driven with a long-term focus of maximizing fiscal return.

*Implementation:*    **Community & Economic Development Department, City Manager**

*Timeframe:*            Ongoing

#### **c. Create opportunities for office development that emphasizes high-paying jobs.**

In order to maximize the revenues generated by development, the Study Areas will help create opportunities for professional office space. Professional office workers, such as architects, doctors, dentists, hi-tech researchers, attorneys, technology consultants, marketing consultants and others generate high incomes, which in turn lead to higher income tax revenues for the City. Updated zoning and incentives must also be in place. Zoning and economic incentives should continue to be implemented and monitored on a regular basis.

*Implementation:* Board of Zoning & Planning, **Community & Economic Development Department**, Community Improvement Corporation

*Timeframe:* Ongoing

**d. Continue to maximize state and federal grant and loan programs.**

Opportunities to utilize state and federal grant and loan programs will continue to be pursued, especially to fund infrastructure maintenance, replacement and improvements. There are some limited state and federal monies available that can be used for transportation, community development, and other needs. The City will not become dependent on these sources but will take advantage of their availability in order to supplement the City's own revenues.

*Implementation:* Finance & Administrative Services Department, Public Services Department, **City Manager**

*Timeframe:* Ongoing

**e. Use Tax Increment Financing (TIF) to fund infrastructure improvements in redevelopment areas.**

Tax Increment Financing (TIF) is a tool for financing infrastructure improvements by capturing the additional property tax revenues generated by future development. TIF districts will be established in the redevelopment areas to help finance public improvements in those areas, as necessary. Public improvements that could be wholly or partially funded under a TIF include public streets and sidewalks, plazas, traffic signals and parking garages. TIF is not a new method of providing revenue, but rather a way of dedicating increased tax revenues from a specific development area.

*Implementation:* Community & Economic Development Department, **Finance & Administrative Services Department**, City Attorney

*Timeframe:* Ongoing

**f. Monitor cost recovery programs for City services.**

Upper Arlington has been successful in recovering costs for certain services by creating self-operating funds or charging fees for services. These programs may be expanded and new ones implemented as appropriate.

*Implementation:* Finance & Administrative Services Department, **City Manager**

*Timeframe:* Ongoing

**g. Capture income tax from construction sub-contractors.**

The City will continue to capture tax on income earned by construction sub-contractors working in the City.



*Implementation:* **Finance & Administrative Services Department**, Community & Economic Development Department

*Timeframe:* Ongoing

## **Objective 2. Retain and expand existing businesses.**

Supporting existing businesses and encouraging them to grow will expand the tax base. When businesses add employees, they contribute to the income tax base within the City. If businesses relocate out of Upper Arlington, the City loses the income tax revenues, even if those employees continue to reside in Upper Arlington. Opportunities will be explored for existing businesses to expand within Upper Arlington if they need additional space.

### **Strategies**

#### **a. Implement the Retention and Expansion Plan for business retention and expansion.**

The effort to develop relationships with existing Upper Arlington employers in order to better address their needs will be continued. The expansion of existing companies will be facilitated by providing development planning assistance for expansions at existing sites, assisting with alternative site searches, provide assistance with marketing and business contacts, and utilize the expansion incentives program.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, City Manager

*Timeframe:* Immediate

#### **b. Use economic and zoning incentives packages to target existing businesses.**

Incentive packages will be used to assist existing businesses that wish to expand. Such incentives can include property tax abatements, site improvements or building redevelopment grants or loans from the City's Economic Development Venture Fund. Certain federal and state grants and loan programs can also be used for site redevelopment and infrastructure improvements.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, City Manager

*Timeframe:* Ongoing

#### **c. Facilitate the development of new office space to accommodate growing businesses.**

The Study Area Plans will encourage the redevelopment of sites specifically for construction of new office space. The availability of new office space will allow expanding businesses to remain in Upper Arlington and to continue to contribute to the City's tax base.

*Implementation:* City Council, Board of Zoning and Planning, City Manager, **Community & Economic Development Department**, Community Improvement Corporation

*Timeframe:* Ongoing

**d. Encourage rehabilitation or redevelopment of existing office space.**

The City will encourage private property owners to rehabilitate existing, older office space to upgrade those buildings to meet current market expectations. The City will also encourage the redevelopment of such sites whose rehabilitation is not feasible.

*Implementation:* City Manager, **Community & Economic Development Department**, Community Improvement Corporation

*Timeframe:* Ongoing

**e. Promote the City as a suitable place to conduct business.**

Office-based businesses and retail uses will be retained that are complimentary to Upper Arlington's quality of life. As part of this effort, a proactive marketing campaign will be developed that promotes Upper Arlington as a great place to live and conduct business. The campaign will emphasize the City's exceptional quality of life, but also its many assets for growing a business. These assets will include appropriately zoned office redevelopment sites and incentives for business development.

*Implementation:* Community & Economic Development Department, Community Improvement Corporation, **City Manager**

*Timeframe:* Ongoing

**f. Continue the business ombudsman function in City government through the Community & Economic Development staff.**

The Community & Economic Development Manager will be provided with the tools and resources needed to encourage business retention, expansion and attraction. This official will also continue to advocate for business and shepherd businesses through the development process in conjunction with other needed expertise from City Staff.

*Implementation:* **Community & Economic Development Department**, Chamber of Commerce, Community Improvement Corporation

*Timeframe:* Ongoing

**g. Continue to encourage home-based businesses.**

The City benefits from the income tax and other revenues generated by home-based businesses. Many City residents also experience an enhanced quality of life by working at home. The City will continue to encourage this activity.

*Implementation:* Community Improvement Corporation, Community & Economic Development Department, **Chamber of Commerce**

*Timeframe:* Ongoing

**h. Facilitate a fiber optic network and other state-of-the-art technology.**

Upper Arlington can benefit from development of a fiber-optic network, which enhances Internet and telecommunications capacity at the City's businesses and homes. This capacity is increasingly important for attracting technology-based and other businesses and is therefore an important tool for economic development. The development of such systems will not interfere with the quality of Upper Arlington's roads or infrastructure and should be facilitated by the City.

*Implementation:* **City Manager**, Information Technology Department, Public Services Department

*Timeframe:* Immediate

**Objective 3. Attract new corporate citizens to the City.**

The City will continually strive to attract businesses that are not currently corporate citizens of Upper Arlington. This objective compliments retaining and growing the City's current corporate citizens.

**Strategies**

**a. Aggressively promote the City as a great location for corporate offices, OSU research spin-offs, medical professionals, and entrepreneurs.**

Upper Arlington will continue to aggressively promote the City as a great corporate location. These promotion activities will occur in line with implementation of the Study Area Plans, which will create new business space. In particular the focus will be on corporate administrative offices, entrepreneurs, OSU research spin-off companies of a high tech and research nature, medical professionals associated with hospitals such as Riverside and The Ohio State University Hospitals.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, City Manager

*Timeframe:* Ongoing

**b. Market existing office development opportunities.**

In conjunction with implementing Study Area Plans, development sites will be marketed to potential office developers. This will include working with commercial interests to provide the appropriate information about these sites. If the City takes an aggressive role in redevelopment, then it will consider acquiring and packaging sites, and issuing a Request for Proposal to select the more appropriate developer.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, City Manager

*Timeframe:* Ongoing

**c. Market the City to corporate executives currently living in Upper Arlington.**

Corporate executives who currently live in Upper Arlington will be approached to consider relocating their business to the City. This should occur through direct mail and personal solicitations.

*Implementation:* **Community Improvement Corporation**, Chamber of Commerce, City Manager

*Timeframe:* Mid Term

**Objective 4. Expand the amount of Class A office space in the City.**

The critical component to improving the City's tax revenues is to facilitate the expansion of additional office space. Without suitable office product, the City will not be able to attract high-quality office tenants. This includes both upgrading existing office space and attracting new construction as the market dictates.

**Strategies**

**a. Adopt and implement Study Area Plans.**

The Study Area Plans provide the policy framework for facilitating redevelopment of the City's primary commercial areas. They seek to create unique urban environments that will allow the City to compete with other suburban locations by providing a more attractive alternative. This includes an emphasis on pedestrianism, mixed-uses and synergistic activities. These plans need to be monitored and adapted as market conditions change.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, City Attorney, City Manager

*Timeframe:* Ongoing

**b. Implement and monitor economic and zoning incentives packages targeting office development.**

Evaluate and recommend incentive packages that are tailored to both upgrade existing office space and construct new space. Incentives should include appropriate tax incentives for rehabilitating existing space, including establishing enterprise zones, and investing in new construction. Infrastructure assistance may be necessary as well, such as TIF districts.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, Finance & Administrative Services Department

*Timeframe:* Ongoing

**c. Facilitate the development of a business incubator.**

The development of a business incubator should be studied. This could serve to attract start-ups and provide a temporary option to growing companies that will eventually require larger space – preferably in Upper Arlington. Opportunities associated with The Ohio State University’s Science and Technology Campus should be evaluated in organizing a business incubator.

*Implementation:* Community & Economic Development Department, **Community Improvement Corporation**, Chamber of Commerce

*Timeframe:* Immediate

**d. Work with The Ohio State University to attract growing companies to the City.**

The City will work with The Ohio State University to attract companies that have grown too large for University incubator space. The City’s proximity to The Ohio State University would be attractive to University-related businesses. Examples include The Ohio State University’s Business and Technology Center, which is located along Kinnear Road, and other portions of West Campus.

*Implementation:* City Manager, **Community & Economic Development Department**, Community Improvement Corporation

*Timeframe:* Ongoing

**Objective 5. Promote live/work units in redevelopment areas.**

Zoning provisions have been adopted that encourage live/work units in redevelopment areas. This is a housing product in which professional businesses are operated on the first floor, with living quarters on above floor(s). Land use impacts are minimal, comparable to home occupations. It is also a product that is appearing in numerous markets around the country.

**Strategies**

**a. Work with proven developers to produce live/work units.**

Along with identifying potential sites for live/work units in Study Area Plans, a developer will be solicited to construct these units. This will occur in tandem with a private property owner or on City-acquired land. Upper Arlington could be a very attractive market for live/work units.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation

*Timeframe:* Mid Term

**b. Monitor and recommend economic and zoning incentives package targeting live/work units.**  
In hand with promoting live/work units, an incentives package will be adopted. This could include zoning provisions that permit these units, perhaps allowing higher density and greater lot coverage. Economic incentives could include tax relief and infrastructure assistance.

*Implementation:* **Community & Economic Development Department**, Community Improvement Corporation, Finance & Administrative Services Department

*Timeframe:* Ongoing

## **Objective 6. Partner with regional, state and national economic development organizations to promote the City.**

The City will continue to partner with appropriate development organizations that can aid Upper Arlington in promoting the City to developers. This includes working with local and regional organizations, state agencies and national development organizations.

### **Strategies**

#### **a. Maintain involvement with regional development organizations.**

Involvement will be maintained with a host of local and regional development organizations. These may include but are not limited to the Greater Columbus Chamber of Commerce, Mid-Ohio Development Exchange, Central Ohio First Suburbs Consortium, and Mid-Ohio Regional Planning Commission.

*Implementation:* City Manager, **Community & Economic Development Department**, Chamber of Commerce

*Timeframe:* Ongoing

#### **b. Maintain involvement with agencies of the State that relate to development and economic development.**

Upper Arlington will continue to work with agencies of the State to network and stay informed about state-level economic development issues.

*Implementation:* **City Manager**, Community & Economic Development Department, Chamber of Commerce

*Timeframe:* Ongoing

#### **c. Continue to promote the City at regional and national development conferences.**

Upper Arlington will continue to be promoted at regional and national development conferences. The intent is to attract potential corporate businesses.

*Implementation:* **City Manager**, Community & Economic Development Department

*Timeframe:* Ongoing

**Objective 7. Continue to benchmark and measure the success of the City's redevelopment and economic plan implementation.**

Upper Arlington can measure the success of redevelopment based on the net fiscal return from each of the areas at various points in time. Goals will be established for the phasing and net fiscal return generated by each of the areas, based in part on projected market demand and on average per-unit fiscal returns. The net return will account for both fiscal costs and benefits to the City.

Such benchmarking can be greatly enhanced by differentiating between retail and office commercial uses in zoning or overlay zones.

**Strategies**

**a. Forecast net fiscal projections by redevelopment areas as plans are implemented over time.**

Market projections will form the basis for determining the level and types of development anticipated in each of the redevelopment areas. The average net fiscal return by land use will be applied to the market projections to show the total net fiscal benefit to the City. As plans are implemented, the market projections may be altered over time.

*Implementation:* Finance & Administrative Services Department, **Community & Economic Development Department**, City Manager

*Timeframe:* Mid Term

**b. Monitor net fiscal results relative to forecasts and initiating reports.**

As Study Area Plans are implemented, actual development progress and attendant net fiscal impacts will be compared to initial forecasts. Redevelopment options will be weighed against the original forecasts and priorities re-examined. Monitoring can be greatly enhanced by differentiating commercial uses (such as office versus retail) through zoning code or overlay zones.

*Implementation:* **Community & Economic Development Department**, Finance & Administrative Services Department, City Manager

*Timeframe:* Ongoing

**Objective 8. Establish alternative revenue sources.**

City Council is examining alternative revenue sources. Potential new revenues may be derived from the property tax millage or assessments, increased fees-for-service, new self-supporting funds, access to state or federal moneys, tax increment financing districts, shared services fees, wireless communication agreements, incremental fee increases, bed tax and other sources.

## **Strategies**

### **a. Re-evaluate how the City uses property tax millage.**

Property tax millage is used for a variety of operating and capital project purposes. There may be opportunities for uses, such as regular maintenance of City infrastructure.

*Implementation:* **City Council**, Finance & Administrative Services Department, City Manager

*Timeframe:* Short Term

### **b. Evaluate income tax as an alternative to enhance revenue.**

The City should evaluate the current income tax rate, as well as the tax credit allowed for residents that work outside the City, as an alternative to increasing revenue.

*Implementation:* **City Council**, Finance & Administrative Services Department, City Manager

*Timeframe:* Short Term

### **c. Target millage increase proposals to infrastructure projects.**

Millage increases will be considered for the ballot to address infrastructure projects. Capital improvements may be necessary to support comprehensive redevelopment efforts in specific Study Areas, as well as community-wide capital needs.

*Implementation:* **City Council**, Finance & Administrative Services Department, City Manager

*Timeframe:* Short Term

### **d. Reestablish a property assessment-monitoring program.**

Reestablish a program to monitor trends in property assessments that will guide City development policy in a proactive manner. Monitoring can help identify specific problem areas so that targeted policies or incentive programs can be developed. For instance, if housing values are declining in a neighborhood, the City would consider promoting rehabilitation and low interest loan programs.

*Implementation:* **Community & Economic Development Department**, City Manager

*Timeframe:* Mid Term

### **e. Explore non-traditional revenue sources.**

The City should investigate non-traditional revenue sources to help with implementation of the Master Plan. This could include private fundraising, establishing endowments, and collaborating with service organizations.

*Implementation:* **City Manager**



*Timeframe:* Immediate

**FOOTNOTE:** Departments/agencies marked in **bold** within the strategies are designated as lead implementation departments/agencies.



#### **MISSION STATEMENT**

The City of Upper Arlington is committed to providing superior services to all who live and work in the community. The work of the City is founded on responsible and responsive public participation, elected leadership and professional staffing.

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## **CITY COUNCIL MEETING MINUTES**

**September 14, 2015**

City Council met in regular session in the Council Chamber of the Municipal Services Center, 3600 Tremont Road, and was called to order by President Donald B. Leach, Jr. at 7:30 p.m.

**MEMBERS PRESENT:** Vice President Deborah Johnson, John C. Adams, David DeCapua, Kip Greenhill, Michael Schadek, Erik F. Yassenoff and President Donald B. Leach, Jr.

**STAFF PRESENT:** City Manager Theodore Staton, Assistant City Attorney Thad Boggs, City Attorney Jeanine Hummer, First Assistant Attorney Tom Lindsey, Fire Chief Jeff Young, Community Affairs Director Emma Speight, Public Service Director Mark Kelsey, Police Chief Brian Quinn, City Engineer Jackie Thiel, Finance and Administrative Services Director Cathe Armstrong and City Clerk Ashley Ellrod

### **INVOCATION**

Shane Hart of Capital City Church delivered the invocation.

### **PLEDGE OF ALLEGIANCE**

Council Member DeCapua led the Pledge of Allegiance.

### **CONSENT AGENDA**

1. Approve the minutes of the August 24, 2015 City Council Meeting
2. Approve the minutes of the September 8, 2015 Council Conference Session
3. Ordinance No. 54-2015 - [First Reading - Effective Upon Passage] - To Accept the Deed of Dedication for 0.032 Acres (Adams)

4. Ordinance No. 58-2015 - [First Reading - Effective Upon Passage] -  
To Appropriate and Transfer Funds (DeCapua)

Mr. Yassenoff moved, seconded by Vice President Johnson, to approve Consent Agenda Items.

**VOTING AYE:** Adams, DeCapua, Greenhill, Johnson, Schadek, Yassenoff  
and President Leach

**VOTING NAY:** None

Motion carried.

**UPDATE ON CIP**

The City Engineer came forward and provided a PowerPoint (attached hereto and incorporated herein by reference as Exhibit A).

The City Engineer advised the Capital Improvement Program and the ability to fund it has always been a City Council Priority.

She advised the City's past approach prior to 2013 was in the form of a seven-year plan that on average invested only \$6 million into infrastructure improvements. Recognizing that this approach was not addressing an increasing backlog of needs, the CIP was expanded into a proposed 10-year, \$113 million plan in the fall of 2013 for years 2014-2023.

In years 2014 and 2015 respectively, \$12 million and \$19 million has been invested in numerous projects, including street reconstruction on 14 roads and resurfacing on 62 roads, including the Tremont Road reconstruction project and resurfacing projects on Lane, Redding and Kenny roads. Additional work includes several waterline replacement projects, traffic signal improvements, bridge replacements, light pole replacements, park sidewalk, parking lot and shelter improvements, the Northam Park parking lot, the fiber optic cable project, sanitary sewer studies and more.

The City Engineer said the CIP will be updated every year with the funding the City receives.

The Finance Director came forward and provided a PowerPoint (attached hereto and incorporated herein by reference as Exhibit B).

Mr. Yassenoff said the state is preparing the capital budget for next year and questioned if the City would be making any requests to the general assembly for help to fund the capital needs of the City. The City Manager said the intent is to look at areas of the CIP that directly impact the economic development. Mr. Yassenoff encouraged him to stay in touch with Representative Kunze and Senator Hughes as they were both very helpful in the last capital budget to obtain two grants for the City.

In response to Mr. Adams, the Finance Director advised the City would not have qualified for the grant for Tremont Road if it was not made a complete street.

President Leach said he is happy to see that the City is on target with their current financial status of the CIP.

Vice President Johnson said she is very excited for the City to catch up with its deferred maintenance and to have a funding source to do so.

The City Manager said Staff will come back to Council every 18 months to advise them of the progress and changes of the CIP.

In response to Mr. Adams, the City Manager said the CIP does not include a community center.

Mr. Adams said there has been a lot of confusion with a community center as it relates to the CIP and Northam Park. He said it serves solely as a place holder on the conceptual plan and there has been a lot of misinformation about the project and Issue 23. He said a community center is not part of the CIP, he related that it does not speak to whether a community center is a good or bad thing but that it is not part of this CIP.

Mr. Adams proposed a motion to clarify City Councils intent and subsequent law – as voted on by the community in November of 2014 – relative to how funds raised from the Issue 23 income tax increase could be spent.

The Motion read as follows:

- *The City Council hereby acknowledges and commends the progress made on the 10-year Capital Improvement Program as presented today by the City Manager, the City Engineer, and the Finance Director.*
- *In response to misinformation being shared in the community stating that the City intends to use funds raised from the Issue 23 tax levy for the construction of a community center, City Council is reaffirming its intentions by way of this formal Motion.*

- *The City Council hereby affirms that the Capital Improvement Program, from its original version prepared in 2013 and accepted by Council in 2014 through to the updated version presented tonight, has not and does not include plans or funding for a community center.*
- *The City Council hereby reaffirms and restates that revenues generated by the Issue 23 income tax levy approved by voters are legally obligated to fund capital improvements of City assets, including streets, utilities, parks, and other physical properties.*
- *The City Council hereby reaffirms and restates that Issue 23 funds were never intended, and are not now intended, to be used for a community center.*
- *The City Council hereby affirms that the City will not budget or appropriate City funds, whether collected as a result of Issue 23 or otherwise, to construct a new community center without a vote of the people.*

In response to Mr. DeCapua, the Finance Director said there is no operating money in Issue 23 for a community center.

President Leach applauded Council Member Adams for bringing this motion forward to reaffirm its pledge to the community when they sought voter approval for Issue 23. He stated this motion sets the record straight, as Council has consistently said, there are no funds identified for a community center, and the City will not budget or appropriate any funds to construct a community center in the future unless the community votes in favor for them to do so.

Vice President Johnson reiterated the City is not going to spend Issue 23 money on a community center. The community center is on the conceptual plan as a place holder.

Mr. Yassenoff said he will not support building or the operating of a community center without a vote from the voters. He thanked Council Member Adams for bringing this motion forward.

Mr. Yassenoff moved, seconded by Vice President Johnson to pass the motion proposed.

President Leach then called for the vote on the motion to pass the proposed motion.

**VOTING AYE:** DeCapua, Greenhill, Johnson, Schadek, Yassenoff, Adams and President Leach

**VOTING NAY:** None

Motion carried.

**LEGISLATIVE AND/OR ADMINISTRATIVE ITEMS FOR  
PUBLIC HEARING/COUNCIL VOTE**

**ORDINANCE NO. 55-2015**

**TO AUTHORIZE THE CITY MANAGER TO INCREASE THE CONTRACT WITH  
AMERICAN STRUCTUREPOINT**

which was read for the second time.

Mr. Greenhill moved, seconded by Mr. Yassenoff, to pass Ordinance No. 55-2015.

In response to President Leach's invitation to speak, there were no questions or comments from the public relative to Ordinance No. 55-2015.

President Leach then called for the vote on the motion to pass Ordinance No. 55-2015.

**VOTING AYE:** Greenhill, Johnson, Schadek, Yassenoff, Adams, DeCapua  
and President Leach

**VOTING NAY:** None

Motion carried.

**ORDINANCE NO. 56-2015**

**TO AUTHORIZE THE CITY MANAGER TO INCREASE THE CONTRACT WITH  
STANTEC CONSULTING SERVICES, INC TO PROVIDE ENGINEERING  
SERVICES**

which was read for the first time.

Vice President Johnson moved, seconded by Mr. Yassenoff, to pass Ordinance No. 56-2015.

In response to President Leach's invitation to speak, there were no questions or comments from the public relative to Ordinance No. 56-2015.

President Leach then called for the vote on the motion to pass Ordinance No. 56-2015.

**VOTING AYE:** Johnson, Schadek, Yassenoff, Adams, DeCapua, Greenhill  
and President Leach

**VOTING NAY:** None

Motion carried.

**ORDINANCE NO. 57-2015**

**TO AUTHORIZE AND DIRECT THE CITY MANAGER TO ENTER INTO AN  
AGREEMENT WITH MEMBERS OF THE UPPER ARLINGTON POLICE  
DIVISION WHO ARE MEMBERS OF THE FRATERNAL ORDER OF POLICE,  
CAPITAL CITY LODGE NO. 9**

which was read for the first time.

Mr. Schadek moved, seconded by Mr. DeCapua, to pass Ordinance No. 57-2015.

In response to President Leach's invitation to speak, there were no questions or comments from the public relative to Ordinance No. 57-2015.

President Leach said it is outstanding to have this brought forward early, and to do so in a positive collaborative process. He applauded the City Manager, City Attorney, and Finance Director for their work on this.

Mr. Schadek moved, seconded by Mr. DeCapua, to suspend the rules.

President Leach then called for a vote on the suspension of the rules.

**VOTING AYE:** Schadek, Yassenoff, Adams, DeCapua, Greenhill, Johnson  
and President Leach

**VOTING NAY:** None

Motion carried.

President Leach then called for the vote on the motion to pass Ordinance No. 57-2015.

**VOTING AYE:** Yassenoff, Adams, DeCapua, Greenhill, Johnson, Schadek  
and President Leach

**VOTING NAY:** None

Motion carried.

**LIQUOR CONTROL**

The City Clerk's Office received notification of a new D5 permit for Hong Kong Buffet, Inc., dba Hong Kong Buffet, 1831-1835 W. Henderson Road, Upper Arlington, Ohio 43220.

Mr. Yassenoff moved, seconded by Vice President Johnson, to file no objection to the application.

President Leach then called for a vote on the motion to file no objection.

**VOTING AYE:** Adams, DeCapua, Greenhill, Johnson, Schadek, Yassenoff and President Leach

**VOTING NAY:** None

Motion carried.

\* \* \*

There being no further business to come before City Council, Mr. Yassenoff moved, seconded by Vice President Johnson, to adjourn.

**VOTING AYE:** DeCapua, Greenhill, Johnson, Schadek, Yassenoff, Adams and President Leach

**VOTING NAY:** None

Motion carried and the meeting was adjourned at 8:21 p.m.

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**President of Council**

**ATTEST:** \_\_\_\_\_  
City Clerk



## Healthcare

- The City hired a third-party in January, 2014 as benefits consultant.
- Spousal Coordination of Benefits was introduced 1/1/15 which generates annual claims savings over \$200k per year.
- Began charging single employees for health insurance in 2015 or 2016 (will need to check the date).
- Evaluated the marketplace in 2014 and found financial savings in moving the contract from Medical Mutual to United Healthcare 1/1/15.
- Contracted with Integrated Wellness Services (IWS) effective 1/1/15 creating an incentive based Wellness plan for employees.
- Changed UHC contract 1/1/17 to share Rx rebates (80% City/20% UHC) which has saved the City \$200,000 in Rx spend each year since inception.
- Evaluated the marketplace in 2017 and found UHC financials to be best in class versus other competing vendors.
- Premium rate adjustments for the Medical/Rx from 1/1/15-current (5 years) have increased on average 3.3% per year with NO plan design changes (2015-.62%, 2016-7.5%, 2017-4.5%, 2018-minus .94%, 2019 - 4.91%).
- The City has regularly maintained a healthy fund balance (\$1.8 – \$2.5M) in the self-insured healthcare fund. This is well above the required actuarially calculated reserved needed. As result of this, the City has made a conscious decision to evaluate the employee share on an annual basis.

In summary, the program has been very well managed financially without reducing plan design i.e. increasing deductibles, copays, out of pocket maximums (Spousal change was a plan eligibility modification) due to a formal Wellness program, rebate sharing, Spousal claims reduction and competitive marketplace review twice since 2014.

Matt Rule

1) With regard to economic development, perhaps the caution about non-corridor development could be dropped or tweaked? Even non-core development should (hopefully) occur, just not at the expense of corridor development.

2) With regard to the expiring millage, I'm concerned about the last sentence of the paragraph and would prefer to drop it. While I agree that a specific use must be identified for any new millage, I think the last sentence may be read as going a step further and implying the committee doesn't believe a new millage is necessary. I'm not sure I'd concur with that particular conclusion. I believe it's enough to conclude that clarity is needed around any new millage.

3) I agree with the recommendation to have a third party consultant review the City's processes but I'm not sure I have enough information to recommend the State do that or to note that they (the State) are a better value (versus a private auditor). I'd prefer to just note that both private parties and government entities (State) conduct the aforementioned and should be examined as potential vendors.