MINUTES
FINANCE COMMITTEE MEETING
5:45 P.M., MARCH 2, 2020
A/V CONFERENCE ROOM

Joseph Jenkins, Chairperson, called the meeting of the Charleston City Council Committee on Finance to order at 5:45 p.m., March 2, 2020, in the Audio/Visual Room in City Hall.

A silent roll was taken by the Clerk and a quorum was established. The following committee members were present:

Joseph Jenkins, Chair
Bobby Reishman, Vice Chair
Mary Beth Hoover
Will Laird (arrived at 5:49)
Shannon Snodgrass
Keeley Steele

I. DISCUSSION:

a. Councilmember Reishman asked for unanimous consent to dispense with the reading of the minutes for the February 18, 2020 meeting and that they be approved as distributed. There was no objection and the minutes were approved.

b. Councilmember Reishman asked for unanimous consent to dispense with the reading of the minutes for the February 24, 2020 meeting and that they be approved as distributed. There was no objection and the minutes were approved.

Councilmember Jenkins asked that the Administration's Proposed Budget Presentation be moved to the last item. There was no objection.

II. RESOLUTIONS:

a. Resolution No. 298-20 - Authorizing the Mayor or City Manager to submit an application to the FEMA Assistance to Firefighter Grant Program in the amount of $114,004, that includes the required 10% match, and administer any funds awarded. The Charleston Fire Department will use these funds to purchase 60 sets of bunker gear.

Be it Resolved by the Council of the City of Charleston, West Virginia:

The Mayor or City Manager is authorized to submit an application to the FEMA Assistance to Firefighter Grant Program in the amount of $114,004, that includes the required 10% match, and administer any funds awarded. The Charleston Fire Department will use these funds to purchase 60 sets of bunker gear.

City Manager, Jonathan Storage, added that FEMA operates a grant program for state and local fire departments with the primary goal being to enhance the safety of the public and firefighters with respect to fire-related hazards by providing direct financial assistance to eligible fire departments. This funding is being sought for essential bunker gear used to fight fires. The Fire Department plans to buy a total of 60 sets within the year. The Administration proposes to request $114,004 in grant funds to cover the cost.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative, Chairperson Jenkins declared Resolution No. 298-20 approved.

b. Resolution No. 299-20 – Authorizing the Mayor or City Manager, subject to final review by the City Attorney, to enter into contracts through Assured Partners of WV and Arthur J. Gallagher Risk Management Services, Inc., at a price of $1,364,363.09, for the City's Risk Management and Property and Casualty Insurance coverage for the period March 31, 2020 through March 31, 2021, in accordance with the costs attached, and specifically by rejecting all underinsured motorists coverage and accepting uninsured motorists coverage with statutory minimum limits of $25,000/$50,000/$25,000 only; and Risk Management Services Co. (RMSC) for Third Party Administration of Workers Compensation and Property/Casualty Claims in accordance with the costs attached and a fee advance of $103,720.00; and further authorizing the Mayor or City Manager to sign the appropriate forms rejecting the underinsured motorists coverage and accepting the uninsured motorists coverage.

Be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor or City Manager is hereby authorized and directed, subject to final review by the City Attorney, to enter into contracts through Assured Partners of WV and Arthur J. Gallagher Risk Management Services, Inc., at a price of $1,364,363.09, for the City's Risk Management and Property and Casualty Insurance coverage for the period March 31, 2020 through March 31, 2021, in accordance with the costs attached, and specifically by rejecting all underinsured motorists coverage and accepting uninsured motorists coverage with statutory minimum limits of $25,000/$50,000/$25,000 only; and Risk Management Services Co. (RMSC) for Third Party Administration of Workers Compensation and Property/Casualty Claims in accordance with the costs attached and a fee advance of $103,720.00; and further authorizing the Mayor or City Manager to sign the appropriate forms rejecting the underinsured motorists coverage and accepting the uninsured motorists coverage.

Storage added that the Administration is recommending renewal of the casualty and liability insurance policies based on the detailed findings presented to the Finance Committee on February 24th.

Councilmember Snodgrass stated that she attended the meeting of Finance held on February 24, 2020 where Frank Baer gave a presentation. She stated that she had done research on the topic. Councilmember Snodgrass added that that this a $1.364 million premium. She expressed concern that it was not put out for an RFP, noting that the City has used the same broker for 38 years. She added that she pointed out during the last meeting that the City will put out RFPs for much smaller amounts than the proposed premium of 1.364 million. In addition to the broker fee of 10-15% ($136,000-$204,000), the AP Risk Management fee ($35,000) as well as the Gallagher broker fee ($40,000) both go to AssuredPartners. She added that the TPA is also part of AssuredPartners. Councilmember Snodgrass stated that her biggest concern as a Finance Committee member (being charged with a fiduciary responsibility as they discuss the upcoming budget, etc.), is that the approximate $280,000 (without getting an RFP) poses a problem for her. Councilmember Snodgrass stated that she would like to amend the resolution to remove the AP Risk Management line, the Gallagher broker line (as that should be inclusive in the overall broker fee), and to pay the fees quarterly.

Storage said that when it comes to the TPA services, the City is in the situation where it has to renew, or there won't be any claims handling for workers comp. There would have to be a sperate conversation to determine whether or not AssuredPartners would accept quarterly billing, but the premium and the associated fees have been paid as a lump sum yearly since the City initially set up the insurance. It is the Administration's proposal to agree to move forward as is, and to agree that a committee should help to review potential options. Considering that the renewal date is March 31, 2020, the City does not want to be in a situation where there are unintended consequences for not renewing certain parts of the program, leaving the City in a risky scenario.

Councilmember Snodgrass said she could appreciate it that, but the Committee is now to a point where it isn't really open to discussion because, as the City Manager pointed out, there is no time. She understood that last year there was the pressure of time, but she was to understand that conversations had been happening since October of 2019, which would have been plenty of time to put out RFPs. Councilmember Snodgrass pointed out that Baer had stated (in the meeting on the 24th) that the City would get back $15,000 for the AP Risk Management whether they do it or not, and that could go out for an RFP since there was no time limit on that. She added that it is a lot of money, and they are asking the Committee to vote when not really given an opportunity to explore alternatives because it would put the City in a precarious situation.

Councilmember Steele asked if the amendment passed, where would that leave the City? Councilmember Jenkins answered that it would put the City without a 3rd Party Administrator. Councilmember Snodgrass said that she only proposed to remove the AP part, which can be done anytime and is not required. Baer clarified that the line item of $35,000 is a culmination of work over the next 12 months that is for both the CSB and the City, $15,000 of which is reimbursable by the insurer. If the City decided to not have any Risk Management Services, it will still get $15,000 for some approved Risk Management expenditures. Baer added they could approve it but not buy it, or purchase it from somewhere else. For clarification, Councilmember Jenkins confirmed that on pg. 96 of the Committee's packet entitled "Historical Coverage and Pricing Summary," Councilmember Snodgrass was wanting to remove the "Loss Control Consulting Fee CIS (otherwise known as "AP Risk Management" on pg. 95 "Premium Comparison") and "AJG Placement Fee" (otherwise known as "Gallagher Broker Fee" on pg. 95 "Premium Comparison"). Storage added that the current Risk Management system is highly effective, and is one of the reasons why works comp claims have been so low. They provide continual on-site training and inspections to ensure safety; they are an active participant in the City's risk management to lower workers comp risk and keep employees and citizens safe. He noted that the CSB also benefits from it. Since the CSB pays $10,000 of that fee, the City is only out of pocket $10,000 to get that exceptionally great benefit. He suggested that it could be cancelled at any time.

Councilmember Hoover confirmed with Councilmember Snodgrass that she has suggested to only put the broker out to bid. Councilmember Hoover added that she had been told hardly any insurance companies is doing this kind of insurance. Councilmember Snodgrass added that there are plenty of brokers who would want to bid for this business, even if they end up using the same insurance carriers.

Councilmember Reishman added that, having been involved in this process for some time, the City has had spectacular results as far as rates usually staying the same. It is very complicated.

Councilmember Steele asked if the AP Risk Management fee was removed, how would it affect the premium. Additionally, she asked if the City declined to pay the Gallagher broker fee, would the insurance be cancelled. Storage answered that AP Risk Management would not affect the premium, in fact the benefit of having that likely helps keep premiums low, although it is not a requirement to keep it. Storage also added that the separate broker fees had always been broken out and listed in this transparent way. He cautioned the Committee against removing it.

Councilmember Snodgrass motioned to amend the resolution to remove the AP Risk Management Services fee ($35,000) and the Gallagher Broker Fee ($40,000). With a majority of members present recorded thereon as voting in the negative, with 1 Yea from Snodgrass and 5 Nays from Jenkins, Reishman, Hoover, Laird and Steele, Chairperson Jenkins declared the amendment not approved.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative, with one Nay from Snodgrass, Chairperson Jenkins declared Resolution No. 299-20 approved.

c. Resolution No. 300-20 - Authorizing the Mayor or City Manager to take all necessary steps to exercise the optional redemption of the Charleston Building Commission (West Virginia) Public Safety Center Lease-Revenue Refunding Bonds, Series 2009A and the Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010.

Now, therefore, be it Resolved by the Council of the City of Charleston, West Virginia:

That the Mayor and City Manager are authorized to take all necessary steps to exercise the optional redemption of the Charleston Building Commission (West Virginia) Public Safety Center Lease-Revenue Refunding Bonds, Series 2009A and the Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010. Specifically, the Mayor and City Manager are authorized to direct the Charleston Building Commission to exercise the optional redemption, provide the required certificate to the Bond Trustee on behalf of the Charleston Building Commission, and make any payments necessary to redeem the bonds and pay any reasonable costs, fees, and expenses of the Bond Trustee and the Charleston Building Commission in connection with the redemption.

Storage added that the City is paying debt service on two groups of bonds that will mature in 2024. They are a 2009 series for Arts & Sciences, which were used to help fund the building of the Clay Center, and 2010 Series Public Safety Bonds, which were used to build the Dudley Farms Public Safety Center at South Ridge – currently leased to the City of South Charleston as a partnership for the provision of fire protection in that area. The principal amount outstanding is approximately $1.1 million. The State Municipal Bond Commission currently is holding funds in trust for the City of Charleston from the previous satisfaction of old debt for 3 bonds: 1989 Public Improvement General Obligation Bonds, 2005 Parking Refunding Revenue Bonds, and 2005A Parking Refunding Revenue Bonds. The amount held by the Municipal Bond Commission is approximately $1.2 million. Paying off the bonds early will save the General Fund around $314,000 per year by eliminating the need to make payments on the principal and accumulated interest. The Administration recommends making this payment, as it will not require any use of General Fund money and will eliminate payments going forward, freeing up much needed funds for other priorities.

Councilmember Jenkins added that if the City could pay something off ahead of schedule, it should.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 300-20 approved.

d. Resolution No. 301-20 - Authorizing the Mayor or City Manager to purchase a Class 7

Grand Cherokee WKJH74 utility vehicle from Stephens Auto Center for $26,059 pursuant to a competitively-sourced state-wide contract with the West Virginia Purchasing Division. The vehicle will replace a fleet vehicle (Unit 508) within the City Engineering Department pursuant to the City's vehicle life-cycle replacement schedule.

Be it Resolved by the Council of the City of Charleston, West Virginia:

The Mayor or City Manager is authorized to purchase a Class 7 Grand Cherokee WKJH74 utility vehicle from Stephens Auto Center for $26,059 pursuant to a competitively-sourced state-wide contract with the West Virginia Purchasing Division. The vehicle will replace a fleet vehicle (Unit 508) within the City Engineering Department pursuant to the City's vehicle life-cycle replacement schedule.

Storage added that the next few purchases are all state-wide contracts that were sourced by the Purchasing Division. They are part of a normal replacement cycle and have been budgeted for in the current fiscal year.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 301-20 approved.

Class 7 - Automobile
Mid Size Utility

Vendor Name:	**Stephens Auto Center**	**Vendor Contact:**	**Mike Ballard**
Manufacturer/Brand:	FCA Jeep	**Phone No.:**	304-369-2411
Model Name & Number:	Grand Cherokee WKJH74	**Email:**	mballard@stephensauto.com

Vehicle Requirements:

Classification:	Mid Size Utility
Drive:	4 Wheel/All Wheel
Passenger seating:	5 minimum (including driver)
Doors:	4, minimum
Wheelbase:	109 in., minimum
GVWR:	6100 lbs. min, 7300 lbs. max.
Engine:	6 cylinder minimum
Additional Requirements:	
The vehicle bid shall include the standard equipment requirements as required in section 3.1.1.1 of the specification.	

Manufacturer's Standard Available Colors	
Standard Color Code	**Color Description**
PSC	Billet Silver
PW7	Bright White
PXJ	Diamond Black
PAU	Granite Crystal
PDN	Sting Gray
PRV	Velvet Red
PUW	Walnut Brown

Vendor Bid Response:

Vehicle fuel type	EPA HIGHWAY MPG Rating	EPA CITY MPG Rating	Unit Price	Total Life Cycle Cost
Gasoline	25	18	$26,059.00	$38,128.44
Flex-fuel				
Diesel				
CNG/Bifuel				
Hybrid				

***Options:**

FOB Dealership: (Deduct)	N/A
FOB Other than Metro Charleston - Per Mile	$ 2.00

*Note - The above delivery "options" above are not evaluated as part of the award.

e. Resolution No. 302-20 - Authorizing the Mayor or City Manager to purchase a Class 8 Grand Cherokee WKJH74 utility vehicle from Stephens Auto Center for $28,924 pursuant to a competitively-sourced state-wide contract with the West Virginia Purchasing Division. The vehicle will replace a fleet vehicle (Unit 1101) within the Department of Homeland Security and Emergency Management pursuant to the City's vehicle life-cycle replacement schedule.

Be it Resolved by the Council of the City of Charleston, West Virginia:

The Mayor or City Manager is authorized to purchase a Class 8 Grand Cherokee WKJH74 utility vehicle from Stephens Auto Center for $28,924 pursuant to a competitively-sourced state-wide contract with the West Virginia Purchasing Division. The vehicle will replace a fleet vehicle (Unit 1101) within the Department of Homeland Security and Emergency Management pursuant to the City's vehicle life-cycle replacement schedule.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 302-20 approved.

Class 8 - Automobile
Mid Size Utility

Vendor Name:	Stephens Auto Center	**Vendor Contact:**	Mike Ballard
Manufacturer/Brand:	FCA Jeep	**Phone No.:**	304-369-2411
Model Name & Number:	Grand Cherokee WKJH74	**Email:**	mballard@stephensauto.com

Vehicle Requirements:

Classification:	Mid Size Utility
Drive:	4 Wheel/All Wheel with High and Low Range
Passenger seating:	5 minimum (including driver)
Doors:	4, minimum
Wheelbase:	109 in., minimum
GVWR:	6100 lbs. min, 7300 lbs. max.
Engine:	6 cylinder, Minimum
Off Road Package:	Includes but not limited to: Limited Slip rear, axle traction lock differential, heavy duty engine cooling, skid plates, gas shocks, tow hooks and all terrain tires.
Tow Package:	Installed Hitch & Wiring
Slush/All-Weather Mats:	Installed: Driver, Passenger, Cargo Areas

Additional Requirements:

The vehicle bid shall include the standard equipment requirements as required in section 3.1.1.1 of the specification.

Manufacturer's Standard Available Colors	
Standard Color Code	**Color Description**
PSC	Billet Silver
PW7	Bright White
PXJ	Diamond Black
PAU	Granite Crystal
PDN	Sting Gray
PRV	Velvet Red
PUW	Walnut Brown

Vendor Bid Response:

Vehicle fuel type	EPA HIGHWAY MPG Rating	EPA CITY MPG Rating	Unit Price	Total Life Cycle Cost
Gasoline	25	18	$28,924.00	$40,993.44
Flex-fuel				
Diesel				
CNG/Bifuel				
Hybrid				

***Options:**

FOB Dealership: (Deduct) N/A

FOB Other than Metro Charleston - Per Mile $ 2.00

***Note - The above delivery "options" above are not evaluated as part of the award.**

f. Resolution No. 303-20 - Authorizing the Mayor or City Manager to purchase a Class 31 Ram 3500 D28L92 truck from Stephens Auto Center for $34,365 pursuant to a competitively-sourced state-wide contract with the West Virginia Purchasing Division. The vehicle will replace a fleet vehicle (Unit 18) within the Street Department pursuant to the City's vehicle life-cycle replacement schedule.

Be it Resolved by the Council of the City of Charleston, West Virginia:

The Mayor or City Manager is authorized to purchase a Class 31 Ram 3500 D28L92 truck from Stephens Auto Center for $34,365 pursuant to a competitively-sourced state-wide contract with the West Virginia Purchasing Division. The vehicle will replace a fleet vehicle (Unit 18) within the Street Department pursuant to the City's vehicle life-cycle replacement schedule.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 303-20 approved.

Class 31 - Automobile
1 Ton, Dual Rear Wheel, Crew Cab

Vendor Name:	Stephens Auto Center	**Vendor Contact:**	Mike Ballard
Manufacturer/Brand:	FCA	**Phone No.:**	304-369-2411
Model Name & Number:	Ram 3500 D28L92	**Email:**	mballard@stephensauto.com

Vehicle Requirements:

Classification:	1 Ton Dual Rear wheel Crew Cab
Drive:	4 Wheel Drive
Passenger seating:	Minimum of 5(including driver)
Doors:	4, minimum
Wheelbase:	158" – 170"
GVWR:	13,000 minimum
Engine:	Minimum 6.6 Liter Turbo Diesel with Engine Block Heater; 8 cylinder Gasoline
Torque:	Minimum of 765 lb. ft.
Rear Axle:	Minimum 3.73 Ratio (gas), Minimum 3.42 (diesel). Must Include Limited Slip/Traction Lock with Dual Rear Wheels
Tow Capacity:	19,000 lbs. minimum
Tow Package:	Installed Receiver Hitch & 7-pin Wiring, Trailer Tow Side Electric Mirrors, Factory Installed Electric Trailer Brake Controller
Slush/All weather Mats	Installed on driver and passenger front and second row, except where vinyl floor covering is present.
Bed:	Spray-in bed liner only
Additional Requirements:	Installed Side Step Bars, All-Season Tires, Full size spare, frame mounted with jack

Manufacturer's Standard Available Colors	
Standard Color Code	**Color Description**
PW7	Bright White
PR4	Flame Red

Additional Requirements:

The vehicle bid shall include the standard equipment requirements as required in section 3.1.1.1 of the specification.

Vendor Bid Response:	
Vehicle Fuel Type	**Unit Price**
Gasoline	$ 34,365.00
Diesel	$ 42,616.00

Options:

FOB Dealership: (Deduct)	N/A
FOB Other than Metro Charleston - Per Mile	$ 2.00

*Note - The above delivery "options" above are not evaluated as part of the award.

g. Resolution No. 305-20 - Authorizing the Mayor or City Manager to purchase 20 portable basketball goals from SNA Sports Croup, LLC, of Grand Rapids, MI, in the amount of $142,760 as the result of a competitive bidding process. The flooring will be used within the Charleston Coliseum & Convention Center to promote sports tourism activity.

   Be it Resolved by the Council of the City of Charleston, West Virginia:

   The Mayor or City Manager is authorized to purchase 20 portable basketball goals from SNA Sports Croup, LLC, of Grand Rapids, MI, in the amount of $142,760 as the result of a competitive bidding process.

Storage added that the Administration received 4 bids for the purchase of 20 portable basketball goals to be used at the Coliseum & Convention Center. The bids came in very close, with a price difference between the lowest bidder and the next lowest bidder of only $240. The low bidder was SNA Sports Group LLC of Grand Rapids, MI, at a price of $142,760.

Councilmember Jenkins asked for a brief explanation of Resolution No. 304-20, which had been removed from the agenda. Storage replied that bids were received for the flooring meant to go with the goals, but they were rejected due to anomalies in the bid review process. There will be an expedited bid process so that the purchase will come before the Finance Committee by March 16, 2020. Councilmember Jenkins added that this was part of the water crisis settlement funds.

Councilmember Reishman moved to approve the Resolution." With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 305-20 approved.

Portable Basketball Goals for the Charleston Coliseum
Project No. 2020-006
Bid Opening: February 19, 2020 @ 11:30am

	SNA Sports Group LLC	**BPI**	**Griffin Sports Equipment**	**Mateflex**
	601 Three Mile Rd. NW, Suite A	109-B College Place	218 Front Street	2007 Beechgrove Place
	Grand Rapids, MI 49544	Norfolk, VA 23510	New Richmond, OH 45157	Utica, NY 13501
	P: (800) 823-0182	P: (866) 621-3865	P: (513) 349-3359	P: (315) 733-1412
	jpeterson@snasportsgroup.com	kevin@basketballproductsinternational.com	griffinsports317@gmail.com	kwheelock@mateflex.com
Project Total	$142,760.00	$143,000.00	$148,500.00	$149,920.00
Local Vendor Preference ($5,000)	N/A	N/A	N/A	N/A
Project Completion	56 days	90 days	60 days	60 days
Successful Bidder	✓			

h. Resolution No. 306-20 - Authorizing the Mayor or City Manager to purchase 2 new, unused 2020 Pursuit Ready F150 4X4 Pickup Trucks for the Charleston Fire Department from Thornhill Ford, in the amount of $71,012.56 as the result of a competitive bidding process.

Be it Resolved by the Council of the City of Charleston, West Virginia:

The Mayor or City Manager is authorized to purchase 2 new, unused 2020 Pursuit Ready F150 4X4 Pickup Trucks for the Charleston Fire Department from Thornhill Ford, in the amount of $71,012.56 as the result of a competitive bidding process.

Storage added that the Administration received bids for 2 new F150 pickup trucks for the Charleston Fire Department. The prices submitted between the two vendors were about $919 apart. The low bidder was Thornhill Ford of Chapmanville, WV, with a total price of $71,012.56.

Councilmember Jenkins asked why this wouldn't be included in the competitively-sourced state-wide contract with the West Virginia Purchasing Division. Storage answered that there are special run-ready and emergency vehicle trucks packages that were not specifically sourced by the Purchasing Division.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 306-20 approved.

Purchase of Two (2) F150 Pickup Trucks for the Fire Department
Project No. 2020-004
Bid Opening: February 27, 2020 @ 11:00am

	Thornhill Ford	Stephens Auto Center	
	500 Ford Fairlane	PO Box 278	
	Chapmanville, WV 25508	Danville, WV 25053	
	P: (304) 855-8300	P: (304) 369-2411	
	ceellis@mail.com	mballard@stephensauto.com	
Project Total	$71,012.56	$71,932.00	
Local Vendor Preference (4%)	N/A	N/A	

i. Resolution No. 307-20 - Authorizing the Mayor or City Manager to purchase 20 sets of bunker gear from Red Hot Fire Equipment Co., in the amount of $38,001.20 as the result of a competitive bidding process. The gear (jackets and trousers) will be used for structural firefighting for the Charleston Fire Department.

Be it Resolved by the Council of the City of Charleston, West Virginia:

The Mayor or City Manager is authorized to purchase 20 sets of bunker gear from Red Hot Fire Equipment Co., in the amount of $38,001.20 as the result of a competitive bidding process.

Storage added that the Administration received 2 bids for the purchase of 20 sets of bunker gear for the Charleston Fire Department. Red Hot Fire Equipment Co, of Prichard, West Virginia was the low bidder with a total price of $38,001.20. Finley Fire also bid and qualified for local vendor preference but still did not beat the low bidder's price with the preference adjustment.

Councilmember Laird asked how a company from McConnelsville, OH qualified for Local Vendor Preference when a company from Prichard, WV, and should that be revisited. Storage replied that he did not think it should be revisited. The Local Vendor Preference Committee had decided to recognize tax contribution to the area, and set up a system that was not geographic, but rather based on having active accounts with the City Collector's Office that had been non-delinquent for at least the last preceding 1-year period.

Councilmember Reishman moved to approve the Resolution. With a majority of members present recorded thereon as voting in the affirmative Chairperson Jenkins declared Resolution No. 307-20 approved.

Purchase (20) Sets of Bunker Gear for the Fire Department

Bid Opening: February 27, 2020 @ 10:30am

Red Hot Fire Equipment Co	**Finley Fire**	
1515 Lower Gragston Creek Road	5255 N State Route 60 NW	
Prichard, WV 25555	McConnelsville, OH 43756	
P: (304) 266-2491	P: (304) 482-2944	
jsmith@redhotfireequipment.com	jparsons@finleyfire.com	
$38,001.20	$43,100.00	

I. DISCUSSION CONTINUED:

Councilmember Jenkins noted that, in response to Councilmember Snodgrass' objections, he will work with her and Storage to create a Sub-Committee to examine the insurance RFP. He encouraged lively debate within the Committee.

c. Administration's Proposed Budget Presentation – Councilmember Jenkins noted that there will not be any questions or comments at this time. He noted that there are several scheduled information sessions for City employees, and urged them to attend. Councilmember Jenkins also encouraged any employees who still had questions to contact Councilmembers so that they could be addressed during the scheduled budget discussion meeting of the Finance Committee on March 9, 2020.

Mayor Goodwin stated that the Administration was extremely proud to have put together a balanced budget. She promised that the recommendations made within the budget were thoughtful; none were made in haste. The Administration made decisions that they believed to be in the best interest of the City, its employees and the taxpayers. After months of careful planning, the proposed budget does not create any new taxes or use one-time monies. It meets the City's long-standing financial obligations and invests in its employees and the services that they provide to the taxpayers. In the budget, there will be no reduction in the central services (police, fire and emergency services) and in the Public Works Department. The Administration has corrected past illegal holiday pay practices. They will continue to show their commitment to increase funding to pave and repair more sidewalks and roads. More money will be going to tearing down the dilapidated and unsafe structures throughout the City. There will be significant investment in economic development and promotion efforts.

Mayor Goodwin continued by saying the world of healthcare has changed significantly, making the City's healthcare arrangement no longer sustainable. The current Administration is not going to put off for future Administrations bills that can't be paid and programs that are not sustainable. It is going to require some very difficult decisions. It is not good policy for the City to drain its savings or use one-time money. The Administration has reviewed multiple options and believes they have identified a health care plan that will allow the City to: increase employees' salaries, reduce premium costs, cover all deductible costs, keep premiums flat for at least 3 years, maintain the current City vision and dental insurance, offer comparable care, keep the clinic fully funded and open, maintain the same retiree benefits under the City's current self-insured plan and have a net decrease to the maximum payable out-of-pocket expense to City employees, all while saving a substantial amount of money for the taxpayers. What might not be seen in the budget is the hard work of the grants writing team (over 1.6 million in grant money was obtained over the past year) and the strength of relationships that the City has garnered over the past year with State agencies that have indirectly provided a substantial benefit to the savings. The City will continue to cut waste, invest funds in the best projects and programs that will give the largest return on investment and always do what it is in the best interest for the City of Charleston and its people.

City Manager, Jonathan Storage offered the following overview of the $99.4 million proposed General Fund Budget. This proposed budget embodies the qualities of good government, focused financial management and strong stewardship of taxpayer resources. As was heard during Mayor Goodwin's State of the City Address, the Administration has been busy over the past 14/15 months cutting waste, creating efficient risk management spending practices, paving more roads, demolishing more vacant/unsafe structures, stepping up maintenance efforts to address severely neglected facilities, correcting past unlawful pay policies and ordinances that disrespected the hardworking Charleston firefighters, establishing hiring bonuses for new, already certified Police Officers, adding color and pop to public art and celebrating the work of many community non-profits through contributing partnerships. There is more work to do in the upcoming year. The budget proposal as with any other, required the team to consider many different and sometimes competing funding requests and policy goals. Obviously, there was always more need than available funds, thus requiring the Goodwin Administration to critically consider every item of revenue and expense to ensure that the City will achieve the best result for taxpayers.

Storage continued by stating that total revenues overall are expected to be flat in the upcoming fiscal year. The Administration is projecting a modest increase in total funds available of only one half of a percent. With revenue projections staying so flat, the Administration had to get creative in tackling some unexpected expense growth that caused a severe budgetary imbalance. In every budget, priorities must be given consideration. Expense growth in priority areas are mostly positive when considering the return on investment for the City and its people.

Last year, Mayor Goodwin doubled the City's paving budget. Many have commented on the tremendous amount of work that was completed on the City's streets and alleys over the past year. There is still a significant amount of work to be done to address the City's crumbling and forgotten roads, and that is why the proposed budget keeps the paving budget at the same elevated level as the current fiscal year. Additionally, the Administration will be partnering with a trust fund and the Spring Hill Cemetery Combined Endowment Fund to pave the roadways within the cherished Spring Hill Cemetery. Last year, the Administration was able to increase the Building Commission's building demolition budget by $175,000. As is witnessed every day, the community suffers from neglected properties in almost every neighborhood. Such depilated properties contribute to blight and unnecessary public safety risk. To help address the issue, the proposed budget not only maintains the increased amount approved in the current operating budget, but the Administration proposes to increase by a further $75,000, making the demolition budget $300,000.

As mentioned earlier, the Administration has worked to correct past holiday pay discrepancies suffered by Charleston firefighters. Council recently passed an ordinance to ensure that holiday pay for firefighters conforms with the State statute that has been on the books for almost 44 years. Accordingly, the Administration has accounted for approximately $700,00 in additional Personnel Services expenses as part of the CFD budget to pay for this needed correction.

Storage continued that from day 1, the Goodwin Administration has heard the cry from the City workers about the stagnant salary levels. Unfortunately, the last effort to address salaries took place nearly 5 years ago. The bulk of the 2015 salary increases went to a select few highly paid staffers, leaving those who needed the increases most, behind. Last year, Mayor Goodwin told him, in very strict terms, to balance the budget with no one-time monies. In order to do that last March, without using any of the City's savings, salary increases were simply not possible. For this year, by taking some proactive and risk managing steps, the Administration is able to provide across the board $2,000 salary increases to every full-time non-elected staffer. Moreover, the proposed budget plans to increase the starting pay rates for all new police officers and firefighters by $2,000/year.

The Administration is also facing some unwelcome expenses. The City's various insurance structures represent the largest expense growth item in the next year. Overall, the City of Charleston pays a modest premium for excellent, high-limit coverage due to a creative blending of several different policies that provide layers of coverage. The City's premiums for Property and Casualty insurance will increase by 21%. Within that percentage, the largest growth driving the total increase comes from the City's Excess Property Coverage, which is increasing 109%. Property insurance rates are increasing significantly across the nation, as has been reported in numerous trade publications. Property insurance prices are rising at rates in excess of yearly averages. As natural disasters continue to become more prevalent, with the effects of global warming and other factors, insurance companies are passing on higher property risks. The total premium increase for all of the City's Property and Casualty policies will be approximately $236,000 this year. The premium being charged for the upcoming year reflects the best rates possible. The City's insurance broker scoured the nation and its marketplace, checking approximately 40 insurance companies. The broker found that the best comparable options had higher premiums and offered inferior coverage. The City's broker even checked state-managed policies under BRIM, and received back a quote for $12 million. Thus, paying the new premium, of approximately $1.36 million, is exceptionally advantageous considering the coverage maintained compared to increased cost of coverage if the City moved to other plans. The Administration will continue to review Property and Casualty insurance options throughout the year.

Storage stated that on February 18, 2020, he provided the Committee with a grim update regarding the City's current health insurance plan. The City is currently self-insured for all health care costs. As of January 1, 2020, the City provides health insurance to 636 active members and their dependents and 548 retiree members and their dependents. In the current budget year, health care costs represent roughly $18 million of the City's nearly $100 million budget, which is 18% of the current budget. Also, health care costs steadily rise from year to year. Just next year, the City's healthcare costs are projected to rise between $1.5-2.5 million. This expense growth is to cover normal health care claims and is not calculated for any anticipated catastrophic claims. Simply stated, the City should expect health care costs to increase perpetually upward until, by 2024, the City's budget deficit will reach $16.5 million. This projected health care cost over time accounts only for normal healthcare growth. The City is currently fully exposed to catastrophic claims as the City has no stop-loss insurance policy.

In 2017, the City's health care reserve account had over $9 million; by June of that same year, the past Administration had to withdraw $3.78 million to cover unexpected catastrophic claims. The balance of the reserve account is now sitting at $6.2 million, and was never replaced or replenished, except for various interest payments. The health care reserve account is one-time money, which means it is savings. In one year alone, that money could be eaten up in costs. In fact, keeping the same plan in place will require the City to pull money out of that account just to cover the normal healthcare cost/expense growth next year.

Storage added that premiums, deductibles and maximum out-of-pocket expense rates have not been touched by the City since 2011. Assuming that the Administration only altered the premium costs to employees, the rates would need to be increased by at least 50% to all employees and retirees just to stymie some of the overall anticipated increases. Also, if the City were to keep the current plan, even raising the premium rates, salary increases would not be possible in the upcoming fiscal year. If the City were to continue along this path, the Administration would certainly need to purchase stop-loss policy to ensure that unlimited exposure would be shut off. Premiums for such coverage would be around $1 million per year, in addition to the previously mentioned health care growth costs. Add those costs with ongoing expenses and running the clinic (which costs about $1 million a year), and the City is sitting on a runaway train, and the bridge ahead is out. If nothing is changed, the City will deplete its savings to cover next year's increases or increase employee premiums without any ability to have salary increases. These options are not fiscally responsible, and do not take care of the hardworking employees and the taxpayers they serve.

Storage continued by saying that members of the Administration have met (and continue to meet) with many Councilmembers over the last weeks to discuss the plan. Nothing with change for the City's retirees; they continue to participate in the City's current self-insured plan, and will see no change at all in the upcoming fiscal year.

The Administration brought in consultants to evaluate multiple plans that would work well for active employees. Once the results were reviewed, it was found that PEIA offered affordable rates and quality coverage that compares to the City's current coverage. PEIA has 2 different groups with 2 different funding sources: a state agency group and a local government group. Most are familiar with the state agency group; it provides no flexibility to the employer as to how the premiums are shared, as they are set by State statute as an 80/20 split. This means, as premiums are raised by PEIA, employees must pay for those increases. The local government plan is much more flexible, in that Cities have more flexibility with helping to subsidize deductibles and premiums, and creating incentivizing plans that can effectively reduce employee net out-of-pocket expenses. Another key difference between the 2 plans is that they operate with completely different pots of money with different actuarial ratings. State law prohibits the comingling of the 2 groups, which means that the local government group can never be expected to pay out the state group. There are currently over 100 municipalities in West Virginia that are in the local plan, with over 12,000 city and county employees participating, including police and firefighters. The pool of members is big enough to drastically decrease the amount the City of Charleston would have to pay to continue to offer great insurance, while being small enough to not take on the financial risks with which the state group deals. Switching to PEIA cuts off catastrophic claims liability to the City, reducing or eliminating any need for stop-loss coverage for active employees. There would be no need to purchase the separate $1 million stop-loss insurance. All catastrophic claims would be handled by PEIA with no additional contribution needed from either employees or the City.

Storage explained that PEIA requires municipalities to offer all 7 of the available plans. However, the City is not required to subsidize every plan. In coordination with the consultants, the Administration has identified 2 of the plans that will provide extraordinary benefits, lower costs for the average employee family and provide options for coverage. All West Virginia doctors and hospitals are required to accept PEIA, meaning they are all in-network. Seeing an out-of-state doctor will require pre-approval through PEIA's administrator, UMR, which is part of one of the largest health care networks in the United States. Any Emergency Room treatments received out of the state will be treated as if it were in-network. PEIA also offers exceptional coverage with low premiums, deductibles and max-out-of-pocket expenses compared to private plans offering the same or similar coverages. PEIA also has a comprehensive prescription drug program.

The Administration has been wowed by the features of PEIA Plan C. The first feature of Plan C that is immediately appealing, is the very low premium cost. For the purpose of this discussion, the focus will be on family plan rates (assuming a tobacco-free status). Under Plan C Family, the monthly premium is $693 a month. However, the Administration is proposing to subsidize the premium 80/20, and will pass along the PEIA $50 per month tobacco-free discount to the employee. The resulting monthly premium will be $89 a month, compared to the City's current premium of approximately $236/412 a month. Under Plan C, the average family will save approximately $1,700 a year in premium costs while maintaining comparable coverage. The Administration will ask City Council to keep the effective premium rates at the same level for the next 3 years. That means that if PEIA raises the premium in the next 3 years, the City has the ability to make the effective premium that comes out of employees' pockets exactly the same as was on year 1 with PEIA. The deductible for Plan C is quite high, but the Administration is proposing to pay 100% of deductibles for employees who choose Plan C. Plan C is meant to be paired with a tax free Health Savings Account (HSA), which allows both employers and employees to contribute funds (tax free up to certain limits) to be used for qualified health care expenses. An HSA works much like a retirement account, such as a 401K), where money is deposited into the account, pre-tax. Unlike a flexible spending account, which the City currently offers, funds in the HSA roll over from year to year. Once contributions go into the HSA account, it is 100% the employee's funds. The HSA is also portable, whether the employee leaves the City for other employment or retires. If the new employer has an HSA plan, they will be able to contribute to it. Otherwise, the employee can keep it invested, spend it down on health care expenses or liquidating the funds (with tax penalties). The Administration proposes depositing in every Plan C HSA the total deductible for the year. The deductible for the family plan is $2,800 a year. If the deductible is not fully used during the year, the balance will roll over to the next year. In the next year, the Administration begin depositing the yearly deductible into the HSA, allowing employees to build up HSA funds. Doing all of this effectively means that employees using Plan C will have no effective deductible under the plan, having been paid for by the City. Plan C does have a relatively high max-out-of-pocket expense of $5,000 for the family plan. The current City max is $3,600. Plan C will actually cause employees to pay lower max-out-of-pocket expenses as the deductible is a combined medical and prescription deductible, and is the only PEIA plan that allows the deductible to count toward the max-out-of-pocket expense. With the City paying the deductible, the actual max is $2,200. To summarize Plan C, employees will pay lower premiums, pay effectively no deductible and actual out-of-pocket expenses will be lowered. Assuming that a family maxes out the benefits in a given year, they will save an average of $3,163 per year compared to the current plan when considering the $2,800 City deposit into the HSA account.

Storage continued that for those employees who do not want to manage an HSA or want something more similar to the City's current insurance model, the Administration is also planning to subsidize PEIA Plan A. Plan A is a traditional model of insurance where employees pay a premium and deductible (separate ones for medical and prescription) and have a max-out-of-pocket expense that the deductible does count toward. The Administration proposes an 80/20 premium share for Plan A. The average employee will still see savings with premium rates when compared to the City's current insurance, however, the savings will not be quite as large as they would be had they chose Plan C. For a tobacco-free family plan, the monthly premium will be $177, which includes the $50 credit. The premium will have an average savings per family of $698 per year when compared to the current City insurance plan. The annual deductible for Plan A for a family would be $900 for medical and $150 for prescription. The max-out-of-pocket would be $5,000. Employees would continue to pay traditional co-pays for office visits, prescription drugs, etc.

Active employees who will soon become retirees, will be offered coverage under the City's current self-insurance program once they retire. New retirees will also be able to cash out their sick leave to pay down premiums in accordance with current City policies. The Administration will also be proposing no change to the current vision and dental plans offered; active and retired employees will continue to be offered these plans. The Administration also proposes to keep the very successful Wellness Clinic open and fully funded, operating exactly as it does currently. The Clinic continues to play a huge role in preventative medical and health assessments. Because the Administration is keeping retirees on the current self-insured plan, managing health care costs continues to be a motivation for operating the Clinic. The purpose for these changes is to manage the City's finances for the taxpayers responsibly, while also providing great benefits to employees and retirees. The City will cut off significant risk by switching to PEIA, however, the self-insured program for retirees will still be maintained. The $6.2 million health care reserve account will continue to be used as a safety net for health care, focused on retiree benefits. Informational sessions for employees are planned over the upcoming days and weeks; schedules will be distributed.

Storage added that providing salary increases, competitive health care, infrastructure improvements, etc. will require the Administration to continue to make very necessary cuts and implement good sense debt management strategies to ensure that we provide the good service that is expected from taxpayers, while taking care of employees and retirees. The Administration is proposing the elimination of 11 positions from the City budget, of which 7 are currently vacant. The following positions are recommended for alteration in the upcoming fiscal year:

- repurpose Office Support Specialist to Grounds Maintenance Worker in Spring Hill Cemetery,
- repurpose Tax Compliance Officer to Administrative Assistant II and remove Accounting Clerk in City Collector's Office,
- remove Administrative Assistant II in Emergency Services, remove Administrative Assistant I, repurpose Engineering Inspection Technician (in Stormwater Engineering to the regular Engineering Department), remove MS4 Environmental Education Position (the MS4 Stormwater Program will not be eliminated, the MS4 General Manager and MS4 Compliant Specialist will remain in place to ensure that enforcement occurs and the public is properly informed) in Engineering, remove Operations Manager,
- remove 1 Mechanic and remove Office Support Specialist in Equipment Maintenance,
- repurpose Administrative II to Assistant to the Fire Chief in Fire Civilian,
- repurpose Administrative II to Assistant to the Police Chief in Police Civilian,
- remove the office of Strategy Management by removing Director and Senior Program Coordinator, move the Communications Specialist to the Office of Constituent Services,
- remove Projects Administrator and add Assistant to the City Manager in City Manager's Office,
- repurpose 2 Recreation Center Managers to Program Coordinators, remove 1 Recreation Center Manager, add 1 Recreation Facilities Manager, repurpose 3 Office Support Specialists to 3 Assistant Program Coordinators in Parks and Recreation,
- remover Supervisor of Public Grounds in Public Grounds,
- add 2 Administrative I in Public Works,
- remove Office Support Specialist in Refuse,
- remove Office Support Specialist and repurpose Truck Operator to Truck Driver in Streets,
- remove Mobility Planner in Traffic Engineering,
- repurpose Zoning Specialist to Planning Specialist in Planning.

The net savings from these changes is $535,320, not including associated benefit costs savings. Also, the Administration is proposing to pay off 2 sets of municipal bonds (originally set to be paid off in 2024), with an expected savings of $314,00 in FY21 and a little more than that in later years.

Storage concluded that all of the items mentioned represent different pieces of an enormous and complex puzzle that is the city budget. As the City is required by law to pass a balanced budget, there is a give and take in every single recommendation that has been proposed. The Administration and Councilmembers must always be a steward of taxpayer funds (the responsibility of which requires the most be made of every dollar) while providing essential services, and be an employer to employees and retirees. The City cannot achieve its purpose without its dedicated staff, and the Administration wants to do everything possible to keep its benefits attractive to those that choose a life of public service. The Administration looks forward to the progress of the upcoming fiscal year.

Councilmember Reishman motioned to adjourn the meeting.

Meeting adjourned.