

FINANCE COMMITTEE MEETING
JANUARY 17, 2012

Finance Committee Chair Ms. Vaughn opened the Finance Committee Meeting at 6:00 p.m. In attendance from the Committee were Ms. Vaughn and Mr. D'Ambrosio. Ms. DePledge was late in arriving. Also in attendance from Council were Mr. Matheke, Mr. Hoefle, Mrs. Quinn-Hopkins and Council President Mr. Morley.

In attendance from the Administration were Mayor Andrzejewski, Finance Director Slocum, CBO Stigalt and Police Chief Reik.

BUDGET REVIEW PROCEDURE: DISCUSSION

Ms. Vaughn: I asked that this be placed on the agenda after discussion with members of my Committee, Council and President Morley. Some suggestions of change from the previous reporting procedures were recommended.

Mr. Morley: I spoke with Ms. Vaughn and Mr. Slocum about this. What I am looking at is – we usually all get the end of the month report two weeks before a Finance Committee meeting. I would like everyone to go over the end of the month budget and contact Ms. Vaughn if there are any questions so she and Mr. Slocum can get together. I would like to see instead of going line by line as we have done the last five years that Mr. Slocum would provide an overview for the meeting and that he and Ms. Vaughn review it before the meeting and in between the two weeks before the meeting if there are any questions they be submitted to either Ms. Vaughn or Mr. Slocum so when we come to the meeting we will have the answers. We usually have some reoccurring questions each month and I would like to get away from doing that. For instance, we will have the same question on “Other Contracts” or the electric or gas. I think if we hand in our questions and Mr. Slocum provides an overview of the month that will answer everything for us. But, if anyone has any questions feel free to contact Ms. Vaughn or Mr. Slocum ahead of time so at our meeting we just go over the crunch of the month – if there are any extra costs. If anyone sees something in the budget bring it up before the meeting so we can have an answer at the meeting instead of a few days later.

Ms. Vaughn: Thanks to Mr. Slocum we are currently getting a report of any expenditure over \$5,000 which also helps us to immediately earmark any anticipated expense especially large ticket items. I have talked to Mr. Slocum about several accounts – instead of reviewing every Department's gasoline cost – we can't very well control how much they drive – it should be we are budgeting “x” amount and this is what we have left. That seems a lot more simplistic and a lot more accurate statement. Possibly other things could be combined - the use of water – take a percentage every month – personnel costs can be easily analyzed every month. But, “Other Contracts” we should during the budget hearing hear what they are and then we will know if there is anything out of line – if we all keep good notes.

Mr. D'Ambrosio: Will we still attempt to have a Finance Committee meeting quarterly?

Ms. Vaughn: I wrote down quarterly or monthly – it is up to the Committee or Council.

Mr. D'Ambrosio: We have not done monthly in quite a few years. I am okay with quarterly. I know sometimes it may not work out exactly every three months.

Ms. Vaughn: Considering our financial position I am more comfortable with monthly meetings at this point in time.

Mr. D'Ambrosio: I am okay with that.

Ms. Vaughn: And then we can change it to quarterly if all of a sudden we receive more revenue. Considering the tenuous relationship with our finances I think it is better we look at it on a monthly basis.

Mr. Morley: I agree.

Mr. D'Ambrosio: I agree. Mr. Slocum, you are okay with this – this works for you?

Mr. Slocum: That all works for me. I will not limit anyone to a period for questions.

Ms. Vaughn: No, we are not going to do that.

Mr. Slocum: I am always open for questions. If it is something that you want to discuss in a public meeting I appreciate the fact that I get a little heads up. Mr. Matheke, about six weeks ago, came to me and told me he was going to bring something up. I appreciate that because then I can prep and give you an in-depth report. I appreciate that. Which does not mean if we are going through something and something pops in your mind – I think it is something we want to hopefully aspire to but I don't think it is the end all either.

Ms. Vaughn: No, but I think it is workable.

Mr. Matheke: I have been on Council before and now I am back on Council again. I have sat in on a lot of these meetings. I am sure I am not going to be the only one with this opinion – but, when you hit hour 2 of talking about \$300 differences and we are in June – why is 53% of this spent instead of exactly 50% and how come we only got 42% of our revenues instead of 50% - people are ready to put an eye pick through their eyes. I want everyone to focus on the big picture and not get caught up in the \$200 - \$300 variances that seem to get beat to death for 14-15 minutes.

Ms. Vaughn: I think that is the point we were making. It is called cut to the chase.

Mr. Matheke: Mr. Slocum, I love the report but personally for me about the last 50 sheets I don't even bother looking at. I don't want the ground view. I want the 25,000 foot view – not the 50,000 foot. That is what I look at. I realize why you do the report the way you do – I am not criticizing that at all. Some people do want to see all those numbers. But, it is easier to

review it at that middle level and see the Departments are in budget – we are not spending an extra \$100,000 that we should not be instead of each line item.

Ms. Vaughn: I am not going to do each line item – trust me.

Mr. Morley: That is my reason for everyone having two weeks.

Mr. Slocum: I know. The Chief will look at the police budget. When it comes to the Building Department I bet he never gets to that page – vice versa. That report is used by a lot of different people. For the Department Managers who have the responsibility they are going to want to see that. You get the overview on top. I used to have a report by Departments. I will look to see if I can resurrect that.

Mr. Matheke: That is not a problem. I can find that by going to the bottom line within that Department.

Mr. Slocum: The other thing I can do fairly easily. I can take that bottom line as a separate section. I can just give you the bottom line on all the different cost centers.

Ms. Vaughn: If there is a variance then we can go back and find the line item.

Mr. Slocum: I don't think that would be too hard for me to do. I think we are only interested in doing that as it relates to expenses and not revenues because the revenue report is not that long.

Ms. Vaughn: We can try it.

Mrs. Quinn-Hopkins: Are we submitting questions by email to one another?

Ms. Vaughn: It could be either. If you wanted to go through me to Mr. Slocum because I have to meet with him otherwise I will hear the questions when he tells me he got them. You can send them to me or Mr. Slocum - just "cc" to both of us.

Mr. Slocum: If I get these questions you are not talking about a written report back – you are looking for an oral report back?

Mr. Morley: Exactly.

Ms. Vaughn: No, we don't want a written report. Another thing I want to bring up under reporting procedures is we have a budget coming up. Do we want to have extra meetings during February and March – at least two to discuss this year's budget and wrap up last year's budget– correct Mr. Slocum? We may as well plan two Finance Committee meetings every month for the next few months.

Mr. Slocum: We should close out our books tomorrow and will have it out to the Department Managers and ask them to make themselves available next week to review their budget and at the end of that time period I will pull everyone together and present a budget to the Mayor and you.

Mrs. Quinn-Hopkins: Back to the questions – so, when we submit our questions by email or whatever and Mr. Slocum will come up with an answer does he just give them the answer through another email or we will discuss it at a meeting?

Ms. Vaughn: We will discuss it at the next meeting.

Mrs. Quinn-Hopkins: It is just to give him a heads up as to the question?

Ms. Vaughn: Yes, so when we are having a Finance Committee meeting he does not have to say he will get back to us. He will be able to have it because we are talking two weeks.

Ms. DePledge joined that meeting at this time.

There were no further questions or comments.

AMENDMENT: SECTION 155.01: PART-TIME COURT OFFICER

Ms. Vaughn: Chief Reik?

Chief Reik: The Mayor and I have had a number of discussions about our part-time rate because it has not been changed for a long time. There was some work done on the contract to allow for a part-time Court Officer which did not reduce or replace any personnel. It was road patrol and I think the Union was more than happy to do it because it is a large chunk of time every week that is taken by that Court Officer. I wanted to stay competitive – not near the top – we are a little on top of the bottom rate. The places I called that are using their Court Officers in the same capacity – I have a few of the laid off guys who were sworn in as Specials. I have a couple retirees and a couple of guys who work other jobs and other places. We have a pretty good pool of people to get the resources from and with us going down to two men on day shift having a Court Officer to handle it specifically has worked out well. That was the discussion for the \$20 rate. We will monitor it to keep it as low as possible at the end of the year – depending what is going on. These guys will always be needed on Mondays and Tuesdays and if we don't have an arrest on Wednesday, Thursday and Friday he does not even come in. We are a little front loaded on the hours on Monday and Tuesday but later in the week it all depends on business.

Ms. Vaughn: Is \$14.97 the previous rate?

Chief Reik: Yes.

Ms. Vaughn: Mr. Slocum, have you and the Mayor also been in discussion on this?

Mr. Slocum: Yes.

Mr. Morley: So, you will just be using Special Policemen – we don't need anything that says Court Officer?

Chief Reik: Right.

There were no further questions or comments.

Upon review, the Committee agreed to move this matter forward to the next regular Council meeting.

MISCELLANEOUS

AMENDMENT: CHAPTER 1301 "PERMITS & FEES: 1301.031 COMMERCIAL PLUMBING FEES"

Ms. Vaughn: We received a request from our Council President that we add a piece of legislation on this evening's meeting. Although I guess it has been in the works for a long time it never came to committee before now. This is an amendment to Chapter 1301 "Permits and Fees" for commercial plumbing. Mr. Stigalt?

Mr. Stigalt: The Building Department in the City of Eastlake has always been approved by the State of Ohio to perform plumbing inspections but they chose not to do the inspections sometime in 2006. Once I found out that we could bring it in-house it just makes more sense for us to do it because the plumber does not have to go to Lake County and be held up for two or three weeks for their process to go through – which holds up our process for building projects in our City when we have qualified personnel in the Building Department to do the plumbing inspections. And, it brings in revenue to the City rather than it going out to the County.

Ms. Vaughn: Are these the same rates as the County?

Mr. Stigalt: Most are the same and some our lower.

Ms. Vaughn: None of them are higher?

Mr. Stigalt: One or two are slightly higher because we have to adjust our cost to what we have to do because of the paperwork but not much more – maybe two are \$10 or \$15 but most are below. I ask to make one small amendment because when this was set up our plumbing inspector had not received her certification from the State for being a plumbing examiner. She just got that two days ago. So, the County would have been doing that and now we can bring that in-house and do it at their cost – which is \$50 for a plumbing examination of plans.

Ms. Vaughn: Is that under the schedule?

Mr. Stigalt: Yes, it would be under the section on services – plumbing examination of \$50 which the County would be charging us and we would have had to send checks to the County – this will save the Finance Department from doing all that paperwork and we can now do it in-house.

Mr. Morley: Get in touch with the Clerk in the morning so we have all the information for Tuesday.

Mr. Stigalt: I will add that in tomorrow.

Ms. Vaughn: The only thing I am uncomfortable about is I don't want our residents to pay more now than they were before. We are not in this to make more money off them – we are in it to provide a service that is closer for them and more convenient. So, I don't want to make them feel like they are paying more money because we are doing it. You can assure me they are not going to be primarily?

Mr. Stigalt: This is not residential – it is commercial.

Ms. Vaughn: The same thing applies for the businesses. I don't want a business man in here saying we are doing this to make more money from them then if they went to the County where they would save \$50 or \$100 or whatever - if you can assure me that is not the case that will be fine.

Mr. Stigalt: We will be slightly higher but the County sent out a third party for some of those for which they could not provide me any fees. They are reasonable fees.

Mr. Morley: Can you give me an example of the County's and what we are charging on one of these things?

Mr. Stigalt: Under “installation of new backflow unit” – the County would charge \$25 for the first time. At the end of the first year and every year thereafter they have to be retested and their testing fee is \$100. Ours is at \$30 constant. And it is by a third party agency so that person has to wait for that to be scheduled and then wait to get their paperwork to provide to the State that it was tested – so, it would take them 30 days to do that when can do it in one or two days for \$30 – we saved them \$70 in that respect.

Mr. Hoefle: The City chose not to do this in 2006?

Mr. Stigalt: Apparently when one of the inspectors went to another City he was the only plumbing inspector – that was when the City gave it up.

Mr. Hoefle: How many individuals do we have who are qualified to do these?

Mr. Stigalt: One can do commercial right now – and, we have a backup in case she is on vacation. We have to by State law. The backup is someone who lives in Willoughby Hills.

Our inspections will start February 1st.

There were no further questions or comments.

The Committee agreed to move forward with this item, with the discussed change, to the next regular Council meeting.

BID ADVERTISEMENT: MUNICIPAL SOLID WASTE COLLECTION AND DISPOSAL SERVICES

Mr. Slocum: We want to go out for bids on the garbage pickup and publish it this weekend. I appreciate the earlier feedback from Mr. Hoefle and have incorporated a majority of it. Basically, we are asking for a wide range so we can price our options. We are not forced into doing one or the other and if we don't like what we have we still have one contract extension with Republic. We have the standard curb side collection of the solid waste or the automated curb side collection. We have the standard curb side collection of yard waste which we are telling people if we take one or the other with the solid we are going to be taking the yard waste. We have it for the curb side recycling and the drop off recycling. The final one is if they do the whole billing which takes us out of the garbage game with the exception of actually awarding the contract. It really gives them the license to provide the garbage service and sets the price. I think if we get those prices we will be able to show the residents this is what it costs you. I believe that number will come in significantly higher than anything we would bill. We will see what comes in. If it does not come in there I will recommend we get out of the garbage business.

Mr. D'Ambrosio: You said this is going to be bid where they actually do the billing?

Mr. Slocum: Yes. That is the last option. We will see what comes back. We will get the prices and will need a meeting fairly quickly and lay out the options and we will come with a recommendation.

Ms. Vaughn: When are you opening the bids?

Mr. Morley: February 3rd.

There were no questions or comments.

TAX BURDEN

Mr. Slocum: Mr. Morley called me earlier today and we were talking a little about Willowick being happy they are not Eastlake. As an Eastlake resident I am happy I am not in Willowick. Willowick residents pay just to the City 18.15 mills – Eastlake residents pay 5.56 mills – they pay triple the property taxes and this does not count any special assessments of which I know we have minimal. They collect triple what we collect. They collect total in real estate taxes \$4.6 million – we collect \$2.9 million. The whole thing is the property valuation – we are about half but they are still collecting more than we are. The other thing I am happy about if I speak as a resident is Willowick does not grant 100% reciprocity. Eastlake does.

So, for them saying – we are not Eastlake – that is because they tax their community to the tenth degree. We have a better picture to tell. They always like to beat on us.

Mayor Andrzejewski: The one comment was so out of line. I saw the Mayor on Saturday and held my tongue not to say – when you guys come to the News Herald about your City keep it as your City. We don't appreciate bringing Eastlake into your discussion. I am prepared to write a letter to the Editor and cite some of those things. Does anyone on Council want to co-sign it with me?

Mr. Morley: I would have no problem doing that.

Ms. Vaughn: I would do it.

Mayor Andrzejewski: There are two other points – we are our own wastewater treatment plant – they are with the Northeast Regional Sewer District. The other thing is the storefronts at Shoregate and the other shopping center.

Mr. Morley: They are also going to go after garbage fees.

Mayor Andrzejewski: I am prepared to write a letter and I will send it to Mr. Morley if you would wish to co-sign it.

Also, Mentor is going to ask their Council to do a resolution opposing the .5% sales tax and I wanted to see what Council wanted to do. I am against it because it is a regressive tax. It hits the middle and lower income more than it does the higher income. If you look at your consumables when you go shopping middle and lower income people spend a larger portion of their paycheck on their day to day living expenses. That is where the sales tax hits. The Commissioner's making a statement that the majority of or 65% of the sales tax will come from out of County residents – I can't remember the last time I bought something outside Lake County. We went several years ago when we had our Mayor's and Manager's Association meeting and asked Commissioner Troy and Commissioner Aufuldish – Commissioner Sines very rarely came to meetings – to do a .25% sales tax for three years to pay for the backbone, the radios and build up a little bit of a maintenance fund- all of the Mayor's wanted this. They flatly refused and said they were not going to raise the sales tax – it would be political suicide. What happened this past year by the end of December? The backbone is all paid for – all the cities are buying their radios – so that issue is gone. Guess what they do now – we are going to have a .5% sales tax. It is the same as what the State is doing but on a little bit different degree. The State has taken their budget and balanced it on the backs of the cities, townships and schools by taking away the Local Government Fund and some of the other funds. What the County is doing is they are balancing their budget not by taking away things from us but taxing our residents more. So, when the residents start paying the 6.75% sales tax and we go to them and say we need a little bit more money will they be inclined to give us a little more now – absolutely not. So, the County is going to balance their budget and have a little more money. The third point is what happens when the economy goes up and the sales tax goes back to where it was a few years ago – are they going

to discontinue this .5% tax? No – it is there forever. If Mentor wants to do this I want to know if Council will consider a resolution opposing the .5% sales tax increase. It is something for you to discuss.

Ms. Vaughn: Do you want to discuss it now?

Ms. DePledge: There are some additional financial figures that I don't want to recite because I cannot recall them off the top of my head but I want to have them before we have that conversation.

Mayor Andrzejewski: We don't have a storm water management fee with them. Mentor does not have it – Willoughby does not have it – thank goodness we don't have it. They want to charge a minimum of \$9 to a maximum of \$30 with all of that money going to the County and the County will decide what projects are done. Our \$6 once a year fee is used only in Eastlake – not in any other city. The \$6 is lower than their \$9 to \$30 fee and they are talking about reducing that by 50% so that \$9 would become \$6 exactly what ours is which we have been collecting for a few years. And they have been collecting their \$9 fee for many years. The storm water project on Edwards was paid for by storm water fees. If we had given that money to the County we would not be able to do that stuff.

Ms. DePledge, the only part that will come in to save the residents of Eastlake some money is the real estate tax decrease.

Mr. Slocum: I am probably talking more as a resident than a Finance Director but the Commissioners by their own actions are showing that they do not need a ½ percent increase in the sales tax. They are making it up by lowering the property taxes across the board by 1-mill – which I think is commendable – but, by lowering the storm water it is a slap in the face that we will collect more money from everyone in the County and will only give it to you residents who participate with us thus in fact telling the residents of Eastlake, Willoughby and Mentor – why not just lower the real estate property tax by the amount they will collect more than what they need versus giving a couple of County residents who play their game the rebate.

Mayor Andrzejewski: That is exactly it – you play ball with us. The Commissioners were not pleased with me many years ago when I told them we were not doing this storm water fee. It is as Mr. Slocum said – you play ball with them and they reward you – you don't play ball with them and they give a rebate to others but Eastlake, Willoughby, Mentor – you don't get it because you did not participate with us.

Mr. Matheke: My personal opinion as a resident is – one of the reasons by we can't get levies passed is because people are taxed to the hilt. If we look at the last several levies that were passed I would almost guarantee they were at the County level. So our property taxes have risen at the expense of the County. The second point is – what do we really get from the County that we are paying them for – we get the Common Pleas Court, the crime lab – what else do we get from them?

Ms. Vaughn: The Senior levy.

Mr. Matheke: It is nice to give them ½ million dollars and get ¼ million back but what are we really getting for our money from the County? Again, it is disproportionately going to hit the cities on this side of the County because other than one strip running through Madison all shopping is at this half of the County but all the money will probably go to eastern Lake County – into the townships and Madison and Perry and those areas. I hate to see the sales tax go up because it can hurt businesses and that is the last thing we need to do at this point.

Mayor Andrzejewski: When you look at what the County has done it is very apparent that when they want to lower their budget they take it out of their budget and put it as a separate levy - for example – the crime lab, the health department. We got stuck at no choice in buying the health department building because the County Commissioners wanted it out of their budget. So, what they have been doing is when they want to make their budget look better they offload it either as a cost to the cities – like the telecommunications maintenance charges. Mr. Slocum and I both dug deep into and saw and tried to make an issue of but no one wanted to go with us – they took half of their telecommunications department and said what is the maintenance cost for the backbone system and offloaded that to all the cities. So, we are now paying for half of their telecommunications department. Guess who is paying for the maintenance on S.R. 2. The cities are paying for that. When you look at these things that is left on the end – the cities and the people who live in the cities. Who do we go to pass it down to – no one? We have to go to our residents and they tell us – rightfully so – we don't have any more money to give you. Consider that resolution – I think it sends a strong message.

PORT AUTHORITY

Ms. DePledge: I have two items from the Port Authority. One is that they wanted the grant money they have on account – they wanted the check issued to them and the Clerk sent you a memo on the matter.

Mr. Slocum: I have talked with them. As the grant came in our name we will pay any invoice they provide proper documentation for. The money is not available for us to use in any other manner. The Mayor actually dropped me off something today – I will be given them a call.

Mayor Andrzejewski: I spoke with Mr. Sima personally and he just said some of the Board members were concerned because they knew the money came in and that we would use the money. After I explained that it cannot be used for anything else he was fine with it.

Ms. DePledge: I did too. And I did not think it would be a big deal but if it cannot be done – if it has to be the way you say – that is it.

Mayor Andrzejewski: I think it just make sure the money is spent properly. We will absolutely use it just for Port Authority.

Ms. DePledge: Their concern is that due to the financial condition of the City that the State will come in and try to reallocate those funds and I explained to them that they can't do that. It is grant money and has to stay there and has to be used for this. I explained that to them but apparently they like hearing from you better.

Mr. Slocum: It is a designated fund outside of the General Fund.

Ms. DePledge: The other thing that came out of the Port Authority meeting is what I happen to believe is the only piece of lakefront property the City of Eastlake may own – this little tiny, tiny triangle here – it is titled to the City of Eastlake. It is on the lake by the mouth of the river on the east end. They are interested in purchasing it. I mentioned that this was the only piece of lakefront property Eastlake owns and I thought we may want to keep it. The goal of the Port Authority is to preserve this particular area. They have purchased several of the private property lots and are continuing to get more to make it a protected area. I don't know if that is an area that can be developed.

There were no further questions or comments.

RECOGNITION OF THE PUBLIC

There was no one who wished to speak.

The meeting was adjourned at approximately 6:40 p.m.

dac

APPROVED: _____

DATE: _____