

FINANCE COMMITTEE MEETING  
AUGUST 17, 2010

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 7:27 p.m. In attendance from the Committee were Mr. Knuchel, Ms. DePledge and Mr. D'Ambrosio. Also in attendance from Council were Ms. Vaughn, Mr. Lajeunesse, Mr. Hoefle and Council President Mr. Morley.

In attendance from the Administration were Mayor Andrzejewski, Finance Director Slocum, Service Director Semik, Police Lieutenant Gutowski and Fire Chief Whittington.

PURCHASE REQUEST: PAL PROPERTIES: ROBERTS ROAD

Mr. Knuchel: An item pending in Committee and which we never quite dealt with – the property behind the Service Department. We never referred that out of Committee with no action taken. Since we have received no communications and we don't have the money to be looking at it right now I will make a suggestion that we remove this from Committee with no action taken.

Mr. D'Ambrosio: I agree.

Ms. DePledge: Absolutely.

Mr. Knuchel: This item will no longer be on the Finance Committee agenda.

There were no further questions.

MID-YEAR BUDGET REVIEW

Mr. Knuchel: This may take a while. I am sure there are a lot of questions from anyone who has taken the time to review this. We have several issues and some bad news that came along since our last Finance Committee meeting.

Page #3 – the Year-to-Date fund report as of June 30, 2010.

Mr. Knuchel: We received the July numbers late – I may be referring back and forth to some of those numbers because I took that into consideration when I reviewed the budget. As of the 30<sup>th</sup> of June we had a balance in the General Fund of \$78,150.30. I did notice in July that we picked up a little bit – we are up to \$192,661 which is not a whole lot of money in anyone's estimation. There are not a lot of funds available so we really have to watch our spending over the next six months to make sure we can at least come out on the plus side of things. It is really concerning that we had this issue with CEI come up this week – with the news this year that we have several companies moving out or not continuing operations in the City.

Fund #210 Fire Pension

Mr. Knuchel: Mr. Slocum, this was a little bit better in July but why are we running a negative balance in this account?

Mr. Slocum: This is a case where more has been encumbered than what the fund balance is. The money from the Fire Pension and the Police Pension is all going to be property tax collections. In these two funds – it is probably too late to make them disappear for next year but

for the year after I would like to see – all the money that comes in for this is real estate taxes. It could just as easily go into the General Fund and all of these expenses paid out of the General Fund. It just creates a lot of additional work. I am not concerned with that whatsoever. When we did this in June we knew we had negatives in several of the encumbrances because it was prior to us getting the re-appropriations. You will see when you get into July that there was a lot more attention – we just ran with the – if it ran negative unencumbered. We did not run the fund balances – well we almost did.

Mr. Knuchel: The reason I brought this up specifically is prior to our meeting this evening we were talking about encumbrances and how those encumbrances worked. This is an example, Ms. Vaughn, of how that all works out. It is showing a negative balance but there is money there – so, that money was encumbered.

Ms. Vaughn: Or the money will be there.

Mr. Knuchel: They have encumbered \$105,842.

Ms. Vaughn: I see that.

#### Fund #438 Recreational Capital Improvement

#### Fund #501 Sanitary Sewer Fund

Mr. Knuchel: Fund #438 and Fund #501 were taken care of through re-appropriations. Is that correct, Mr. Slocum?

Mr. Slocum: The re-appropriations plus the increase. Even the money we got in August is still running light from what we had in the past. The need for that increase is undoubtedly necessary.

There were no further questions.

#### Page #5 – Income Tax Collections

Mr. Knuchel: My concern on income tax collections is – when we look at the monthly budget and the monthly variances we have only hit our numbers one time out of six. Presently, as of the end of June we are \$268,000 down and I think it is \$333,000 at the end of July. Since we have not hit those numbers any month so far with the exception of March, Mr. Slocum do you see a need to re-evaluate those numbers and see if we are going to hit them for the rest of the year?

Mr. Slocum: With this – it is what we have been dealing with all along. If you look at this as of the end of June because the numbers will be relatively the same from June to July – we have collected from that net profit from utilities – those are monies we collect from the State. This year we collected \$95,000. Last year at this time we collected \$379,000. That difference - \$280,000 – if we had collected what we collected last year at this time from everything else we would have been equal and on budget. But we haven't – but we are not. The trouble is getting the information from the State. The majority of the money we are getting from the State is coming off collections from First Energy Generation Corp., Nuclear Generation. First Energy Generation Corp. – if I know where that number comes – from what they are putting out there for 2010 I could tell you where our numbers are going to end up. As it relates to the personal income tax – this last month in July we ran light about \$60,000. What has me concerned there is

I don't know how much of that is driven by the issue we have with Mayfield Village and decreased collections from there.

Mr. Knuchel: That would be the people who file quarterly – correct?

Mr. Slocum: Yes, the people who pay on their estimates. They now no longer have to make any estimate payments. Where we were getting that money a year ago we are not getting it now. I was asked a week or so ago – when will I know. I will know when I get the next quarterly payment where I think the income tax number will probably come in at. I can't get any guidance from the State. The Mayor wrote to Representative Fende and Senator Grendell – we get a little mealy mouth thing that we get the reports. But the reports don't tell you anything.

Mr. Knuchel: We have talked about it several times. I guess from a budgeting standpoint – especially when we are as tight as we are – that raises all kinds of red flags to me because if we cannot have at least historical numbers to back up some of the numbers we are putting down here what we are putting down here is not of great use. Do we have any historical data we can take and translate it into today's dollars?

Mayor Andrzejewski: Yes, that is where the budget came from – historical data. It safe to say we will get some money from the State that we have not received already. I don't want to make light of it because I am just as worried as you are. We are not \$330,000 short. We are \$330,000 minus whatever the State should have sent us by now – which they have not. There is a dollar amount coming from them – that is what we are trying to determine and trying to get. What do you mean Mr. Lajeunesse, there is a dollar amount coming from them?

Mr. Lajeunesse: I just shook my head - I can do what I feel.

Mayor Andrzejewski: There is a dollar amount coming from them – okay? Is it going to be \$200,000, \$290,000 or \$100,000?

Mr. Knuchel: I do not think anyone is disputing Mr. Mayor that there is money coming in. It is the amount that is coming in and when it is coming in. I think that is the concern of everyone at this table.

Mayor Andrzejewski: So, what else can you do? I have written to them. I have asked for their help. We have coerced them. We said we needed the money and we needed the data. What else can you do?

Mr. Knuchel: My original question to Mr. Slocum was – and listen again – my original question was do we need to re-evaluate these numbers in light of what we have done in the last six months? That was my question, Mr. Mayor.

Mr. Morley: I did talk to Mr. Slocum last week and he said by October we should have it. That is my same concern. Our historical numbers don't mean anything anymore because as bad as the economics are cities like Willoughby Hills are going to change their personal tax in November – we will lose money there. We just lost Mayfield Village, CEI.

Mr. Slocum provided a page on First Energy – real estate taxes valuation – the Auditor had them at \$125,713,200 but First Energy is only paying on \$94,500,000 – when is that appeal done? By the Auditor the taxes would be \$254,242 and we got \$191,116 so there is a middle number somewhere.

Mr. Slocum: The good news I saw with that – this is not income tax it is real estate tax – what we have collected this year becomes the floor for First Energy for at least the next two years. Right now they are paying at the rate of \$191,000 that goes to us – excluding whatever goes to the schools or everywhere else. If they paid at the Auditors valuation they would have paid \$254,000. The good news for us – at least as it relates to the valuation of the plant – they have the ability to challenge the valuation once every three years and they have done it and put a figure of \$94 million on that plant. So, they can't come back and say they quit operation and what to reduce it to \$60 million or something – they may want to but they can't legally do it – they can do it once every three years.

Mr. Knuchel: With the history of CEI – not just in Eastlake but all over – you read in the paper that when their facilities come up for re-val almost immediately they put in a request for reduction. It seems like it is their MO.

Mr. Slocum: You had asked the question about income tax collections – and historical data – I have the history in front of me - all rounded to the thousands from 1994 to 2009. Last year we collected \$6,992,000 and budgeted less this year - \$6,928,000. The last time we even hit that number was in 2003. All the collections in between have been higher. In 2006 we collected \$7.5 million.

Mr. Knuchel: I realize that those times were a little bit better than the times we are in now – that goes without saying. It is just a concern – it is something we need to look at and stay on top of.

Mr. Slocum: I am in total agreement. If I am watching anything I am watching the income tax collections. I need a little bit more history from the State as to what is happening and then I can come back and tell you what I think it will be.

Mr. Knuchel: Hopefully the efforts of yourself and the Mayor will pay off so we can get some kind of idea of how we can budget that money for the future.

Mr. Slocum: Realistically, you try to take a look at it as it relates to northeast Ohio but the fact is income taxes really relates to business in Eastlake. If business in Eastlake starts picking up – the fact is the majority of residents don't pay this income tax. All this process in the budget is an educated guess and I will be able to tell you when I come up with my numbers – where I come up with my numbers and why I come up with my numbers.

Mr. Knuchel: In times when we have a little bit more money it does not seem as important. When things get tight every little bit makes a difference.

Mr. Slocum: Absolutely.

Page #31 - Revenues

Mr. Knuchel: General Fund - #101.000.4015 Property Tax Reimb – what do you think about this number and when does it come in?

Mr. Slocum: The one thing I don't have is stuff prior to last year but last year as of June 30, 2009 on #4015 we had collected 14% of the year-end total.

Mr. Knuchel: So, historically, the bid chunk of that is towards the end of the year.

Mr. Slocum: Last year we got 43% in September and 43% in November.

Mr. Knuchel: #4100 Municipal Income Tax – State – that will probably be the same thing.

Mr. Slocum: That is what we were just talking about.

Mr. Knuchel: #4101 Skrl Settlement. I wish Mr. Klammer was here. This is a company in Eastlake that owes quite a bit in taxes – where are we – are we still hounding them and are they up to date with their current taxes?

Mr. Slocum: They are current but have not made anything on their previous past due amounts.

Mr. Morley: Didn't we agree to a schedule on the past due amounts?

Mr. Slocum: But that was broken and has not been reinstated. I know the Law Director has been in contact with them within the last month. They are indicating cash flow issues. On Monday the Mayor was talking – and I tend to agree with him – that we should start forcing the issue with them. Subpoena their bank records and taking it up. When we asked a couple of years ago to see all these records – this is a sticking point.

Mayor Andrzejewski: My point I made at the last two Monday meetings to Mrs. Keneven-Zanella was – their excuse is always that they are related to the automotive industry. We all know for the last six months the auto industry is much better so therefore they should be doing better and it is not acceptable to just be current on their taxes but they have to start whittling away at what they owe us from the past. I don't want them to ever think that we are just going to forget about it because we are not. I put Mrs. Keneven-Zanella and Mr. Slocum on it and we put the Law Director on it. If they don't start paying some back to us we are going to request their company financials again. Let's see if they are telling us the truth – are they doing good or are they not doing good? Last time it got them off the stick to do something.

Mr. Knuchel: I appreciate your efforts in that area Mayor.

#4102 – Back Tax Delinquencies – we did a tax amnesty this year – even with that the numbers seem pretty low. What are we going to do the next few months to bring that number up quite a bit? We budgeted \$200,000.

Mr. Slocum: The problem we have with back tax delinquencies – we had Mrs. Keneven-Zanella who was out of work for 5 months – she really leads the collection effort in the Tax Office. That number will end up – all these income tax numbers are rolled up on the other report – that is part

of your income tax number. More is being referred – we are trying to get a little bit more aggressive with things. What the number will end up at still remains to be seen.

Mr. Knuchel: Will Ms. Keneven-Zanella have time in the near future to devote more time to this or do you think she is spending an adequate amount of time on this?

Mr. Slocum: We are actually in a position right now - through the Senior Employment network we are going to be bringing a person into the Tax Department to actually join the staff at no cost to the City. They can work twenty hours a week. Part of their duties that I have indicated I want them doing is making the calls. Right now Mrs. Keneven-Zanella has been doing a lot of letter writing. I agree with the Mayor's observation that we need to be doing more phone calls and the like. The Tax Department is not heavily staffed.

Mr. Knuchel: No, and I think we all realize that.

Mr. Slocum: There is a lot of paper that has to be pushed through that Department. Some of the hands on collection effort you would like to see – especially with her being out – just has not occurred.

Mr. Knuchel: When will that person be available?

Mr. Slocum: Mrs. Keneven-Zanella actually met with the Director – this is being funded federally – last Thursday. He had someone in mind so I am hoping within the next two weeks that we will actually have someone here on board. We are looking to get a second person because they can only work 4 hours. That is where I want the effort placed and we can hopefully raise revenues.

Mr. Morley: Are you looking ahead at the November retirement in that Department?

Mr. Slocum: We will have to advertise for that shortly – that retirement occurs the end of October and we will be reassessing everything.

Mayor Andrzejewski: I want to make an observation for the record - and this is not news to Mr. Slocum – I specifically said the next person we get in there is going to know that a large part of his or her duties is to make collection calls. Right or wrong, Mr. Slocum?

Mr. Slocum: Yes – that is exactly where you want this to go.

Mayor Andrzejewski: It is my view that our Income Tax Department does not just input tax returns. That their job is to identify delinquencies especially larger delinquencies and not just send a letter – to be a little bit more aggressive with phone calls – with personal visits if necessary to the place of business – to say “I am with the Tax Department – I am the Director – what are we going to do about it?” That is on my plate – I harp about it all the time that I just don't want people in their putting tax returns into the computer. I want some aggressive tax collecting.

Mr. Slocum: We are trying to uptake our actions in prosecutions – we just had a business owner prosecuted who pled guilty to failing to remit withheld funds. We are trying to figure out how we

are going to involve the Police. And the Police have been very willing to cooperate in what we have asked so far and I am looking forward to that continued cooperation going forward. We are looking to change what we are doing.

Mayor Andrzejewski: This one he is referring to – we were all disappointed in the judgment – which was some ridiculous amount every month to pay. He owes us \$40,000 and the Judge told him he has to pay \$650 per month. We asked for a one year payback.

Mr. Knuchel: It seems like they are taking the Tax Department in a different direction – that is a good thing. What I would ask is as you are putting together a job description for this position that you would put those things in it for people who are applying.

Mr. Slocum: As a matter of fact last week I got the job description because that is exactly what I am looking at. I want to make sure – I am looking at the departmental procedures too – there are ways of doing things. For example, I am not sure how often we are actually taking a disc of W-2 information and bringing it into our system versus manually imputing. If you have several hundred employees it is very time consuming in making the thing balance. The IRS has a standardized format for W-2's and I know our system has the ability to get it. I don't know how well we are taking advantage of that. If I can read the disk-in I can be done in 15 minutes versus having a day or two job. If I get that day or two freed up I can be working on the collection side. I am looking at trying to get as much of it automated as possible so we can get into more of a collection effort.

Mr. Knuchel: #4503 Liquor Permits – this is down but this money comes in later in the year.

Mr. Slocum: Last year we collected 73% of it in the month of October.

Mr. Knuchel: #4410 Pool Passes – we are at \$16,905 and July was \$19,250 – so we are getting right up to that budgeted amount which is good.

Mr. Slocum: I ran a report today – as of August 15<sup>th</sup> between the 2 accounts we are at \$31,480 – so, we are over budget.

Mr. Knuchel: That is good – I am glad we exceeded that amount.

#4427 Cubby's Club House Rental – are we still back a little bit from them?

Mayor Andrzejewski: They have a payment plan.

Mr. Slocum: And they are making their payments. They are making their regular payment and their catch up payment.

Mr. Knuchel: #4700 Interest Earned – up to this point we are at \$3,363.92 and we have estimate revenue at \$17,000 – how is this number?

Mr. Slocum: Not a snowballs chance.

Mr. Knuchel: That is what I figured.

Mr. Slocum: We are supposed to be giving part of this to the Street Construction Maintenance and Repair - #201 – even the number we have there will get reduced.

Mr. Knuchel: What can we expect – can we expect to double that number?

Mr. Slocum: I would say double that number is as good of a guess as anything. We could take it to Vegas and see what we could do but you are not going to do it through investing. The only thing we have investments in is with Star Ohio and we have a CD with Charter One Bank – fully collateralized – we are in pretty vanilla – very safe – nothing with any interest rate play or anything like that.

Ms. Vaughn: #4430 Community Center Rental Income – you have it booked in at \$45,000 – will that stay the same since we reduced their rent?

Mr. Slocum: I think that number will probably come down.

Ms. Vaughn: I thought it would but I did not know how much.

Mayor Andrzejewski: They are paying a little less than \$2,000 per month.

Ms. Vaughn: So we are under \$25,000 instead of \$45,000.

Mayor Andrzejewski: That number will also include other rentals – gymnastics is there at \$1,000 per month – we are getting \$3,000 per month - \$36,000 – we might be okay.

Ms. Vaughn: Maybe \$10,000 less.

Mayor Andrzejewski: But, there are other rentals there too every once in a while.

Mr. Knuchel: #4764 – where were we getting donations for the police dog – we had \$1,000 last year but nothing this year.

Mr. Slocum: We have collected nothing at all.

Mr. Knuchel: Do we know where that came from?

Ms. Vaughn: They had a fund raiser two years ago at Beef O’Brady’s.

Mr. Slocum: The officer and JMH Crate – that is where the money came from last year.

Mr. Knuchel: Fund #438.4344 State Grant – Mr. Slocum, I understand that money came in?

Mr. Slocum: That money did come in – we are settled with them now.

Mr. Knuchel: #4455 Sale/Salvage – what did we sell for \$3,083.19?

Mr. Semik: The boiler and miscellaneous piping we scrapped.

Mr. Knuchel: #4900 Transfers – that was re-appropriated to \$112,000 – correct?

Mr. Slocum: That transfer has actually occurred. The advance we put in there we will not be using because the grant money came in before I had to make the advance. It will show up in the report as something that is out there but it will not occur.

Mr. Knuchel: #501.4392 Timberlake Service Charge – I am seeing zeros – what are we looking at here?

Mr. Slocum: This is an error – the #4392 is actually the Lakeline sewer fees.

Mr. Knuchel: Not Timberlake?

Mr. Slocum: Timberlake is #4391. There is a problem with the numbers in the descriptions on my system.

Ms. Vaughn: What is #4388 – that says Lakeline?

Mr. Slocum: The #4392 is what should be on that #4388 line as the budgeted amount. I have to get that corrected.

Mr. Morley: We talked a few weeks ago about the percentage that Timberlake owes us – have we figured that out?

Mr. Slocum: No.

Mr. Morley: This is Timberlake is to pay a percentage on the capital improvements – Mr. Slocum just found out that we don't think they have been paying us.

Mr. Slocum: They have paid \$1,300 since everything went in – they have not contributed anything to the Robin/King project. I did have a meeting with their Clerk/Treasurer and I promised him but I have not had the opportunity to go through and capture all the costs. He knows that is coming. He realizes that they are behind.

Mr. Knuchel: #4397 Sewer Delinquency Collections – is this given to us by the County for delinquencies?

Mr. Slocum: Yes, we should be getting that money this month - we will get the final second half settlement.

Mr. Knuchel: #606.4321 County Grants - \$120,000. Where does that grant come from and when do we get it?

Mr. Slocum: When we are done with the roof – this is actually the roof grant – it is a reimbursement.

There were no further questions.

Expenses

#110.5100 Salaries Wages F/T.

Ms. Vaughn: There is a new secretary – she should not be making as much as the old one.

Mr. Slocum: That is true but there is an overlap that will eat that part up. Next year the budget will be less.

Ms. Vaughn: It should be quite a bit less.

#140.5363 Insurance Personal Bond

Mr. Knuchel: Why were there reductions – why is there negative numbers in there and what do the numbers reflect? There were refunds for Mr. Condrón's bond but it does not seem like there is anything on the other side for your bond?

Mr. Slocum: We got a refund of \$225 for Mr. Condrón's bond and mine was \$125. There was a \$204 dollar credit for Mr. Vuckovich.

Mr. Knuchel: Why the reductions?

Mr. Slocum: You reduced the amount of the bond.

#180.5562 Court Costs.

Mr. Slocum: I have talked specifically with the Clerk of Court and the Judge. They upped their fees at the Court last year and as a result we got a bill for the second half that is \$5,000. So our expense for the year will be about \$1,500 total as opposed to the \$53,000 we put aside.

Mr. Knuchel: What will the total be?

Mr. Slocum: Around \$1,500. Next year I am probably looking at putting in \$25,000 – the bad year will be 2012 because the Judge will be leaving office the end of next year along with probably several employees and they have lucrative payouts and do not have any funds set aside. We will get hit in 2012. The Court stood up and we appreciate their efforts in funding our operations as opposed to doing it on our backs.

Mr. Knuchel: With what we have paid in the last years - \$80,000, \$120,000 – those are significant decreases and we do appreciate those.

#190 - City Hall Buildings – natural gas, electricity and water

Mr. Knuchel: We seem to have this conversation all the time – about encumbered money and not encumbered money and no charges up to the six month point for things like natural gas. What can we expect – can we expect to hit those numbers for the rest of the year?

Mr. Slocum: I think you will probably be there. This is part of the problem that you had the encumbrance carry over from last year – so they have been paying bills this year off of last year's encumbrances. We have actually spent this year \$9,280. The one thing I have started tracking this year is the cost of natural gas by bill. So, I will know monthly and have a good understanding where the number will be next year, based on the rates we are paying. We are

locked in on the rates for next year so we should have a pretty good estimate next year that I am comfortable with.

Mr. Knuchel: That goes through several categories so we only need to bring it up once.

#210.5343 Engineering

Mr. Knuchel: Mr. Slocum, how are we doing with engineering expenses and what can we expect in the future?

Mr. Slocum: I was just talking with Mr. Gwydir outside. This seems to be a problem in every Community I have been with and we are going to make sure we have a good methodology going forward. We are not there yet. You get a lot of engineering bills related to work they are doing with the Building Department. They are not coming through as expenses to us – they are being billed to our residents when they are doing engineering work there. There are significant dollars that go to the engineering firm there.

Mr. Knuchel: I guess what I am look at is we have the engineering costs – then we have engineering expenses on each project we do. For us to have a better handle as these projects come up is there a way we could have an estimate of engineering expenses?

Mr. Slocum: There are a couple of different types of engineering estimates or payment you will have. You will have both the design type of expenses and then you will have the expenses relative to the monitoring the job. I don't think we have had good estimates for these in the past. When I was just talking to Mr. Gwydir this was the specific topic – I have to get comfortable that I know what type of bills I should be expecting from the engineering and we will get that resolved.

Mr. Knuchel: That is good because a couple of times this year we were surprised by engineering costs that were not rolled into the numbers. Not that they were not legitimate but we were not aware of them and did not budget correctly for them.

We received a memo about a week ago about smoke testing on East 347<sup>th</sup> and East 348<sup>th</sup> Street as part of the SSES study. Does anyone know if that money is being charged to the SSES study or if that is another engineering cost we will have because I understand C.T. Consultants was doing the testing?

Mr. Semik: The smoke test is part of the SSES study for the WPCC. It has nothing to do with the East 347<sup>th</sup> and East 348<sup>th</sup> Street road rehabilitation project.

Mr. Morley: So, we are not going to be charged for the engineering because we are already paying for it through the SSES?

Mr. Semik: Correct.

Mayor Andrzejewski: One of the things I want to make you aware of because I get the bills and if you want a copy of the bill every month I will give it to you. I don't know if you realize it but when you call our engineer and tell him you want him to investigate a situation like on Edwards

that we are being charged by the hour for them to investigate it – it is not for free. Anytime you ask him to do something we are being charged. So, be careful what you ask him to do.

Mr. Morley: Did he talk to you about an issue he and I talked about?

Mayor Andrzejewski: He will usually run it by me – that a Councilman wants him to do something.

Mr. Knuchel: If there ever are issues with that Mayor, please bring it to our attention so we can deal with it ourselves.

Mayor Andrzejewski: I think you should see what some of the charges are.

Mr. Knuchel: You want to forward that - fine.

Mayor Andrzejewski: I think you may be surprised that something that seems like a simple request is quite a bit of money.

Mr. Knuchel: Okay, we need to be aware of those things.

Mr. Slocum: The thing I want to make sure is that I am in the loop that the work he is undertaking is in fact authorized. It needs to – just because it comes as a request from Council – it should not be enough for him to authorize – he needs to clear it. And, if the Mayor is not going to approve it then he needs to send a memo and let you know. But, I want to make sure I am in the loop before that work gets done.

Mr. Knuchel: That is similar to the situation we ran into with the change orders. I spoke to Mr. Klammer about the change orders this week. We are not on the same page. He is of the opinion that the Mayor can do what the Mayor wants and we have a little bit of a difference of opinion. But, Mr. Slocum will work on something to address those issues and the issues we have. Because it is not about the money issues – it is about procedural issues – same as this.

#### #230.5571 Election Expenses

Mr. Knuchel: Are there going to be any expenses this year?

Mr. Slocum: We will know that number very shortly – we will get it this month. If it is for elections held this year we will get the bill next year.

#### Miscellaneous Government Expense

##### #240.5322 Postage

Mr. Knuchel: We have postage in several different areas – at one time we combined them now it looks like we split them up.

Mr. Slocum: The only place postage is substantially budgeted outside of #240 is the Tax Department - \$5,300 – there is \$300 in #310 for Police, \$400 for Fire.

Mr. Knuchel: Why do we have all these – doesn't it make more work for you?

Mr. Slocum: I like keeping the Tax numbers separate because it is a significant thing. I won't lose sleep on the \$300 and \$400 for Police and Fire.

#240.5340 Examiners Fees

Mr. Knuchel: What are these for and are they fixed costs?

Mr. Slocum: It is for the audit we are having – \$36,000 - it is in the July appropriation. We get charged for what they are doing here. They should be leaving shortly.

Mr. Knuchel: How long after that can we anticipate getting the report?

Mr. Slocum: They are supposed to sit down with me to give me specifics – they have a couple of comments – one which is important. I have asked for complete detail on any comment they do have because we usually end up arguing whether it is reportable or not. They have one that I think is reportable – dealing with the ambulance billing – the monitoring of the reports between the Finance and Fire Departments – it has fallen through. I have been working with Chief Whittington the last two days on this. We will have that resolved and will have it analyzed for the year 2009.

#240.5407 Other Contracts

Mr. Knuchel: We have an AT&T refund – was that transferred to another account?

Mr. Slocum: That was the refund for Channel 12 going on the air.

Mayor Andrzejewski: We had to buy the equipment and Channel 12 reimbursed us. The public access channel – Channel 99 – is now active on AT&T.

#240.5733 Transfer to Rec/Capital Improvement

Mr. Knuchel: We changed that with our last re-appropriation from \$56,000 to \$112,000.

Mr. Slocum: The one thing I am looking for next year – with the hospital/dental – instead of having that in all one cost center I am looking at breaking it out between Service, Police, Fire and General Government.

Mr. Knuchel: #240.5124 Hosp/Dental.

Mr. Slocum: I am going to have that broken out so when you actually get reports on the cost of the Police, Fire and Service – that is a lot of costs we are calling general but it is really specific to an operation. That is in my mind too much.

Mayor Andrzejewski: Before you came here it was requested we put that all in one account rather than in five or six separate places.

Mr. Knuchel: You have to do what is comfortable for you, Mr. Slocum.

Mr. Slocum: It gives me the ability to see the cost of the operations. When you are comparing the costs of the Service Department from City A & B and you are not including the medical costs that are a huge miss.

Police Law Enforcement #310.5101 Salaries Final/Cash-In

Ms. Vaughn: Who left this year in the Police Department other than the Chief's secretary – but, she is in another category?

Mr. Slocum: We pay 40%-40%-30%.

Mr. Knuchel: That is probably some of the residuals from that.

Ms. Vaughn: It may be because it is about \$18,000. #310.5112 Comptime Wages – will there be enough money in there for the rest of the year? Do you think we need to consider changes there?

Mayor Andrzejewski: Why?

Ms. Vaughn: My question was do you think we should change the budget. You can say no and give your reasons. I was not suggesting you make changes – I was asking a question – that is all.

Mr. Knuchel: Lt. Gutowski, would you care to explain to us the situation you are faced with as far as people being off – what numbers are going into this comp time that we have to be concerned about?

Lt. Gutowski: Right now we are down one dispatcher – that costs 57 shifts.

Ms. Vaughn: That is a different line item?

Lt. Gutowski: I had a Lieutenant out about 8 weeks on sick leave and at the same time his Sergeant went out on disability leave with an injury. We took care of some of that comp time by moving a Lieutenant into that slot but we could only cover 20 out of 28 days for that. The rest is vacations, comp time. This new deal with the comp time that they can take comp time and create overtime is killing us. The supervisors are not even doing that yet. This is a tough time of year for us with our vacations. Plus, the last contract allowed to carry some of the cash-ins as vacation – the guys who normally cash in are taking off. So, I am paying one for vacation and paying another time and ½ as a replacement.

Mayor Andrzejewski: I have been and will continue to be in favor of reducing the comp time banks and paying as we go. It used to be that if a patrolman wanted to use comp time he could not do it if it created overtime. With the recent ruling by the arbitrator it now says that we have to give comp time off regardless of whether it creates overtime. So, I will continue to be an advocate of changing the way we do things and reduce the comp time banks and start paying in cash – not reducing the money we are paying – but pay it and get it off the books rather than let the comp time continue to build up where it can be cashed in and create overtime. That debt creates more comp time. It is a vicious cycle.

Mr. Knuchel: I don't see a line item for overtime.

Mayor Andrzejewski: It is comp time/overtime – it is all the same.

Ms. Vaughn: There is a difference between - you don't pay on the pension for comp time – you save big money on comp time.

Mayor Andrzejewski: Ms. Vaughn, I appreciate your comments. It is a never ending cycle. Comp time creates more comp time which creates more comp time.

Ms. Vaughn: 24%.

Mayor Andrzejewski: The few dollars you save on the pension is more than made up because it creates more overtime because he cannot say he cannot give it to them because it creates overtime.

Mr. Knuchel: Then maybe at some point in time we need an analysis of that and how it works. As many times as it has been explained to me and as many people who have explained it to me it is still a little foggy in my mind.

Mayor Andrzejewski: Think of it as pay as you go and it is off the books.

Mr. Knuchel: What I was looking at is the point Ms. Vaughn brought up. You do save 24% - those are real numbers. In real numbers how does this affect us and what can we do to reduce that. If you say the only way to go is to pay as you go – that is fine – but, I would like to explore different options that are available.

Mayor Andrzejewski: If it saves 25% and you are paying time and ½ for overtime you are losing 25%.

Mr. Slocum: It is not 25% - it is 19.5%.

Ms. Vaughn: It is going to go up.

Mayor Andrzejewski: And you are paying time and ½ for overtime.

Mr. Hoefle: Is the comp time hours they have accrued that they cash in – at what rate are they cashing in at?

Mr. Slocum: At their current rate.

Lt. Gutowski: If I make 12 hours of comp time in December, 2009 and I cash it in January, 2010 I get the 2010 rate.

Ms. Vaughn: It is all negotiated in Union contracts. That is what you are dealing with. Until you negotiate it out of the contract.

Mayor Andrzejewski: Not quite but that is okay.

Ms. Vaughn: I am simplifying it. It is as simple as I can make it.

Mr. Knuchel: #310.5117 Holiday Pay – we have -0- expenditures for this year?

Mr. Slocum: That usually happens in December.

Mayor Andrzejewski: You have two grievances right now.

Lt. Gutowski: That usually gets paid the first pay in December.

Mr. D'Ambrosio: #310.5143 Clothing Main – this seems out of wack – it only shows an encumbered balance of \$5,800.

Mr. Knuchel: There is \$15,000 in the encumbrances.

Mr. Slocum: There is \$15,000 encumbered. At the beginning of the year we encumber by officer – it is not that I cannot spend the money.

Ms. Vaughn: They have to bring in the receipts and then they get the money.

Mr. Slocum: That is how I like to see an encumbrance work.

Mr. Knuchel: I suppose it works the same way for the communication expense.

Mr. Slocum: #310.5323 Communications Expense - there was \$5,200 paid this year with last year's P.O. This will be some of the difficulties that I will have – trying to split out this stuff. If it is truly a 2009 P.O. paying 2009 expenses that is fine – I disregard it and move forward. But if it is a 2010 P.O. paying 2010 expenses then I have to figure that into next year's budget.

Mr. Lajeunesse: How does that happen?

Mr. Slocum: The money was encumbered the end of last year.

Mr. Knuchel: We had \$777,000 encumbered for prior year expenses.

Ms. Vaughn: Like #5324 – encumbered almost \$20,000 for fuel, oil and lubricants.

Mr. Lajeunesse: Is there a way to be a little better?

Mr. Slocum: Absolutely.

Mr. Lajeunesse: Doesn't it skew a budget?

Mr. Slocum: In February we paid off a 2009 P.O. for communications chairs for dispatch – why it is in there? And we have cell phone charges annual in May and June that were paid off a 2009 P.O.

Mr. Lajeunesse: Because we did not get the bill?

Mr. Slocum: The thing is there were monies set aside to keep this year's budget a lower number.

Mr. Lajeunesse: Thank you, I appreciate the answer.

Mr. Knuchel: Actually, June was a little bit out of wack for comp time.

Mr. Slocum: It was running very positive at that point.

Mr. Knuchel: Where is it the end of July?

Ms. Vaughn: The salaries are off 10%.

Lt. Gutowski: We lost one of our dispatchers – she resigned and before she resigned she used all her time off and created a lot of overtime. So, we just hired another new dispatcher. The good thing about hiring a new one is out of a 14 week training period I expect her to be gone 8 weeks so I will take care of 6 weeks of overtime there. But, up until then we will be paying out. The other thing is I have a dispatcher who is pregnant and she told me today she is having twins.

Mr. Slocum: That number ran \$95,900 which is still less than half – that number looks fine right now.

Ms. Vaughn: Police Station Buildings – it is it the same with the electricity, water, gas and telephone because it does not look like there is enough left in the funds to finish out the year?

Mr. Slocum: We have \$10,000 encumbered in natural gas.

Mr. Knuchel: We had last year's expenses of \$19,000

Ms. Vaughn: That is it – the prior expenses on all of them. You only have 13% left for telephone for the rest of the year, 33% or 35% on the other two – you should have about 50%. It may have been put in some other place. But if you go into industrial supplies, material supplies – both are well below where they should be – less than 1% left for any household or institutional supplies – 30% for material supplies. It is a minor thing but I don't want you to run out of money before we run out of needs.

Mr. Knuchel: Mr. Semik, could you explain how you do supplies? You just don't order 1 or 2 of an item.

Mr. Semik: We do bulk quartering and request orders from the Departments – then we charge the Departments.

*Lt. Gutowski was excused at this time.*

#### Firefighting #320.

Mr. Knuchel: Before we start on the firefighting there are a couple of memos that have gone back and forth. The crux of the matter is – since we are looking at hiring part-time firefighters there was a email that went out that said something to the effect that we have enough money from our salary line items to cover the cost of putting these part-time firefighters out there – getting them equipped and trained. Could you explain Mr. Slocum?

Mr. Slocum: #1 – the issue as it relates to the equipment. I talked with the Chief yesterday and reiterated a little bit today – I want to make sure we have enough in the line item in the Fire Levy fund – which we can use for equipment – which we have the money available to use for equipment – that we will be paying out of there for equipment.

Mr. Knuchel: What fund is that?

Chief Whittington: Fund #410.

Mr. Knuchel: We have \$554,000 and some change in there.

Mr. Slocum: For the equipment side of things we feel comfortable there. On the things that are not equipment and are related to the payroll hiring – the polygraph tests, the background tests – we may be looking to get a re-appropriation in the Fire/Ambulance Trust because we have not appropriated all the monies available there. Then, as it relates to the actual cost of the people – if they are covering 42% of the overtime shifts that exist today they will cut the overtime cost by that amount. If you remember back to my initial workup I did on this the cost savings is the reduction in the overtime. Do we have enough set aside in the overtime? One way or the other that will still be occurring but the thing is when we are able to use the part-time people – if I can use a part-time person to cover an overtime shift in Fire that by itself is roughly a \$650-\$700 a day savings. You have to offset that – if I am carrying him on days when he is not that savings will be decreased.

Mayor Andrzejewski: That savings can be offset by...

Mr. Knuchel: Mayor, you have not been recognized yet – Mr. Slocum?

Mr. Slocum: The actual costs and the actual savings from the program is there. Theoretically it would prevent some call backs if you have that 8<sup>th</sup> person and they get two calls where they would be calling a person in you may be avoiding that by having that person in there.

Mr. Knuchel: I guess my question was – for the remainder of the year – by the time we get these guys on line – get them in place and up to speed where they can actually take shifts – are we going to do a breakeven point or are we going to be losing money the first year – for the remainder of the year?

Mr. Slocum: As it relates to this year – not putting the background cost and the equipment costs.

Mr. Knuchel: Let's talk about personnel.

Mr. Slocum: We were talking yesterday about the training – how much training once they bring the person on board before they can start filling for an entire shift? It depends on the background of the person they actually bring in. As the Chief was explaining he has to get comfortable that they are familiar with the various pieces of equipment within the Fire Department before he assigns them to that. That will take some time. You said yesterday for some people two weeks would be enough.

Mr. Knuchel: That is what I was getting at – is this going to be a two week training program – six weeks, eight weeks – I don't know.

Chief Whittington: The problem is they will be filling that 7<sup>th</sup> spot. So, because they become part of minimum manning they no longer become ancillary help – they become part of that shift.

Mr. Knuchel: Upon hire?

Chief Whittington: Yes. Because now we have two shifts and we are down a guy. If they come in then they become part of that 7<sup>th</sup> position. I told the Mayor and Mr. Slocum that I am going to make sure I am ready for them to be in that position before we do it. If that means it takes two weeks for a guy to do it or four weeks that is what we are going to do. Because that is the 7<sup>th</sup> position. If they were coming on and they were going to be the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> position we could work around that a little. But, when we are going to use them to tie hydrants on or use them to go into the inside of a house fire or whatever we are going to use them to do they have to be ready to do it. Of all the guys we have interviewed till now we have not interviewed any full-time people – they are all part-time people who don't have jobs anywhere – they are brand new – so, they will have to be acclimated. For instance – how do you drive an ambulance? There are ways you have to drive an ambulance legally. They have to be trained to do so. There are lots of legalities. It will be based on where that person comes from.

Mayor Andrzejewski: What percentage of the Fire Department's time is spent on fires and what percentage is spent on ambulance calls?

Mr. Knuchel: Okay.

Mayor Andrzejewski: I want to make a point. I have the floor.

Mr. Knuchel: I am the Chairman – I can say no – we are not going to get into that argument because they still have to be trained to do the job. That's it.

Ms. Vaughn: Mr. Slocum, you said salaries would come out of the Ambulance Trust? If we have already spent 49% on salaries for six months we only have 1% left which is \$2,000.

Mr. Slocum: As I was saying as it relates to the overtime in the Fire.

Ms. Vaughn: I am not talking about overtime – I am talking about line items.

Mr. Slocum: That line item in my mind is interchangeable between those.

Ms. Vaughn: I know they have not spent a whole lot on overtime out of there.

Mr. Slocum: It has been hidden in the General Fund.

Chief Whittington: There is no overtime that comes out of the General Fund – it is comp time.

Ms. Vaughn: He will establish a new line item for part-time. Where will you take it from?

Mr. Slocum: Theoretically it would be coming from the overtime – as you are looking at the overtime as it is starting to decrease. You had a good first half for the year. I know July was not

as good of a month but it will decrease that but do we have enough in that overtime to cover that cost?

Ms. Vaughn: Where is the equipment coming from?

Mr. Knuchel: The Fire Levy.

Ms. Vaughn: That is coming from the levy and the salaries are coming from the ambulance trust.

Mr. Slocum: We have money appropriated in the Fire Levy. The Chief's comment to me the other day was "I am going to need a greater appropriation" and I concur with him because he was not envisioning those costs when he asked for that appropriation. There are monies available and I will be coming back to you with the specifics as soon as I can firm up the numbers and how I want to change the appropriation in that fund so he can make the purchases we originally envisioned.

Ms. Vaughn: My question is – should we deal with the budget and not policy or practice?

Mr. Knuchel: I think that is...

Ms. Vaughn: What we are supposed to be doing.

Mayor Andrzejewski: We know we have a guy who is supposed to be out for a minimum of six months. Any overtime through the use of the part-timers to replace that overtime that we know is going to be there is hard dollar savings to this City. That guy is not coming back – that position will remain open until whatever he decides to do or come back to work. You cannot help but save money there.

Mr. Knuchel: I think that was explained to us by Chief Whittington a few minutes ago when he said as soon as they come on board they are considered that 7<sup>th</sup> man. So, your point is well taken but it was already talked about.

Chief Whittington: I was trying to be some clairvoyant because I remember having this discussion so I pulled the Finance Committee minutes. When we budgeted for comp time in the Fire Department we did \$96,000 last year. When we had the discussion Ms. Vaughn brought it up and I had asked to at least have \$80,000 in there. So, I went back and looked at the numbers. In January, 2010 comp time carries over – I had \$71,000 on the book for comp time but I only got budgeted \$60,000 for the year. There is no way I can even pay out what was on the books for that year and it makes it tough to manage it. When I asked for \$80,000 that as a low ball number and if I had \$80,000 in there I may be able to get that account pushed through for the rest of the year without having to come back and talk. In the future – I don't know what the Mayor is going to do in negotiations – if I have \$71,000 on the book I guess I at least would have liked to think if everyone cashed in for that year I would have been able to pay it out. That did not even account for any overtime. So, when you see that \$60,000 – yes, overtime does work into that comp time wages but also I had \$71,000 already on the books. So, if people are cashing 2009 number that is raising that number up too. I knew this was going to be my fate down the road.

That is why I pulled this information and kept it with me. I at least asked for \$80,000 initially and only got budgeted for \$60,000.

Mr. Lajeunesse: Chief, how did you get reduced?

Chief Whittington: That was the budget process. I submitted my budget to Mr. Condon – he and the Mayor looked at the budget and presented it to you. In my original budget it was \$80,000.

Mayor Andrzejewski: From past history does every hour of comp time from the previous year get cashed in the next year?

Chief Whittington: I don't know the answer to that question.

Mayor Andrzejewski: Take a guess.

Chief Whittington: Probably not. But, I would at least like to think if we had it on the books we should have been able to pay for it.

Mr. Morley: We are all aware of that Chief. I think for our benefit we were all aware of that.

Chief Whittington: It goes back to this point – we are managing the best we can as far as overtime goes. When you see that number \$60,000 and it is already gone in August – that is not all representation of 2010 numbers – that was partially some of 2009's and I could probably pull those numbers for you.

Mr. Knuchel: #320.5427 "Operating Supplies" – this seems pretty low.

Chief Whittington: We work out of the #617 account. We get it out of the General Fund and if we need more we get it out of #617.

Mr. Slocum: I would like to put this issue out there. It is something I feel relatively strongly about. That is having the Fire Ambulance Trust fund out there whatsoever. Every other City I worked at Fire Ambulance billing has gone into the General Fund. Then there is no need to have part of the expense here and part of the expense there. It is part of the General Fund revenue collections. Your budget is based on Fire needs and not necessary the revenue collections in the Fire Ambulance billing. I would like to next year look – I would appreciate some feedback – you do not have to give it to me today. But, if people have comments on it I would like to see that as part of the General Fund. Just like I would like to see that Police Pension/Fire Pension fund part of the General Fund. Instead of the monies going to the General Fund which they would for the Police and Fire Pension then we pay the whole thing out anyway and whatever we do not pay out of there we are paying the rest out of the General Fund.

Mr. Knuchel: So, you are saying it is cleaner.

Mr. Slocum: It is a cleaner view of what the operations are costing us. Just as the Chief is saying it is not here but it is in the other. I know when I budgeted here in the past I combined the two to look at things for the budget and then broke it out to meet the fund needs.

Chief Whittington: I do get to manage #617 – there is a carry-over. That is part of my budgeting process and it gives me the ability to make sure I get the training done. If something happens in the General Fund and #617 is in there it lessens my abilities to manage it – to do the training. From my point of view – with all respect to Mr. Slocum when we discussed it – I would like to see it separate.

Mr. Knuchel: I am sure we will talk about this more in the future.

Mayor Andrzejewski: The Police Department does not have a separate fund that they can take training out of. It all comes out of the General Fund. Mr. Semik in the Service Department does not have a general revenue source he can use for training – that comes out of the General Fund. All training other than the Fire Department comes out of the General Fund.

Mr. Morley: Police and Service don't have a mechanism where they charge back the insurance companies like the Fire Ambulance fund.

Mayor Andrzejewski: That is correct. So, it should go in the General Fund for the benefit of the entire City.

Mr. Morley: You are missing my point. My point is that is why it was set up. If Mr. Semik had or Chief Ruth had a mechanism that went to the insurance companies I am sure they would want the money for their Departments.

Mayor Andrzejewski: That money Mr. Morley belongs to the people of Eastlake – to the General Fund.

Mr. Morley: It got paid by hospitalization plans- yes or no.

Mayor Andrzejewski: That money gets paid by the insurance to the City of Eastlake – not to the Fire Department. It goes to the benefit of the City of Eastlake – not just to one specific Department.

Mr. Morley: I don't want to start with you – we will talk about it – that is my opinion.

Mr. Knuchel: We will have that discussion.

Mr. Slocum: I am trying to get myself in a position where I can start putting the budget together for next year. This is some of my thoughts going forward. I just know that these types of collections in other cities are General Fund collections.

Mr. Knuchel: Okay, and we will discuss this more.

#### #510 Recreation Parks

Ms. Vaughn: I don't understand Recreation Parks at all. There is not much money left. There is not much money left in full time salaries, clothes, purchases, uniforms. I can go down and am thinking at ½ the year it should be approximately 50%. What happened with Recreation?

Mr. Knuchel: Mr. Semik, would you like to address how this works?

Ms. Vaughn: I do not understand why, logically speaking, end of June 50% should be left for wages and they aren't. I know clothing and gear purchases are sometime paid out – there is less than 1% left there. I think our uniforms are paid monthly – there is only 20% there. In looking at the overall budget it looks like there is not enough to run your Department for the rest of the year. Please start with the wages – who did we pay too much too – there is 38% left – that should be 50%. Every other Department is pretty close to 48%-50%. Did we hire some people we did not budget for?

Mr. Semik: No. We still have the same amount of people.

Mr. Slocum: I don't have an answer for you.

Mr. Knuchel: That is what I have in mine – is that enough?

Ms. Vaughn: It should be like all the other Departments – 50% - 49% - 52%.

Mr. Slocum: I agree.

Ms. Vaughn: I don't know if the rental for uniforms is an annual bill or why that is so low. Or the gas and electricity and telephone. Repairs/Maint Lands – there is none left – that is over budget. Fuel Oil Lubricants – this is the only Department I have a whole bunch of pink lines on. They don't meet my percentages and I don't know what the answer is. If it was charged incorrectly – I don't know what is going on. It confuses me. You don't have to answer right now – I would appreciate an answer from someone as to why this one is so skewed. Service is not like that.

Mr. Semik: I will have to take a look at it.

Mr. Knuchel: Mr. Slocum, you and Mr. Semik can look at it – we would appreciate a written response to that situation. The question I have is on #5108 Salary Wages P/T Temp – how long are we going to keep them on?

Mr. Semik: I believe we are now down to four part-timers. Two fall off at the end of the month. Two for leaf collections through November and they will fall off the end of November.

Mr. Knuchel: July is \$33,640 – that seems to be reasonable.

#### #520 Houston Fisher Pool

Mr. Knuchel: We have some questions. Again, with the natural gas, electricity and water – it seems we have -0's-. That has been explained. The things I really need more explanation on is #520.5421 Chemicals – we spent no money on chemicals and no money on #5423 Cleaning Supplies?

Mr. Semik: We have been spending on chemicals.

Mr. Knuchel: I am showing as the end of June -0's-. What does it same in July?

Ms. DePledge: July is right on target – where it should be. It looks like it just was not billed and now has been paid and is basically used up.

Mr. Knuchel: What's cleaning supplies?

Ms. DePledge: \$3,690.

Mr. Semik: They did not bill us immediately.

Ms. DePledge: It shows up in July.

#### #535 Surfside Pool

Mr. Knuchel: #5353 Impr/Other Than Bldg – I thought the \$18,000 was for the building and then it seems to be increased to \$20,750.

Mr. Morley: I thought the building was under \$18,000.

Mr. Knuchel: It was, but, we did have two or three other things that ran up the bills – we had grills put in and all new picnic tables put in. That upped the amount. How did that happen?

Mr. Lajeunesse: That is part of the problem. It is not too often that we stick within the budget. Maybe we did not have to do grills this year – maybe we should have just got the building done and that was it. Now, we are already \$2,000 over.

Mr. Knuchel: I thought the \$18,000 was for the pavilion.

Mayor Andrzejewski: \$11,000 was for the pavilion.

Mr. Knuchel: But there were other expenses taken out of other accounts for concrete pads and other issues.

Mr. Slocum: We spent through July \$11,000 total. There are some bills outstanding on this.

Mr. Knuchel: We increased the appropriations.

Mr. Slocum: We increased the appropriations on this #525. What has been spent right now – concrete was \$2,100, lights about \$1,000, tables were \$4,900.

Mr. Knuchel: Those are the indestructible tables.

Mayor Andrzejewski: The others were completely destroyed. That is a long term savings.

Mr. Knuchel: Tables and grills for park at \$4,922.58. What is pool gear for \$250?

Mr. Slocum: Let me take a look at this entire cost – I remember we increased everything to \$21,000 – now I am wondering if something got misclassified some other place.

Mr. Knuchel: There is concrete for concrete pad someplace else – maybe that was to be put in there. This was the one for the pool because it was listed out that way.

Mr. Slocum: Let me go back - I will put it in writing to you.

Mr. Lajeunesse: Mr. Semik, do you get together with the Finance Director and the Mayor and say here is the job – here is what we need to do – this is what I need to buy – we are going over expenses – we are going over budget and we can't do this. Put a stop to something so we don't go out of control.

Mr. Semik: It is – it is all presented. I discuss it with Mr. Slocum and the Mayor. I make sure I discuss it with Mr. Slocum to make sure the money is there. Right off the top of my head I cannot answer the original question. We knew up front what the pavilion would cost – we knew what the concrete was going to cost. We knew what the picnic tables and grill would cost.

Mr. Knuchel: Those were expenses that we never looked at when we appropriated for that fund. The appropriation for that fund was for the building. That was \$18,000. Then we re-appropriated another couple of thousand dollars. It throws us for a loop because just like in the Recreational Capital Improvements fund – things seemed to get spent out of there that we had been under the impression the money was going for the pool. There was over \$45,000 in expenses that were charged off to that account that we again had to re-appropriate to balance the budget. These are issues we have and that we are running into and they concern us. You are taking \$1,500 there and \$1,000 there and \$5,000 there – then all of a sudden we are up to \$50,000-\$75,000-\$100,000 and no one seems to know where the money went. That is an issue in my mind.

Ms. Vaughn: In all of our minds.

Mr. Knuchel: In all of our minds. Are they nice things – yes, they are nice things. But, guys, we have to get on the same page here. Us going and re-appropriating for these things that we assume are covered someplace else is not going to cut it. We ran into it this year again with these issues about encumbrances and what was paid for and what was not paid for and sewers. There were several situations we ran into that are not acceptable. It really is not acceptable. We need to put some parameters on some of these accounts. Trust me when it comes budget time this year we will be looking a whole hell of a lot more closely at some of these expenditures and not looking at some of these appropriations for things that we did not anticipate spending money on.

#### #555 Taft Senior Center

Mr. Knuchel: #555.5100 Salaries/Wages F/T – how can we have a negative encumbrance? I don't understand that.

Mr. Slocum: I don't know.

Ms. DePledge: It is taken care of in July.

Mr. Knuchel: In June it is – how do you run a negative unencumbered balance?

Mr. Slocum: I don't capture the budget transactions on my downloads.

Mr. Morley: The budget shows \$24,130 and we have spent \$24,847 – there is the negative.

Mr. Knuchel: Is that the Coordinator's pay that is coming out of two different accounts.

Mr. Slocum: This was done in June – we were redoing how we are going to be paying him – between his and the other fund – we had to force it through here.

#### #560 Community Center

Mr. Knuchel: #5311 Natural Gas, #5312 Electricity – does it seem that this is going to be enough for the rest of the year?

Mr. Slocum: I have a hard time at this point because we never captured the data in the past. I can go back and pull all the bills.

Mr. Knuchel: Just so you are aware of it.

Mr. Slocum: Next year we will not run into this problem because I am capturing it yearly. We went back to January 1<sup>st</sup>.

#### #610 Building Department

Ms. Vaughn: #5411 Office Supplies – is that a mistake where it shows the budget for the year for office supplies for the Building Department as \$10?

Mayor Andrzejewski: I thought we put office supplies in one area.

Ms. Vaughn: There are office supplies in other areas. I don't know where office supplies would be for everyone then. If we put them in one place I just want to know what place.

Mr. Slocum: We have office supplies in #101 which is \$28,000. Office supplies in Building at \$10 and office supplies in Fire Ambulance trust for \$2,000. Those are the only three places we have office supplies.

#### #730.5322 Solid Waste Collection

Mr. Knuchel: #5322 Postage – is this for sending out bills?

Mr. Slocum: We changed this – there was a credit carried over last year and nothing was budgeted. We changed this – we increased it to \$7,000.

Mr. Knuchel: I noticed that – did we spend any money out of that in July?

Ms. DePledge: \$2,000.

#810 Service Administration

Ms. Vaughn: #5100 Salaries Wages F/T – we only have 35% left – there should be 50% left. And I don't think there is a carryover between the two secretaries.

Mr. Slocum: I don't know.

#860 Rivers & Harbors

Mr. Knuchel: #5410 Port Authority Grant – they have not had that money disbursed to them?

Mr. Slocum: I have not signed the check.

Mr. Knuchel: Do they need to request it or is it something you automatically do?

Mr. Slocum: I usually wait until someone requests money.

Mr. Lajeunesse: They usually send a letter.

Mayor Andrzejewski: And we see a bill.

Mr. Knuchel: Ms. DePledge, you may want to remind them.

#202 S.C.M.&R. Fund

Mr. Slocum: Ms. Vaughn, #821.5100 Salaries Wages F/T – in that we are at 43%.

Ms. Vaughn: I understand that but all the Departments are either right at their limit or below – that whole section. You can let me know. As long as you know I am aware of it.

Mr. Knuchel: #5127 Workmans Comp – did we have anything in July?

Mr. Slocum: No, but you will have something the 1<sup>st</sup> – then it will be all gone.

Mr. Knuchel: Do they do that quarterly?

Mr. Slocum: There are payments made to Workmans Comp in March and September.

#214 Employee Termination

Mr. Knuchel: We have #310 and #320 – are we paying the rest of those out of the General Fund?

Mr. Slocum: Yes. That may be a fund I look at because I think we have about \$25,000 left in that fund. We may need to look at that.

Mr. Knuchel: Yes, I think this was a good thing we did.

Ms. Vaughn: But you are going to need a lot of money in there next year.

Mr. Knuchel: We are not looking at killing all the costs because that is impossible because of the situation we are in.

Mayor Andrzejewski: The last calculations we did before Mr. Slocum was here we had over \$2 million in obligations if everyone collected their holidays, vacations, sick time. That is why we set up that fund.

#402 Road Levy

Mr. Knuchel: #5343 Engineering in General Road Improvements. Does this seem low – how much do we still have outstanding.

Mr. Slocum: The engineering is the one I gave you a breakdown of when we did the re-appropriations – I showed you the different projects. This is related to East 347<sup>th</sup> & 348<sup>th</sup> Streets and the Lakeshore Blvd. project.

Mr. Knuchel: So, are we pretty much done or are we going to need to re-appropriate?

Mr. Slocum: I don't believe so. Whatever we did in July I have enough to cover.

#421 Stadium/Vine Project

Mr. Knuchel: #5407 Other Contracts – there was an expense in there for skate park fencing – does that belong in there?

Mr. Slocum: How did it get put in there?

Mr. Knuchel: That was my question. If you would look into this?

#423 Sewer Rehab Expenses

Mr. Knuchel: #5343 Engineering – are we going to be good on this?

Mr. Slocum: Anything dealing with the sewer rehab – the #501 – I think with the re-appropriation we did last time – we totally restructured what is being paid out of there.

Mr. Knuchel: Right – we went up to \$90,000 and \$27,000 for equipment.

Mr. Slocum: The only thing I may be coming back to you is – I am attempting to borrow funds from Huntington to cover the Quentin Road project. If I can get this loan then I am not going to need to transfer the money from the General Fund and give us a little bit more cushion in the General Fund.

Mr. Knuchel: #921 North Parkway Sanitary - #5482 Construction Contracts.

Mr. Slocum: You have to look after #721 because we redid that whole.

Mr. Knuchel: Right, we had re-appropriated for two of those three categories right there - the engineering equipment.

Mr. Slocum: We took the engineering to \$90,000.

Mr. Knuchel: And the equipment to \$25,000.

#923 Pump Station Improvement - #5482 Construction Contracts - \$150,000 current budget – this project was done three years ago.

Mr. Slocum: We got rid of this in July. I know I gave you the one schedule that showed on the Quentin Project, the East 347<sup>th</sup> and East 348<sup>th</sup> Streets project – for the engineering and the SSES study – where it will all be paid out of.

Mr. Knuchel: So this \$150,000 helped our bottom line on the other two items since we had not budgeted for it.

Mr. Slocum: If you looked at what you had in Sewer Rehab you had \$788,000 budgeted. But we did not have any of the revenues to cover it.

Mr. Knuchel: I am saying does this help that situation out?

Mr. Slocum: We made that all disappear – we have identified where the expense are actually going to be taken out of.

Mr. Knuchel: I think I am going save everyone the problem of looking over our Recreational Capital Improvements fund except to ask if there are any outstanding P.O.'s on that or do we have any change orders?

Mr. Slocum: I was just informed today by Mr. Gwydir that there is a \$6,500 negative change order coming for an increase in cost for electrical and there is a \$2,000 reduction from Patterson. I am looking into these.

Mr. Knuchel: Where we came across these was after our last Council meeting. Mr. Gwydir informed us there were more change orders out there – ones that Mr. Slocum knew nothing about and we knew nothing about. Hopefully in working through these change orders and putting in some procedures that will affect the way we spend in the future.

Mr. Lajeunesse: I guess I will save my comments for a Council meeting. Thank you for acknowledging me but that is kind of outrageous because I asked that question continuously about expenses down to the penny and I got criticized many times

Mayor Andrzejewski: There are questions to be asked – I will state publically once again Mr. Slocum, Mr. Semik and I are available to answer any questions that Mr. Lajeunesse or anyone will have before the Council meeting.

Mr. Knuchel: Mr. Lajeunesse, he has opened that door of opportunity to you if you care to go through it – that is up to you.

Mayor Andrzejewski: It will be the Administrations choice to respond to that at the Council meeting. These questions could be asked well in advance and get answered.

Ms. Vaughn: I have a question in #710.5100 Salaries Wages F/T – in fairness because I keep questioning about salaries being under budget this one looks like it has 10% left over to spend somewhere else. I want to be fair and point out both negatives and positives.

Mr. Knuchel: If there are no further questions. The only thing I asked the Administration to look into as soon as possible is to put together a 5-year plan for us to look over. I realize the timing is not the greatest and I will try to accommodate everyone's schedules in doing this but I think it is important that we have that document in front of us so we cannot only look at it and see how it relates to this year and see how the next four years will shake out. Knowing the facts that this is an impossible task we need to have some guidance on which way to go and what to look at and what not to look at in the future. I would like this to include things like capital expenses for the Fire, Police, Service Departments – similar to what was done in previous years. If you have any problems with that the Clerk can pull a copy or I probably have a copy.

Mr. Slocum: I do not have a copy.

Mr. Knuchel: Those are required every year and need to be updated on a yearly basis.

Mayor Andrzejewski: There was a 5-year plan done somewhere – you may not have it but we have it.

Mr. Knuchel: I can provide that for you.

Mr. Slocum: Part of the budget process I will go through this year will include that 5-year plan. It will not make any sense for me to do the 5-year plan until I go back through the 1-year plan. I have to get comfortable on the 1-year plan.

Mayor Andrzejewski: We have to get comfortable on the 1-year plan.

Mr. Slocum: Fine.

Mr. Morley: Did you really comment – seriously?

Mayor Andrzejewski: If it is going to involve the Administration it is going to be everyone.

Mr. Knuchel: Mr. Slocum, if you need anything I can give you my old one – you can re-craft it to something you are more comfortable with. But, we need to know what big expenses we have coming. Thank you to all – I know this was a long meeting. We had a lot to go through and it was important.

Mr. Semik: I want to advise everyone that we made repairs to our sewer truck – the big debris tank that is in the back had a 14" crack welded along the seam. I had the truck evaluated in January and it was not there at that time. It has developed since then and there are a couple of weak spots to the debris tank to which we added patches today – we welded some additional pieces. The truck is old and I cannot give you a timeframe as to how long - six months – a year – it could hold for a long time.

Mr. Knuchel: What is that tank made of?

Mr. Semik: It is a steel tank.

Mr. Knuchel: Are there any warranties?

Mr. Semik: No, we have had that truck for 12 years – we bought it used. We have put a lot of money into the truck the last several years – they take good care of the truck. We submitted for a truck on September 13<sup>th</sup> and I recommended we should consider replacing it at a cost of about \$200,000. I requested to Mr. Condrone the last couple of years that we have to start budgeting and putting money aside. We could get a new debris tank which will by us some time for approximately \$50,000. We still have an option from last year where the first year payment is approximately \$50,000. It is a lease payment and after 5 years we have an option of paying it off and keeping it or trading it back in. So everyone knows – this just developed. It is not something we knew about months ago. The seam separated and there are weak spots on the tank – it has been corrected but I cannot tell you how long it will last. We depend very heavily on that truck for the storms and sanitariums.

Mr. Knuchel: You can get together with the Administration and figure out what needs to be done and bring it to us.

There were no further questions or comments.

The meeting was adjourned at approximately 9:48 p.m.

dac

Approved: DKK  
Date 10/25/10