

FINANCE COMMITTEE MEETING
DECEMBER 8, 2009

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 7:00 p.m. In attendance from the Committee were Mr. Knuchel and Mr. D'Ambrosio. Mr. Lajeunesse was absent and excused. Also in attendance from Council were Mr. Morley, Ms. Vaughn, Mr. Matheke and Council President Mr. Elshaw. Also in attendance were Councilman-at-Large Elect Ms. DePledge and Councilman-at-Large Elect Mr. Hoefle.

In attendance from the Administration were Mayor Andrzejewski, Finance Director Condron, Law Director Klammer, Service Director Semik, City Engineer Gwydir and Fire Chief Whittington.

Also in attendance was Honeywell Representative Mr. Dan Link.

WALTER DRANE COMPANY: CODIFIED ORDINANCE ACCEPTANCE: INVOICE:
\$1,984

Mr. Knuchel: The first item on the agenda is the Walter Drane Company – the codified ordinance acceptance and an invoice in the amount of \$1,984. This is a housekeeping measure. Are there any questions?

There were no further questions or comments.

The Committee agreed to move this matter forward to the next regular Council meeting.

BID RECOMMENDATION: QUENTIN ROAD LIFT STATION IMPROVEMENTS: JTO,
INC.: \$986,100

Ms. Vaughn: What was the original engineers estimate?

Mr. Gwydir: \$940,000.

Ms. Vaughn: So, basically, you are only \$40,000 over.

Mr. Gwydir: Yes.

There were no further questions or comments.

The Committee agreed to move this matter forward to the next regular Council meeting.

BID RECOMMENDATION: HVAC UPGRADE: CITY HALL: HONEYWELL: \$57,312.51

Mr. Semik: As you know we went out for bids and received several of them. Of two closest bidders, Honeywell and Carrier, Honeywell was \$400 more than Carrier. However, it is my recommendation as it does read lowest and best bidder we can distinguish between the two of them. We have Honeywell system in City Hall – they have been working on it and know the system – it would limit the amount of work needed to be done and would avoid some possible change orders if Carrier came in here and did not recognize something. I am recommending that

we go with Honeywell, whose system is already here, and let them upgrade it. Mr. Link of Honeywell is present to answer any questions. I am comfortable with the bid and specs – it is only a \$400 difference.

Mr. Klammer: When you are choosing someone other than the lowest and best bidder the law allows you the discretion regarding the quality of analysis. In this discussion I would like to make sure that Mr. Semik and Mr. Gwydir can give information as to from a qualitative standpoint – that it would be important to have continuity in the HVAC system.

Mr. Knuchel: We have a Honeywell system now. From what I understand it has been nothing but a pain in the neck from day one. Why is it we are recommending a Honeywell system to replace a Honeywell system that did not work well in the first place? Or, maybe you could shed some light on why that Honeywell system did not work well.

Mr. Semik: Mr. Link can address this better. One of the problems is – it is not an exclusive Honeywell system. They are part of the system. The problem we have is with the Delta system which was a cheaper system when the building was built – so it came in under budget. Delta is no longer in business and their systems do not talk well with one another. Had the entire system been Honeywell I don't think we would be having this discussion right now – we would be looking at a 3-year service contract. But, because we have two systems – a Ford and a Dodge – we have problems. It is not completely Honeywell's problem. Honeywell has been doing the best they can to keep this system and their part of the system up and running. The computer and software that handles the system is Delta and it is archaic. I don't even know if Mr. Link understands it – he does his best.

Mr. Link: Thank you for letting me be here. What are your concerns?

Mr. Knuchel: Basically, I have heard from days gone by that this system has not worked well since its inception. Why is it that we are going with a Honeywell contract again if it did not work well the first time?

Mr. Link: When the building was built the original system was a Delta system and had nothing to do with Honeywell – Delta controls, thermostat, a damper motor. Honeywell came in 2000 and did an energy retrofit – a different division of Honeywell – and, added some ventilation to the existing areas to meet minimum outside air requirements – to bring outside air in and to exhaust air. The existing Delta system stayed intact – it was not touched. What has happened is the thermostats and motors have gone bad. In August of this year there was a big storm – all the thermostats which communicate back to the front end, which is running IBM PCXD – DOS 23.1, are all gone. It lost all communication so everything is running blind. Of the 38 thermostats approximately 8-10 are not working at all. Now, you have lost communication. Up until then we were able to fix some things – but, now that you cannot communicate with any of those thermostats there is no sense in me coming in anymore to try to fix it. You need to get this upgraded – it is past the point of no return – it is beyond maintenance. I cannot get the parts. It is like anything that is 15 years old – it is obsolete.

Mr. Elshaw: Under Carrier's bid it says bid price includes 5% discount if all components are done at the same time. What is that?

Mr. Semik: The 5% is what they take off if they order up all the components at the same time.

Mr. Knuchel: I guess that goes with Mr. Klammer's comments on lowest and best bid.

Mr. Klammer: It is the most responsible, lowest and best. This provides some discretion.

Mr. Morley: Is Honeywell going to do it in increments?

Mr. Semik: No, they will do it all at one time.

Mr. Link: This will be broke up into pieces in case we just want to do pieces.

Mr. Morley: Well, that is more money and we are not getting the 5% discount. That is where I am sort of lost. If Carrier's bid includes a 5% discount if all components are done at the same time I am lost.

Mayor Andrzejewski: It says if all components are not done at the same time Carrier will raise its price 5%.

Mr. Morley: Is Honeywell doing all components at the same time.

Mr. Link: My bid is to do all at the same time.

Comments could not be understood due to malfunction with the tape recorder.

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

TAX INCENTIVE: MPI PRODUCTS, INC.

Mayor Andrzejewski: A company is looking to move here – they are a marine products company. Obviously, their business has not been very good the last year or two and they fall behind in one category of incentives. In talking with the owner of the business and the real estate agent this would help seal the deal for them to come to Eastlake. We are asking to give them a little bit higher incentive knowing full well that once their business picks up to where it is supposed to be they will reach that level. They will take up space in a building that has been vacant for year and years. These are about 20 very good high paying jobs. It is a win-win for everyone with just a little bit more incentive – but, it does help save the business.

Comments could not be understood due to malfunction with the tape recorder.

Mr. Knuchel: We have their projections and – the five years prior to this. Have you looked at this?

Mayor Andrzejewski: I think so, I cannot remember the exact. I would have to go to the real estate agent or Mrs. Keneven-Zanella.

Mr. Knuchel: *Comments could not be understood due to malfunction with the tape recorder.*

Mayor Andrzejewski: Let's just say that – yes – there business was better five years ago. We talked to Mr. Sima of the Port Authority who can tell you how boat sales have been the last few years. If you look at that with a comparable business their sales five years ago were much better than today. Their sales may be down in 2010 but by 2011 – 2012 they will be back up to where they used to be. The point is this little bit of incentive is needed to seal the deal – to get them into a building that has been vacant for two years with 20 or so well paying jobs and more to come in the future. That is the bottom line.

Mr. Condron: In the application process I do not think Mrs. Keneven-Zanella gives past financial information. She gives current and projections.

Mr. Knuchel: In looking at the projects – in my mind they look pretty aggressive for a business that has been going downhill.

Mayor Andrzejewski: Who has been buying boats the last two years?

Mr. Knuchel: That is what I am saying. With their business going down.

Mayor Andrzejewski: Boats are like luxury vehicles – you don't buy them if the economy is bad – even the rich people are not buying them.

Mr. Knuchel: Absolutely.

Mayor Andrzejewski: Even the rich people are buying them. But, the economy will not be bad forever. So, we get them in here in that building and tied to a long term lease and when their business picks up we both benefit.

Mr. Knuchel: I have difficulty going above and beyond what their level is now. When we discussed the last incentive we approved one of the things we talked about afterwards was actually raising some of the limits.

Mayor Andrzejewski: We have a chance to bring in a company.

Mr. Knuchel: Let me continue my sentence – then you can talk – I don't mind but please let me talk.

Mayor Andrzejewski: It is not many dollars.

Mr. Knuchel: No, but in lieu of what you spoke about in the past. Every time we go through one of these things everything changes. I am looking for consistency. In the plan that we put together.

Mayor Andrzejewski: Sometimes, in order to attract a business or make a sale you sometimes have to vary and make exceptions. This is a very good exception. I will not come to you all the time and ask for variances. I feel in this case there is a legitimate reason. It is because boat sales have stank the last couple of years and in the future they will not stink. Once the economy gets better. It is not boat sales – it is marine products.

Mr. Knuchel: I worked in a factory that did this – that is why I am questioning.

Mayor Andrzejewski: We may come to you in a few years with an exception to look at. What we are looking at here is filling up a building with a good company with good paying jobs and some economic development. For the few dollars involved here.

Mr. Knuchel: If there are a few dollars involved and if they do meet their standards why is it that they cannot afford to absorb that extra money – that is my question.

Mr. Elshaw: We do have a claw back so if they don't meet their expectations – that adds a degree of comfort. I am more comfortable that at least if they are not meeting the expectations we can claw back and they will not get the grant.

Mr. Condron: They have to meet it every year. It is in the contract that they have to meet with the Tax Department so many days after the year end – if they don't meet the milestones then they don't get the incentive. They would pay the municipal income tax and if they don't meet the payroll numbers then they will not get the incentive for that year.

Mr. Elshaw: I feel comfortable in that regard. But, my question is – why do we feel it necessary to go above and beyond what we have set up as categories. How long ago did we set this up?

Mr. Condron: Three years.

Mr. Elshaw: I just don't want to keep setting a precedent and then have to go above the levels. We need to make up our minds on what we are going to do. My concern is more of setting a precedent that we will just keep going over the levels once we set them. Other than that, if you went ahead and approved it I would feel comfortable that at least if they did not meet the expectations we would have the claw back.

Mr. Condron: It would be a ten year period that they would have to meet with the Tax Department or they would be liable to repay it.

Mr. Knuchel: I do understand that. You lifted it one year more and put another percent on it. I think the Stainless Products is a good deal because I think that is a good industry. I am not so sure that the boating industry will be worth putting that type of money into.

Mr. Matheke: This is just a suggestion because I had overheard something somewhere and I could be off base. But, now that we have been working with this for a couple of years can you review the numbers and see if they are still working for you. Maybe we need to adjust the numbers up or down.

Mayor Andrzejewski: We have already discussed that.

Mr. Matheke: Item #2 – we need to give them a grant of 1% of 2% - not ! percent.

Ms. Vaughn: This is supposed to be an incentive opportunity. With the economy in a state of flux I think we can upon occasion change a preconceived amount.

Mr. Knuchel: Absolutely.

Ms. Vaughn: That would be my recommendation. There were businesses here and it did not sound very business friendly here tonight and this may be a chance to redeem us in some people's eyes.

Mr. Knuchel: I don't see a need for redemption.

Ms. Vaughn: I do.

Mr. Knuchel: I am not against incentives and I am not against giving grants. This would not be on the top of my list for giving over and above the established levels. That is for my Committee and I to decide.

Mayor Andrzejewski: We are the ones talking to the company – we are the ones talking to the realtor – we are the ones looking at the empty space. I believe the company and the realtor by saying this is the last nail in the coffin to get them here to Eastlake. I fail to understand how you can make a judgment when you never have talked to the company, realtor. How can you make a judgment whether their business is good or bad? I have been talking to these people. I feel comfortable that what they told me about their business being down and that it will rebound and will be much stronger in the future once the economy picks up and once people start boating again. I had direct contact with these people.

Mr. Klammer: The incentive only kicks in if they meet these numbers. If they fail in their projections it is no harm to the City in that sense. Are you suggesting lowering the threshold so it is easier for them to reach?

Mr. D'Ambrosio: I am in favor of moving it forward as is.

Mr. Knuchel: I have some reservations on this but I will move it forward.

There were no further questions or comments.

This matter is moved forward to the next regular Council meeting.

TAX AMNESTY PROGRAM

Mr. Elshaw: There are no dates on the drafts at all.

Mayor Andrzejewski: I think Mrs. Keneven-Zanella was looking to do this in January.

Mr. Klammer: There are two drafts provided.

Mr. Morley: What did we do last time – did we do 50% of all penalties abated.

Mayor Andrzejewski: We did all penalties. We wanted the tax.

Mr. Knuchel: How much did we make last time?

Mr. Condron: Between \$20,000 - \$30,000.

Mayor Andrzejewski: It is no insignificant but it is not great – everything helps. People came in and we were able to get names and addresses for the future.

Mr. Elshaw: So, the final draft will include dates.

Mayor Andrzejewski: And she has been working with other cities too – to coordinate a tax amnesty at about the same time.

Mr. Elshaw: When was the last time we did a tax amnesty?

Mayor Andrzejewski: Three years ago.

Mr. Elshaw: The way I feel about tax amnesties – when we did it back then I was in favor of it and now I see you reduced it to 50% of all penalties and that is good. But, if we keep doing these - those of us who pay our taxes in a timely manner and report our taxes by law - I feel like it is almost a slap in the face to those people. If we keep giving amnesty programs why not just wait until the next amnesty came around to pay the taxes?

Mayor Andrzejewski: You are still going to pay 50%. The good people with a conscious and who want to do the right thing always are going to pay their taxes. We are going after the people who we have a hard time locating and hopefully they will come in and settle up and we will have their current address. If we get \$30,000 that is nothing to sneeze at and it pays for some bills around here. And, without the tax amnesty you would never get \$30,000.

Mr. Elshaw: Possibly. We do have an aggressive collections program going on.

Mayor Andrzejewski: We got almost \$200,000.

Mr. Elshaw: I don't totally agree with that but the point is I would not be in favor of doing these every three years – I would not do it very often at all. I am not a big fan of that.

Mayor Andrzejewski: I don't think every three years is that often. We won't suggest every year or every other year – I just think the time is right to do it again.

Mr. Elshaw: Even if we have an aggressive tax collection program.

Mr. Condron: Even with an aggressive tax collection program you still put them on a payment plan. What if you can't find them?

Mayor Andrzejewski: How much discussion have we had in staff meetings about trying to find people?

Mr. Klammer: Mrs. Keneven-Zanella cannot even calculate taxes due because we have to file a criminal case then you have to find the person to serve them. They are difficult. Mrs. Keneven-Zanella does a good job.

There were no further questions or comments.

The Committee agreed to move this matter forward as corrected to the next regular Council meeting.

RESCISSION: ORDINANCE NO. 2009-115: NORTH RIVERVIEW LAND DONATION

Mr. Klammer: The decedent did not own the property.

Mayor Andrzejewski: Was it an attorney who made an error?

Mr. Klammer: The attorney did not make an error – he just did not do his job.

Mr. Elshaw: I understand and unfortunately did not like reading about this – but, it is what it is. What happens now with the land?

Mr. Klammer: The suggestion was that they were delinquent on taxes and that there would be a foreclosure file and the land would go for auction.

Mayor Andrzejewski: If there is in the future would you be in favor of getting the property and paying any back taxes?

Mr. Klammer: You would have to bid at the auction.

Ms. Vaughn: Is it tied to the Syracuse land?

Mayor Andrzejewski: Similar, yes. I don't know if we can do it but you need to let me know before we do the work – I can't bid on it and then say if Council approves it we will do it.

Mr. Morley: We must have discussion.

Mr. Matheke: If it is under \$12,500.

There were no further questions or comments.

The Committee agreed to move this matter forward to the next regular Council meeting.

PASS THROUGH AGREEMENT: ODNR CAPITAL GRANT: CHAGRIN RIVER LAKEFRONT PARK PROJECT

Mr. Condon: This is something that was development with Jason Boyd of the Lake County Planning Commission. He came to see us in August. This will be done individually by each City so we assisted in preparing the grant. Our share is \$200,000.

Mayor Andrzejewski: This will be for land acquisition. The whole grant is about \$20 million – it includes Eastlake and three other cities. This is a small portion of the grant they were able to obtain to get it going. This has to do with redoing the sea wall, adding boat docks and helping the other cities with lakefront development?

Mr. Knuchel: Will we use the entire amount on the land purchase project?

Mayor Andrzejewski: Yes – a tiny part for engineering. The majority will go for land acquisition.

There were no further questions or comments.

The Committee agreed to move this matter forward to the next regular Council meeting.

ACCEPTANCE: CITY DEPOSITORIES

Mr. Condon: Our policy goes from 2006-2009. As we did in 2006 we advertised – in 2006 we were looking at investments rates – 10 basis points over the Fed rate 5.25%. But, that was another time. We are looking at compensating balances and bank fees as a determinant. There is one new player – Dollar Bank – they have the highest allowance credit. They have been approved as a public depository in the State of Ohio. Charter One is always competitive. I would say that both Dollar One and Charter Bank have helped the City on projects. Charter One waived all the fees for the Senior Center. When we had a flood relief account at Dollar Bank all the fees were waived also. This ordinance gives us the authority to deposit with them. Public depositories are a little bit different than the private sector – you just can't go into a bank and invest – they have to be designated as a depository and agree to accept your local and state investment guidelines – usually the rates are a little bit lower. We have to designate them as a depository. We have used Charter One for the Senior Center and also did a CD with them and we have used Huntington.

Mr. D'Ambrosio: This is a three year contract – what if another bank comes in?

Mr. Condon: We can amend it. Huntington is involved in some of the TARP monies and Dollar Bank did not get involved in the sub-prime.

There were no further questions or comments.

The Committee agreed to move this matter forward to the next regular Council meeting.

YEAR-END TRANSFERS:

General Fund to Fund #301: 2002 Stadium Bonds Fund: \$300,000

Mr. Knuchel: Could you explain Mr. Condon where the \$300,000 is coming from.

Mr. Condon: We budgeted for it – because of the defeasance deal we knocked off most of the interest payments on the 2002 taxables – about six months early. This is the last time we will see the taxable bonds – they are defeased completely in 2010. Next year at this time we will only be paying on the stadium tax exempt which is much less and has a lower interest rate.

Mr. D'Ambrosio: You said we are going to pay this in 2010?

Mr. Condon: We will transfer for the December 1st 2009 interest rates – but not as much as anticipated because of the deal we did in July.

Mr. D'Ambrosio: When will we make the interest payments for the 2002 stadium bonds?

Mr. Condon: This is December – first we need to transfer the money into the bond fund.

Fund #421 to Fund #301: 2002 Stadium Bonds Fund: \$400,000

The \$400,000 from Fund #421 contributes to the debt service program later in the year after the baseball season is over and the rent and parking are collected.

There were no further questions or comments

The Committee agreed to forward these items to the next regular Council meeting.

General Fund to Fund #438: Recreation Capital Improvement Fund: \$300,000

Mr. Morley: Are we going above and beyond whatever money we collected from the inheritance tax? Is this \$300,000 above and beyond the inheritance tax?

Mr. Condon: It is some of the inheritance tax we collected this year - \$176,000.

Mr. Morley: Then why not just transfer the \$176,000 instead of the full \$300,000? I know what it is for – until we figure out what is happening with the pool bid.

Mayor Andrzejewski: It is for the pool. And the bids are going to come in at the \$500,000 level so you are going to have to transfer the money eventually.

Mr. Morley: I am going to rephrase this – we haven't even put out for the bids.

Mayor Andrzejewski: \$400,000?

Mr. Knuchel: That is what you told us.

Mayor Andrzejewski: No, \$500,000 with electrical and plumbing and everything. You will do it in two steps anyway so if you want to do it in one step – fine. But, eventually all the money will have to be transferred in there.

Mr. Elshaw: I thought we were going to have \$190,000+ for inheritance tax – is it now coming in at \$176,000?

Mr. Condon: I can check – I think it is close to that.

Mr. Morley: I heard the \$195,000 too.

Mr. Elshaw: I would agree – it is my opinion that we should transfer only what we have in inheritance tax. How much do you already have in the Recreation Fund? \$340,000?

Mr. Condon: With the \$150,000 State grant – it is on a cost reimbursement basis.

Mayor Andrzejewski: Let's assume we are going to have \$150,000 from that and \$176,000 from this.

Mr. Elshaw: The \$150,000 is in a draw – that is fine.

Mr. Condon: They give you \$50,000 initially and the rest you have to draw down.

Mr. Elshaw: We had \$142,000 from the prior inheritance tax. You did not transfer the \$40,000 yet for the HUD homes. You could use that. I thought we had \$195,000.

Mayor Andrzejewski: I think we used some of the recreation fund to buy equipment – it was \$194,000.

Mr. Condon: I can look it up in the minutes. There is \$173,960.40 in the inheritance tax.

Mr. Knuchel: Is that for the whole year?

Mr. Condon: As far as I know – it comes in two draws and we got our second draw.

Mr. Morley: What is the total – that does not include the \$40,000.

Mr. Condon: That is a separate line item.

Mr. Morley: I am trying to understand how much we have in there so when we transfer we aren't going crazy

Mr. Elshaw: So, you could transfer the \$173,000 plus the \$40,000 - about \$213,000. How much do we have in the Rec fund now?

Mr. Condon: \$150,000.

Mr. Elshaw: So you have the \$150,000 plus you can draw another \$100,000.

Mr. D'Ambrosio: We are at \$467,000.

Mayor Andrzejewski: If we get any kind of inheritance tax next year.

Mr. Knuchel: So, what is the number to transfer?

Mayor Andrzejewski: \$213,000 for the total transfer.

Mr. Knuchel: Is that okay with everybody.

Mr. D'Ambrosio: Where are we getting the \$213,000 – the inheritance and the \$40,000 from the HUD home?

Mr. Knuchel: Correct. And, just to make you aware – the reason we put that \$40,000 into the General Fund to begin with was to offset the costs of running the pool for this year which we did not do. We will not have that available to use for next year. Is that correct, Mr. Condrón.

Mr. Condrón: Yes.

Ms. Vaughn: Did we only sell one HUD home? We had a vacant parcel.

Mayor Andrzejewski: We have a vacant parcel and another run-down house that is still out there.

There were no further questions or comments

The Committee agreed to move this matter forward with the transfer of \$213,000 instead of \$300,000.

General Fund to Fund #214: Employee Termination Fund: \$50,000

Mayor Andrzejewski: This is self explanatory – this is the fund we set up – we could use a lot more.

Mr. Knuchel: We have money in this already. Is this enough?

Mr. Condrón: We could do more if you like.

Mayor Andrzejewski: What is the total we would need to have if everyone retires?

Mr. Condrón: A couple of million dollars.

Mr. Knuchel: And, what do we presently have in the employee termination fund?

Mr. Condrón: About \$50,000.

Mr. Morley: I am no mathematician – but we still need \$1.9 million? Where do we get that from?

Mayor Andrzejewski: Everything helps – hopefully, everyone is not going to turn in their retirement next year.

Mr. Morley: I thought you were saying that many people were going to retire.

Mayor Andrzejewski: If everyone retired right now that is what we would need.

Mr. Knuchel: Is everyone comfortable with \$50,000 – is that enough?

Mr. D'Ambrosio: I would stick with the \$50,000 – with the transfers from the General fund it comes to \$640,000. \$300,000 for the 2002 bonds, \$40,000 from the General fund from the HUD Home and the \$50,000 for the long term debt and the \$50,000 for the employee payout.

Mayor Andrzejewski: I think you are a little off. Remember you offset – so you have money from the Captains into the General Fund, the HUD home \$40,000 – that is not using any General Fund money – we are just moving it from here to there. The \$176,000 from the inheritance tax is another one that is moving from here to there. We are not spending the money.

Mr. D’Ambrosio: No, we are not spending it – we are taking it out of the General Fund. All I am saying is I am comfortable with the \$50,000.

Mr. Morley: Besides this \$300,000 for the Recreation – I am looking at the five year comparison numbers – right now with the Rec transfer, South Lakeshore and the sewer are at \$926,000 over what we budgeted in 2009. Is this going to affect that number?

Mr. Condrón: \$926,000 over?

Mr. Morley: 2009- the numbers you gave us. If I do the math we had expenses of \$13,334,392 – after we put in all these new one-time expenses we are at \$14,346,768 – that is \$926,000.

Mr. Condrón: I think I factored that in.

There were no further questions or comments

The Committee agreed to forward these items to the next regular Council meeting.

General Fund to Fund #304: Callable Bond Fund: \$50,000

Mayor Andrzejewski: The sooner we pay off the debt the less interest we will pay – it is still dollar for dollar - \$50,000 is actually \$100,000 with \$50,000 in interest. We did a lot more last year but this year we are not doing quite as well so we are taking less to put in the Callable Bond Fund.

Mr. Knuchel: In conversations with Mr. Condrón we have in our re-appropriations \$85,000 that we saved in defeasance. Why can’t we put some of that money into the Callable Bond Fund. We talked about it and I wanted your opinion. Mr. Condrón, perhaps we want to increase the amount in the Callable Bond fund.

Mr. Condrón: It is your call. We know what funds we are going to retire. If you want to do another \$25,000 or \$50,000.

Mr. D’Ambrosio: When is the next time we will make a substantial payment?

Mr. Condrón: They are callable – anytime we want to in \$5,000 denominations.

Mr. D’Ambrosio: I am always in favor of paying off debt.

Mr. Condrón: We not only took them off the books but we saved 95% of the 2009 interest payment.

Mayor Andrzejewski: Which is how much?

Mr. Condon: About \$200,000.

Mayor Andrzejewski: Mr. Knuchel is suggesting we take some of that money we saved and transfer it to the Callable Bond fund also.

Mr. Knuchel: Mr. Mayor, what would you be amicable too.

Mayor Andrzejewski: \$150,000.

Mayor Andrzejewski: We would absolutely do that. The more we pay off ahead of time the more we save. To answer Mr. Morley's question as far as the forecast is concerned we did note the transfer to the Recreation in there - \$300,000. That would not be over and above the forecast of expenses.

There were no further questions or comments

The Committee agreed to forward this item to the next regular Council meeting.

RE-APPROPRIATIONS/TEMPORARY APPROPRIATIONS

Mr. Knuchel: We will look at the Re-appropriations.

Mr. Condon: The first is in the Council office - it is housekeeping. The Assistant Clerk is an employee so we need to put it in the employee line and later take it out of the contract service line – that is \$4,500 from services to salary. When we first did the budget she was a contractor which was changed mid-year. This is an offset.

Also, in the General Fund we need to cover the 155's – the July equity payment of \$500.

Since you may want to go forward with Honeywell we need another \$61,000 to encumber that contract. It is not something we want to put off until next year. If it is on your agenda for the 15th we would have to have the funds available to legally encumber the contracts.

On the Callable Bond fund we want to go up by another \$100,000 – so, that would be \$150,000.

There are some deducts for the defeasance Mr. Knuchel mentioned.

There is the \$50,000 to the employee termination fund.

The \$300,000 will be revised downward to \$213,000 – that would be \$87,000 less.

COMMENTS

Mr. Elshaw: Regarding the Recreation Capital Improvement Fund – it seemed like it was light by \$50,000. I was surprised when you said there was only \$150,000 currently in the account – I was counting on a little bit more.

Mr. Condron: Our year-end transfer was \$142,000. And, \$50,000 this year and we had some expenses against that.

Mr. Elshaw: \$142,000 plus \$50,000 – that is \$192,000. So, we are down to \$150,000 – we spent \$40,000?

Mr. Knuchel: Where did we spend \$40,000?

Mr. Elshaw: That is what I am missing. That is a big chunk.

Mr. Condron: We did some preliminary work for the pool for about \$12,000. And, Interpool consulting for a few thousands and some bid seeking bills.

Mr. Knuchel: Did we have a line item for taking expenses out of that account?

Mr. Condron: Yes.

Mr. Knuchel: When did we approve it? How much did we allocate for the 2009 budget to take out of that account?

Mayor Andrzejewski: For the pool?

Mr. Knuchel: The Rec fund.

Mayor Andrzejewski: Whatever the inheritance tax was.

Mr. Knuchel: No, how much did we spend out of that fund and how much did we appropriate out of our budget to do that?

Mr. Condron: You appropriated \$290,000.

Mr. Knuchel: What were the expenditures?

Mr. Condron: There were expenses for work done by plumbing companies and Interpool Consulting.

Mr. Elshaw: The point I am trying to make is I am only seeing \$463,000 available for the pool.

Mr. Condron: Right.

Mr. Elshaw: That is everything.

Mr. Morley: If you do the other math with the other money it gets up to \$500,000.

Mr. Knuchel: So, basically, what we have for the pool is \$463,000.

Mr. Condron: Then we need some other adjustments in a couple of salary codes. The dispatchers holiday contract is not settled so we are operating under the old one.

Mr. Knuchel: What is the issue?

Mr. Condron: It has not been decided – it is still in arbitration.

Mr. Knuchel: Is it close?

Mayor Andrzejewski: Our attorney has called their attorney at least four or five times to try to pin down a date – they have the arbitrator picked out but they have not coordinated a date.

Mr. Knuchel: Is it better to transfer now?

Mr. Condron: Yes, we are contractually obligated this year. It takes 30 days to issue an opinion – probably March.

Mr. Knuchel: Why are we encumbering it now?

Mr. Condron: We owe it in 2009.

The Police Department overtime line item needs some supplementation.

Mr. Knuchel: I remember in budget talks – we put this under \$198,000 and last year they were at \$212,000 and went down to \$198,000 – now it will be \$235,000.

Mayor Andrzejewski: Your Police Chief should be here – that is question you need to ask him.

Mr. Condron: I did have a conversation with him – he said he was one man short because the trainee they hired in March was not considered to be fully trained until October 1st. With the minimum manning clause in the contract that is one half year of shift fills.

Mr. Knuchel: Not to beat a dead horse – over the last couple of years we had some serious injuries with a lot of people out - I was not getting that from the Police Chief this year.

Mayor Andrzejewski: Not as many as in past years.

Mr. Knuchel: I am questioning why the escalation.

Mayor Andrzejewski: So have we.

Mr. Knuchel: And what is the answer.

Mayor Andrzejewski: That is something you will have to discuss with the Police Chief because I can't get a straight answer.

Mr. Morley: What answer do you have?

Mayor Andrzejewski: Same thing – this guy took six months to train – no one can predict overtime – it is what it is.

Mr. Condron: They did have one guy down for a couple of months.

Ms. Vaughn: A Detective was out as well.

Mr. Condron: That is a point – that is one less person you can put into rotation. He has put Detectives on patrol before.

Mayor Andrzejewski: I think we need to have some serious discussions with both Police and Fire on overtime – it is getting way out-of-hand. I had a discussion again with the Police Chief – we talked in my office for an hour today and most of the discussion was on overtime.

Ms. Vaughn: Did they have some suggestions on how to bring it in line?

Mayor Andrzejewski: We are going to meet again and look at it in more detail and see if we can come up with something and I hope we can do the same with the Fire Department.

Chief Whittington: I have already expressed my thoughts on overtime issues. When guys leave here we need to have people in place – we need to have lists established – I have the numbers for this year when I had guys leave and guys that were promotable – not having people in place costs the City more money and I have expressed myself. I have asked for people to be hired before people leave and we choose not to follow that.

Mayor Andrzejewski: It does not explain the 16 or 17 days on average where we have to bring someone in on overtime for shift fill – that has nothing to do with the number of people who are hired. A vast majority of it, which we have provided in print, the number of shift fills we have that result in overtime and that is because 9 guys are scheduled – 2 he schedules off for various reasons – that leaves you with a buffer of zero – if one of the 7 from minimum manning calls off sick your only alternative at this point is overtime. That is your only alternative.

Mr. Knuchel: I do not want this to take on a life of its own because we will be getting into this when we get into the regular budget. Between the time we conclude this meeting and the time we start our budget talks for 2010 the Mayor, Police Chief and Fire Chief should get together and make some kind of workable plan. I think Ms. Vaughn brought up a good point – let's make some suggestions here – let's get some things on the table. Chief, I know you have been talking about certain manning issue you have had and how to deal with these issues. We talked, personally, about how you wanted to address those issues. We need to look at bringing these numbers down.

Mayor Andrzejewski: We also have a solution that was put in the contract.

Mr. Knuchel: We are not going to go there tonight. Begrudgingly, we will have to appropriate for this but we have to do something. Our residents are averaging \$45,000 per household. We need to take a serious look at this.

Chief Whittington: I think there is a time and place for discussions like this – but, if you look at the whole picture – I am using less General Fund money – I have six less full time people and we are providing the same level of services to the Community. The alternative is we cut services. The decision was made to cut full time staffing and that comes with a price – the price is overtime. There are studies all over the place – you either under staff or you over staff you Departments. The decision was made to under staff us. When we do that it costs money through overtime issues. Some issues we can control – others we cannot. That is what causes your overtime and I don't know how I can do anything other than the fact that I implement procedure to deal with sick time – we carefully monitor sick time – we watch for and handle abuses. That is all we can do.

Mr. Knuchel: I do not want to say you can control your overtime – that was never the intention. We have to control what we can control.

Chief Whittington: Absolutely – and, that is my job to do that. I have done everything I can to do that.

Mayor Andrzejewski: The facts are this – you have nine people schedule per shift – two scheduled to be off – zero buffer. We have statistics that show on average 16 to 17 days per month someone calls off sick. That leaves this City no alternative but to bring in someone at full time. Sooner or later you guys are going to have to work with me on this and he is going to have to work with me on this. Every city around you has part-timers – our guys work part-time in other cities. You will have to address this with no longer I am losing guys – I have this one off. You have to have people to fill in when you have these call offs.

Mr. Knuchel: We will conclude this discussion and move onto the next.

Mr. Condron: I think we covered the Fire Department pretty well.

Chief Whittington: Where are you taking the money from?

Mr. Condron: It is just additional. We used #617 initially, now we have to supplement.

Chief Whittington: A lot of overtime does not come out of an account – it does not come out of the General Fund – so, technically when it was said to the residents that the community pays for overtime that is somewhat of a misconception because we are taking it out of the ambulance trust fund that we get for billing.

Mayor Andrzejewski: Of which the residents pay through their insurance company.

Mr. Knuchel: Juvenile Diversion.

Mr. Condron: That has been restructured – he uses his own guys. I don't think we have too much in the preliminary 2010 budget.

Mr. Knuchel: He has been doing that forever and ever.

Mr. Condron: He is using his patrolmen that are scheduled to work that day. The revenue and the expenses went down. We will not get reimbursed as much by the school but we are not expending as much.

Mr. Knuchel: County Health Board. It went down.

Mr. Condron: We had the Callable Bond Fund – this will go to \$350,000.

The only other one is the #606 Fund – that is the County Senior Levy Fund. Mr. Dობedruk got the money for the building to house his bus and some of the money for the roof – he will get the rest next year from the Senior Levy and the County. I would like to encumber the engineering and the bus shelter. When we did our budget in March we were not aware he was going to get the funds – it is just cash in #606 and does not have any impact on the General Fund. We need to appropriate that to encumber the award Tuesday night of the contract and we want to get started on the roof.

There were no further questions on Re-Appropriations.

The Committee agreed to move forward with the Re-Appropriations.

TEMPORARY APPROPRIATIONS

Mr. Knuchel: It has been the past practice of this Council to just take the 2009 numbers and transfer them over for 2010's interim budget. I would suggest we do that again. Mr. Condron, there were some things you wanted lower or higher – due to the money and the time constraints on this I think doing it this way is the best way to do it. It remains consistent with what we have done in the past. Are there any questions or problems with moving it forward the way it is.

Ms. Vaughn: That would give us ample time in the next two months to go over it line item by line item and get our information ahead of time to make decisions.

Mr. Knuchel: Instead of doing it twice we will do it once.

Mr. Condron: On the one time – the transfer to debt service – why not use the \$510,000 – that is what we need in 2010 – we don't need \$1.2 million dollars.

Mr. Knuchel: Does it really make a difference.

Mr. Condron: No – we can go with the \$1.2 million.

Mr. Knuchel: It is all relative because we will be going through this line by line and you will have the bottom line you need in that fund to take care of the first three months. That is all we are really worried about in an interim budget. Is everyone in agreement?

Mr. D'Ambrosio: I am in agreement.

Mayor Andrzejewski: That is fine but you have to consider that is one quarter of the year – somewhere along the line we will have to address these overtime issues. So, you can just carry

over from last year to next year for the first three months of the year but we have not addressed the overtime issues.

Mr. Knuchel: We have it capped at \$198,000 – which is what this year – do you want to go lower than \$198,000?

Mr. Elshaw: The interim budget is to get you through the first two months until you can finalize the final budget for 2010. You will be able to discuss what you want to do and you will only be able to spend for two months and you are only trying to cover two months to keep this City operating. I do not see it as being relevant. I understand your concern.

Mayor Andrzejewski: What if we keep the same trend we are doing now for the first two months – 1/6th of the year is already gone without making any affective reductions in those two large items. That means later in the year we will have to save more.

Mr. Elshaw: Are you prepared to have a solution tonight because you have one Council meeting to approve this interim budget – that is the problem you are running into. I understand your concern but unless you are ready to address that tonight – that has never been possible in the years I have been on Council – you are trying to finish out the year and we recognize that. Finish out the year – get done what you need to get done – come up with the final numbers for 2009 so you can come up with a good budget for 2010. I understand your concern.

Mayor Andrzejewski: Mr. Condrón and I did spend a lot of time putting this together. If we had known that we would have said just carry over and next year we will do that.

Mr. Knuchel: I spoke with Mr. Condrón the beginning of November about what I expected because I knew the meetings were going to be changed.

Mayor Andrzejewski: Did you tell him you were going to recommend to carry over.

Mr. Knuchel: Absolutely, I did. I thought we knew that when we have been going back and forth on the issue for the last...

Mayor Andrzejewski: It really doesn't matter because we have done this work now and it will save us less work in the future.

Mr. Condrón: We have a Charter requirement – I and the Mayor – to not due a budget based on last year – we have to give projections for the next year. If we just did a 2009 budget we could be accused of not fulfilling the Charter.

Mr. Elshaw: You have given us your projections – I feel that is fulfilled.

There were no further questions or comments.

The Committee agreed to move forward with the Temporary Budget.

MISCELLANEOUS
WPCC: AMENDED AGREEMENT

Mr. Elshaw: I saw the emails going back and forth on the cap of \$500,000. I like that idea.

Mayor Andrzejewski: They came back to us and said they want between \$400,000 & \$600,000 – no way.

Mr. Elshaw: Are you going to cap it at \$500,000?

Mayor Andrzejewski: Absolutely, we don't want to give them an open.

Mr. Klammer: There has to be some agreement on it – we just can't cap ours at \$500,000.

Mayor Andrzejewski: They came to us and said \$500,000 – now it is between \$400,000 & \$600,000.

Mr. Condrón: It was in the minutes – I just want something capped – I don't want it open-ended.

Mr. Klammer: There needs to be a cap.

Mr. Condrón: I think Mr. Gwydir was being reasonable in September when he picked the mid-point.

Mr. Gwydir: The first go around on cost came in at \$625,000 – we have since gone down to \$543,000 and we are still meeting to try to shove those costs down as far as we can. However, I agree with the fact that a cap should be placed on this.

Mr. Elshaw: What if we capped this at \$550,000 – are we going to say that is all that is allocated so that is all you can spend to do this study – no matter what it requires you can't go over – if there are additional things that need to happen they just can't happen in this study because we are only spending \$550,000?

Mr. Klammer: You are asking for a proven agreement. They are proposing to you the Agreement they are prepared to agree to – if we say no we want this then they say no we are back to trying to find an agreement.

Mr. Condrón: I think they can always come back – it depends on the circumstance.

Mr. Elshaw: If we cap it at \$550,000 is this it – are we saying this is what you are going to have for the project and it can't go over? So, whatever you can provide in this study for \$550,000.

Mr. Klammer: The language proposed was not to exceed \$550,000 without approval by the party.

Mr. Elshaw: So, if we go over \$550,000...

Mr. Condrón: You have the right to say no.

Mr. Klammer: They still have to agree to the \$550,000 cap – which I could not imagine that they wouldn't agree.

Mr. D'Ambrosio: The \$550,000 – that is just for the study. We will have to go through this again for the repairs.

Mr. Condron: Yes. That was my point in the email – this is just the beginning.

Mr. D'Ambrosio: Do you think \$550,000 is reasonable just for a study? I would think it would come way under that.

Mr. Gwydir: The metering will be somewhere between \$220,000 and \$300,000 just to stick the meters in and monitor them. That is the company that does that for two months of monitoring. The rest is cooking down the data to see what we have and then meeting the requirements of the EPA - to stop overflow – how do we address things – what to do with the plant – do we need to expand the plant – if so, how much will that cost etc.

Mayor Andrzejewski: What if there are no overflows?

Mr. Gwydir: There unfortunately are. Some of those costs are actually going to be offset or helped by Quentin Road where we are doing a lot of televising with OPWC money on a system that is known to be one of the worst.

Mr. Morley: Timberlake will have to put in some – right?

Mayor Andrzejewski: 2.57%.

Mr. Morley: What has changed since the meeting we had at Willoughby City Hall to now be up another \$100,000?

Mr. Gwydir: In my report – I think I gave a hand-out that indicated that we will be at \$50,000 plus or minus 20%. At the time of our preliminary estimate in early August was about \$625,000. We made a list and said here is what we expect the expenses to be – if we can drive down the number of meters needed and some other costs we can bring that in. It was our feel that we could bring it in at \$500,000 and that was the figure we presented with the caveat of 20% up or down. Clearly, more so than anybody, we understand the money needs to go to projects or other things of your discretion – not on huge studies. But, there are certain minimum criteria that we have to meet by the EPA – that is what we intend to meet – not go and spend all your money.

Mr. D'Ambrosio: Do we have to meter the entire City at once?

Mr. Gwydir: No, right now we are down to about 22 metering locations that we need to hit – truck lines – see what happens – how the system reacts under normal flows and rain flows. The reason we are pushing now is typically you meter during rainy seasons when you can watch happens to the system when it rains. Do you get immediately high influxes of flow into your sanitary systems or do you get a slower type of flow – depending on what the metering reveals it starts to talk to where the problems are real fast – infiltration into the system. Real spikes in the

hydrographs indicate that you have potentially catch basins, a lot of open drains – potentially house connections with down spouts. If you get a slower drift in the hydroelectric curve that means you are getting infiltration down into the sewer through the pipe – it is taking a little longer to get into the system. It is a different set of fixes and repairs. We are ultimately trying to preclude an expansion of the plant which gets exceedingly expensive and try to target areas that really need it – Quentin is an example. Target the areas that are really producing the most problems as we anecdotally see them now. The thing about the SSES is it is a system wide study – it shows what is happening everywhere in the system. The last one was done in 1984 – areas have developed – areas have grown – things have changed. There was a mindset a while ago that if you had some flooding in a low area pull the solid cover off the sanitary sewer and put on a vented cover – problem solved.

Mayor Andrzejewski: What prompted this need for this study?

Mr. Gwydir: The EPA. The new permit for the plant mandated it in their permit requirement.

Mr. Elshaw: I understand there is a requirement from the EPA to do the study and then we have to continue on with any projects where problems are found. We need to solve those sometime down the road. What is the specific requirement of what the study has to contain – can we put a cap of \$550,000 and say – that is all you are getting for this study - \$550,000 – do what you need to do to come up with the study that encapsulates as much as you possibly can but you are only going to get \$550,000 for this thing – can that be done or are there certain requirements where the EPA is saying you have to have this and this in the study and it doesn't matter what this thing is going to cost you have to have these items in there?

Mr. Gwydir: That is their position. You have to answer all these questions. What we are trying to do is limit the sampling. Clearly, the number of sampling points are a key point in the SSES study. The second thing is you limit how you analyze the data – you can analyze that and create all kinds of modeling and things like that. If we are under the impression that we can get away without doing a particular type of modeling we are not going to do it. We will just send in a different type of results – say, here would you accept that. If they accept that – grand. So, we will try to offer the EPA the minimum possible to meet their requirements and the requirements of the permit and then move on. Clearly, if we could do that for less than \$550,000 we would do that. I would do that on behalf of Eastlake and I am sure the engineer for the City of Willoughby would do it for Willoughby.

Mayor Andrzejewski: Will the work done the past five years on the pump station help the situation or did it make no affect?

Mr. Gwydir: The basic work on the pump stations was to help the pump station – you did not have any recorded overflows. Quentin Road actually will help because you are having overflows at Quentin Road and we don't know the extent or the nature of those overflows. That will help. When we arranged the Quentin Road job we knew that probably this study was coming down the road and that is why we kicked some of the things in there that they did – because you are getting 30 cents on the dollar to help offset some of those costs. Those are things that we won't necessarily need to do now as part of the SSES study. They are being covered.

Mr. Knuchel: Where are we going to be on Tuesday night?

Mr. Elshaw: Here is what I was trying to get at and the reason I brought this up even though I don't want to push things into Committees without going through the proper procedures. Will this impact your first couple of months next year – is this impacting our budget?

Mr. Condron: We budgeted for it in the sewer funds. I never wanted the study to come out of the General Fund anyway.

Mr. Klammer: You wanted to ask for a cap.

Mr. Elshaw: \$550,000.

Mr. Klammer: It needs to be added to the agreement.

Mr. Knuchel: Do we have this issue taken care of?

Mr. Klammer: Mr. Condron will work with Willoughby's Finance Director.

Mr. Gwydir: As time goes on and as we put together what this study will look like I would be more than pleased to provide information through the Mayor or however you would like that information to be disseminated to your attention so that you know what is going on. Right now it is a big nebulous study I am sure in everyone's minds and clearly we intend to nail it down so you know exactly what to expect and where we are going.

Mr. Elshaw: I would say to communicate with the Administration and send a copy to Council.

Mr. Morley: Does Willoughby's Council have to approve this also?

Mr. Condron: We were going to go first – they were going last.

Mr. Klammer: The amendment to the agreement does not have any cap language in it – so, we are proposing a change to line item #2.

Mr. Knuchel: Do they know about this.

Mr. Gwydir: They actually tabled the matter so Eastlake can consider it.

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 7:35 p.m.

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