

FINANCE COMMITTEE MEETING
FEBRUARY 7, 2008

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 6:33 p.m. In attendance from the Committee were Mr. Knuchel and Mr. D'Ambrosio. Mr. Lajeunesse advised he would be late in arriving. In attendance from Council were Mr. Morley. Council President Mr. Elshaw was late in arriving.

In attendance from the Administration were Finance Director Mr. Condron, Law Director Mr. Klammer, City Engineer Mr. Gwydir. Mayor Andrzejewski was late in arriving.

2008 MEMBERSHIP DUES: CHAGRIN RIVER WATERSHED PARTNERS:
\$8,484.00

Mr. D'Ambrosio: He is Trustee for the Chagrin River Watershed and was present at the meeting when this was discussed. They are raising their rates – they do a great job and he knows they gave the City of Eastlake a break during our financial difficulties – he has no problem paying this – it is well worth the money.

Mr. Knuchel: He will reiterate Mr. D'Ambrosio's comments – they have done fine work for our City – they are a great resource and have helped him with several problems he has had in his Ward – they are worth the money. They gave us practically a two for one deal two years ago when we were in trouble – they have supported us and we should support them by approving the 2008 membership dues.

Upon review, the Committee agreed to approve the payment of the 2008 membership dues by Motion at the next regular Council meeting.

There were no further questions or comments.

SANITARY SEWER ASSESSMENTS: NORTH PARKWAY DRIVE

Mr. Knuchel: Mr. D'Ambrosio has mentioned that he has some questions he would like to ask.

Mr. D'Ambrosio: He realizes Mr. Condron was not here when this work was done – there has been a 44% increase from December, 2004 – how did we miss by 40%?

Mr. Condron: The only thing he can say is that it relates to the Ohio Revised Code – the December estimate was actually translated into the Resolution of Necessity which the Council passed in January, 2005 and set the thing in motion and locks in certain procedures in the Ohio Revised Code. He would like to thank Mr. Klammer for his help in this project because by not being here it was hard to understand. It looks like this project was moving on the fly – there was a public meeting held Thursday, February 17, 2005 – there was even a sample petition that was never consummated where they were asking people to waive their rights to certain protests under the law – that was never done.

Mr. Klammer: He thinks there had to be a petition circulation and signed at the meeting – Mr. Gwydir has provided his complete file – Mr. Guard was here at the time – Mr. Condrón has reviewed everything and we cannot locate the waiver.

Mr. Knuchel: He was present at the meeting and he remembers there were several residents who had questions about signing and were reluctant to sign.

Mr. Klammer: The remembers talking to Mr. Guard about it and it was mentioned that we were following procedures and we were also asking for waivers so we had it both ways – but we cannot find the waivers. Mr. Condrón's analysis and our discussion have been basically that we cannot find the waiver.

Mr. Knuchel: The other question is the 40% increase – that does seem large.

Mr. Condrón: Maybe they increased the scope – there was \$54,000 for the sewer work and \$9,000 of engineering costs. So, the total estimate where he based the \$12,166.40 in the December letters that went out was based on that estimate of probable cost. Mr. Guard's memo of October 20, 2005 alludes to the fact that it went up by about \$23,000 and the engineering portion of the project increased also. He cannot help on this - he has no idea why it expanded – maybe they did more area – he does not know – he had \$54,781.25 and engineering at 35.6% of the project and administration/legal at \$63,681.25 – that is where he based the assessments of \$12,166.40.

Mr. Klammer: What was the estimate for legal?

Mr. Condrón: A minor amount - \$890.00. Then in October there was a summary of costs of the final costs – we went up from the \$54,000 to \$78,173, engineering went up to \$13,211.80 – so, it went up to \$91,000. From what he can see he does not think the City borrowed money for this – we used existing funds – from General, Sewer, and a Road portion. He knows we got some money from the Lake County Department of Utilities for a water line – it may have been added after the fact but why the sanitary portion increase he cannot say.

Mr. Knuchel: The discussion about the water line came in just before they started – they wanted to do both at the same time.

Mr. Gwydir: He looked at Mr. Guards preliminary estimate and reviewed the bid prices that actually came in – it looks like there was a significant discrepancy on the six inch sanitary sewer laterals – we priced them out at \$40 a running foot which is pretty typical of a lateral installation – it actually came in at about \$80 a unit foot which increased the cost by about by \$11,000 which was a significant portion. There were a couple of other smaller increases but all in all that bounced the total up from the estimated price – he has \$56,000 – by \$19,000 at bid time. The biggest discrepancy being the laterals.

Mr. Knuchel: Seeing that we did not follow proper procedures on this – and, it has been lingering around for sometime.

Mayor Andrzejewski joined the meeting at this time.

Mr. Knuchel: He would like to see two things – as we do these projects in the future he would like to see us have some kind of format so this does not happen again. The project has been done for almost two years.

Mayor Andrzejewski: We gave the people a break by doing some of the things we did – he thinks that resulted in some of the confusion.

Mr. Knuchel: He knows one of the things we did as Council was to waive the tap-in fee of \$1,800. But, his main concern is if we get into a situation like this again this does not occur. There will be extra costs involved for the residents – more than they had expected from the preliminary quote. We need to be on top of these things a little bit more. Mr. Condron, what is the process that we will be going through if this comes up again – or, is there something statutorily?

Mr. Condron: We follow the Ohio Revised Code. Your good – you did the Resolution of Necessity – in your notice you have to give them so many days to file a complaints with the Clerk of Council – if you get the complaint then you pick an Equalization Board to hear them and take their recommendation – yea or nay – there is a cost impact if you take their recommendations – that always means the local share will go up because what is in the assessment is fixed. If there is something that was overlooked or is not quite right you usually have to eat the cost if you adopt their recommendation – that is a local decision – we had no one object. The next step that we did not do is to follow 723 – you have to adopt a piece of legislation stating we are moving forward with this improvement – you present it to the County Auditor so they know for real estate matters there is something coming. He took the liberty of giving the County Auditor the copies of the notices last year sometime – so, in case there were any inquiries about parcels they would know about it and they could advise there would be a possible tentative assessment coming on this. So, they could not sell the property and say they never knew. The problem was in the bidding – you should include a contingency – but, if it goes over a certain percentage – 15% - there are specific things that are required under the law – you have to actually have a public hearing – invite the people to hear their comments and then you as a Board would have to decide along with the Mayor if we were going to do the project. This is due process – that is why when he came here and saw that he went to Mr. Klammer with the issue and asked if we could waive this. After searching for other documents we determined we could only go 15% higher. One good thing we are doing now is when we do our bids the probable cost is published and sent to Council. We searched high and low for that for this project and could not find it. He was not sure that was the practice for previous Administrations – we do it now. Also, in the Ordinance the City agreed to pick up 1/15th of these costs – usually when you do that and file the assessment you put everything down – the construction cost, the post engineer and anything that you will forgive so when people question if the amount included the 1/15th it would have been in there – were could not find that so we deducted it ourselves again – that is not saying it was not there. And, per the Ordinance the interest rate at 5.6%.

Mr. Knuchel: What is the potential cost to us now because this situation occurred?

Mr. Condron: Mr. Guard's estimate was that it was \$91,000 versus what we came in at – what we lost was gaining the interest back for the loss of our funds. We did not borrow for this project – we did not have to worry about making loan payments that the special assessments were tied to. We paid cash – if the nine property owners decide to go with the deferred payment program we will cover the cost of the project and all the agreed upon interest rate – we won't get the 5.6% back in its totality from the \$91,000 that Mr. Guard estimated.

Mr. Knuchel: So, basically we lost the \$30,000 cost in between plus and interest. Considering the documentation – where did the documentation go and how are we going to make sure that documentation is at the place it needs to be?

Mr. Klammer: He thinks there should be conferences between the Engineer, the Finance Director and the Law Director. He thinks that is what did not happen and should have happened. He distinctly remembers the waiver being circulated and signed. It could be that a resident left with it. It was not in Mr. Guard's file – that is critical – with that document the other procedures are less than relevant – because that document is the waiver of those procedures and he thinks that is why the project moved forward at that point without the heightened level of scrutiny that we would have done had we not had the waivers. It was a simple meeting – Mr. Guard was there and circulated the document and answered questions. It is the waiver that they were waiving all the procedural steps that was missing. Other than that Mr. Condron is right – the statute dictates 15%.

Mr. Elshaw joined the meeting at this time.

Mr. Condron: In October, even if you have the waiver, you have to adopt another piece of legislation and levy these assessments officially – the law requires you advertise that you did it for 30 days and also send a letter to the residents showing the cost and explaining they have thirty days to pay in cash or we would put it on their taxes – it is better to write the letter and do the advertisement also. We have to do it also because of the length of time.

Mr. D'Ambrosio: He realizes the cost was divided by nine property owners – yet there are more parcels where one owner may own more parcels than another. He reviewed the Auditor's web site. As a resident knowing that one person owned six parcels and one owned one parcel but yet they were paying the same.

Mr. Klammer: It is due to the number of tees.

Mr. D'Ambrosio: Upon reviewing the Auditor's web site it showed the developed parcels and where the tie in could be.

Mr. Knuchel: He believes all the multiple lots are on the Ward 3 side – they are owned by the people who own the houses – so, they will probably not develop that property – the lot sizes are very small.

Mr. Elshaw: As he arrived a short time ago he wondered if the 40% increase was covered?

Mr. Gwydir: The prices on the bid itself came in about 35% higher than the project cost estimate with the largest figure being in the installation of the laterals. In reviewing the Change Orders it looks like the project as actually finished just slightly in terms if the sanitary sewer below the cost bid by a couple of thousand dollars. It seems like it was a function that was going on in the units bid.

Mr. Elshaw: What was the dollar amount difference from the original projection?

Mr. Condon: The projection in December was about \$54,000 in construction costs for the sewer portion and \$9,000 in Administrative costs – about \$63,000 in assessable costs – that is what the residents received in a notice that when out shortly after the resolution passed on January, 2005 – the final costs as documented by Mr. Guard went from \$54,000 – the Administrative costs increased from \$9,000 to \$13,000 with a total of \$91,385 – he used 5.25% in interest and your Ordinance is 5.6%.

Mr. Elshaw: His biggest problem is with the projection being so far off – you can only increase 15% and we are 40% off. That is almost half the project. He understands the 15% is all we can do but he wishes our projections had been a little bit better – he can understand how material costs can go up – but, if this does come up again we have to do a better job on projections. We can't recover anything but 15% and we have to eat the rest. He is not blaming anyone – we just need to do a better job on the projections.

Mr. Knuchel: Mr. Klammer mentioned that we did this very quickly – the reason we did it very quickly was because they had raw sewage running down the road into the lake.

Mayor Andrzejewski: We did end up with a good system and avoided any fines that could have been levied because of the lake. We now have procedures and will know what to do the next time.

Mr. Condon: We did not borrow any money so we aren't short on interest payments.

Mr. Knuchel: So, what is our next step?

Mr. Condon: To pass the legislation that the Clerk has prepared – the law requires you to officially levy the assessments, then we give the property owners 30 days to pay and then they go to the County Auditor for the residents County taxes in 2009. The deadline is the second money in September.

Mr. Gwydir was excused from the meeting at this time.

Mr. Knuchel: It is his recommendation that, as long as we have time, we hold this matter in Committee pending Mr. Gwydir's search of some of Mr. Guard's other files in hopes of finding the petition. Let's exhaust all possibilities. Thank you to all whom have put so much time into this – it is a complicated situation.

Upon review, the Committee agreed to hold this matter in Committee pending further investigation.

There were no further questions or comments.

2007 END OF YEAR BUDGET REVIEW
EXPENDITURES

Mr. Knuchel: One of the questions as of the last Finance Committee budget review dealt with salaries in certain Departments, one being Finance, Service Admin. Mr. Elshaw, as they were your questions what were they specifically?

Mr. Elshaw: On the expenditure side the only questions he had concerning salaries were – Finance Department #140.5100 – the original budget was during the re-appropriation was at \$279,000 – it is now at \$289,000 to \$290,000. It is an \$11,000 increase in salaries – why was there a difference.

Mr. Condron: He thinks that had to do with final cash-ins. We put the extra money for the retirement in #5101 – we transferred money out of our own salary account to cover the unexpected terminal pay.

Mr. Elshaw: Police/Administration - #312.5100 – this was not a huge increase but why was there a variance? This was re-appropriated at \$226,000 and came in at \$229,000.

Mr. Condron: It looks like it was less than last year – we had a layoff.

Mr. Elshaw: Then, he would expect to see a decrease – he has seen that in some Departments where there are layoffs or someone leaving but he could not understand the increase.

Mr. Condron: He will look at this.

Mr. Elshaw: The other one is Recreation/Parks - #510.5100 – this was re-appropriated at \$143,000 and came in at \$152,000 – a \$9,000 difference.

Mr. Condron: We charged some of the Sanitary Department inspector's time to Parks and Recreation because they did not work 100% in the Sewer Department.

Mayor Andrzejewski: It is what it is – every pay period shows the same.

Mr. Elshaw: We will have to make sure 2008 is more accurate on the projection side.

Service/Administration - #810.5100 – there was a \$9,000 increase – re-appropriated in the budget at \$137,000 and came in at \$146,000.

Mr. Condron: He does not think we charged for all the people we had planned for. Mr. Slocum's projections put the Service Director 50% out of the General Fund and 25% AND 25% - we held off transferring all of that in Fund #501 because we needed to have the fund build up for the pump stations.

Mr. Elshaw: So, it was based on the work percentage? That would be appropriate.

Mr. Condron: Yes.

Mr. Elshaw: So, the salaries were charged based upon the work associated with the Service/Administration versus Recreation or Sewers – then that is appropriate.

Mr. Knuchel: On the mileage expense – and this goes all the way across the board – and it is not necessarily the mileage but the insurance liability. Should we be using pool cars - just for insurance purposes.

Mr. Condron: We are using the pool cars.

Mr. Morley: There is no mileage on the 2008 budget.

Mr. D'Ambrosio: #101.110 "Incidental E?"

Mr. Condron: Incidental Expenses.

Mr. Knuchel: #310.5424 "Fuel/Oil/Lube" – on 09/07/07 - \$11,000 – it says "Gas All Departments" – how are these costs split between Departments?

Mr. Condron: The Service Department keeps records.

Mr. Knuchel: #510.5351 and #510.5352 – both say "Repair/Maintenance" – what is the difference between these two accounts?

Mr. Condron: He will have to check on this. He thinks #5352 has to do with smaller items - #5351 has to do with structures.

Mr. Knuchel: He did not see two items in the budget – the PAL contract and the reimbursement for Tanner – did we get the GREAT Grant?

Mr. Condron: No – they advised they are expecting it.

Mr. Knuchel: When will we expect the other \$20,000 for the PAL grant.

Mayor Andrzejewski: Chief Ruth stated the GREAT Grant was in the process.

Mr. Knuchel: When we decided to keep the two officers last year it was contingent on us getting the GREAT grant.

Mayor Andrzejewski: He does not think we will not get the grants – he thinks they were delayed.

Mr. Knuchel: Please check into this.

Mr. Condrón: He does not think we got the DARE grant either.

Mr. Knuchel: Do we get the grants on a yearly basis?

Mr. Condrón: Yes.

Mr. Knuchel: So, we are still waiting for 2007?

Mr. Condrón: DARE goes by the State fiscal year – hopefully, we will get it in 2007-2008.

Mr. Knuchel: If this could be checked he would appreciate it.

Mr. Condrón: He will also check on PAL.

Mr. Knuchel: #101.320.5117 “Holiday Pay” – we have an unencumbered balance of \$6,011.02 – why? Was this at the end of the year?

Mr. Condrón: Because they have the choice of taking it or getting paid for it. We budget on the high side. This was at the end of the year as of the final pay in December. They can take their holidays, with the Chief’s permission, as time off.

Mr. Knuchel: So, we have chosen to make that appropriation higher?

Mr. Condrón: Yes, because in 2006 we had to re-appropriate because we did not have enough.

Mr. Knuchel: #820.5441 “Small Tools” –we have a charge for an 18-volt cordless hammer drill - \$690.91?

Mayor Andrzejewski: It does not say how many – they will have to check.

Mr. Knuchel: #202.871.5394 “Signal Services” – we are still in the \$22,000 range for Signal Services – do we see this coming down anytime in the near future?

Mr. Morley: He thought the purchase of the bucket truck was going to reduce this?

Mayor Andrzejewski: We change the bulbs – Signal Service is when a signal is not working. This is for work on the controllers. Our best relief will come in 2010 when we get the new LED lights.

There were no further questions on Expenditures.

REVENUE

Mr. Elshaw: Personal Property – he understands how the Personal Property taxes are about phased out and the CAT Tax is supposed to take its place. #4032 “Tangible CAT Tax Reimbursement” – last year we received \$45,000 – this year we did not get anything.

Mr. Condon: He thinks the \$45,000 was put in the wrong place.

Mr. Elshaw: What is the \$45,000?

Mr. Condon: We made a new line item this year – “Property Tax Reimbursement.” That is where the State reimburses us. As what we collect goes down they make us whole.

Mr. Elshaw: So, if we add #4010 through #4032 we should be even – that is pretty close – we are over budget by about \$2,600. However, comparing that with last year we are down by \$49,000. #4010 increases by \$100,000 over last years budget – deregulation obviously drops by \$92,000 so it is almost a wash. “Property Tax Reimbursement” raised by \$80,000, “Tangible Property Tax” goes down by \$96,000 – almost a wash. “Tangible Exempt” goes up by \$3,000 but then #4032 goes down by \$4,500.

Mr. Condon: We got overpaid last year – the County Auditor did an adjustment that we booked in December for minus \$28,000 – they overpaid all the political subdivisions in the County.

Mr. Elshaw: What line item is that?

Mr. Condon: #4030 “Tangible Property Tax..”

Mr. Elshaw: So, in our estimates for next year and in the Recovery Plan are they too high? We budgeted \$97,000 and only got \$62,000 – we will have to adjust our estimates.

Mr. Condon: We did not know there was an overpayment they were going to take.

Mr. Elshaw: Then we need to adjust our estimates.

Mr. Condon: We will have to take a look at what we do in 2008.

Mr. Knuchel: He has a few comments he would like to make - in the beginning – when we started the Expenditures - the third quarter income tax collections – for five months of last year we came in with less money than in 2006 – in year to date totals we came in at a \$140,000 difference between what we took in through income tax collections last year as opposed to 2006.

Mr. Condron: Correct.

Mr. Knuchel: This mostly took place with three in the third quarter and one in the fourth quarter – what is that telling us?

Mr. Condron: It combines what we collect locally and what the State of Ohio gives us – the State of Ohio gives \$414,000 in 2006 – and only about \$238,000 in 2007. The money we collect locally ourselves actually increased from the year before. In line item #4110 “Income Tax City” we collected \$7,187,000 as compared to \$7,146,000 the year before – so, we were up over our collections. We never anticipated every collecting that much money to begin with – we dropped the estimate to \$6,960,000. Some of the months in the second half of the year were a little bit lower and also the first quarter was lower.

Mr. Elshaw: He noticed in #4100 “Utility Net Profit” went down \$440,000 from last year to \$238,000.

Mr. Condron: We have no control over that – that is when the State audits the utilities and they reconcile the taxes – we just collect four times a year.

Mr. Elshaw: So, we will have to also consider this in our budget forecast – that is a big hit. The second half of this is what was mentioned earlier under #4110 “Income Taxes” – he understands we budgeted \$6.9 million and it came in at \$7,187,000 – so, we did come in about \$200,000 over budget. How much was due to our collections over delinquencies.

Mayor Andrzejewski: \$195,000.

Mr. Elshaw: So, it is pretty much a wash. Comparing the bar chart with the 2006/2007 income tax collections he sees what Mr. Knuchel is pointing out. If you look at July, August, September, November it is lower than the previous year. A little bit higher in December – the 2006 total is \$7.5 million versus \$7.4 for 2007 – so is the remainder due to the delinquent collections.

Mayor Andrzejewski: In 2006 we were collecting \$5,000 per month from a company and then increased it to \$15,000 from that company – that does not go on forever and is reflected in 2006. He and Mr. Condron have discussed this – you should look at the last four or five months as a total rather than individually. The time to be concerned is when you see a pattern over a half year – nothing has hit yet – there is only talk of recession and down turns – we will watch for patterns as well as the income tax – that tells us if Eastlake businesses are doing okay – we know we are going to have to adjust for Parker Hannifin – TOPS is done – but with the announcement of Bryant and Stratton and a couple of other things that we will make up some of that. We will watch the income tax – that will be our barometer. All we care about is what is going on in Eastlake – where is the 2% income tax coming from.

Mr. Knuchel: That is our concern also.

Mayor Andrzejewski: There is no need to worry yet.

Mr. Elshaw: He agrees it should be watched but he is trying to point out that there could be a trend and that is what he is worried about. We are also talking about an adjustment on the Federal level.

Mayor Andrzejewski: On what?

Mr. Elshaw: The economy. You don't want to use the recession word but it is a strong possibility and he is glad to hear you are monitoring it – it is something we need to stay on top of.

Mayor Andrzejewski: What happens on the national level does not hit the local level until sometime after that so we will have time to adjust.

Mr. Elshaw: He does not disagree – and, it may linger a little longer on the local level than the federal. All he is doing is making an observation. We just need to be cautious.

Mr. Morley: If the State is going to start making cutbacks it will trickle down. We are last but it will still hit us eventually.

Mayor Andrzejewski: It was reported that the Local Government Fund – which is the one that affects us – is not affected. So, we don't have to worry about that. As far as anything from the State affecting our local budget – that is the item – so, knowing we are okay with the Local Government Fund we will be okay with what money we get from the State.

Mr. Elshaw: That item plus #4100 that we just talked about – “Utility Net Profit” – that is another line item where as Mr. Condrón said there is no control over. It has been reduced.

Mayor Andrzejewski: Those are good points to watch –he just does not want us to say there is a trend yet because there is not trend. And, he hopes we don't get a trend.

Mr. Elshaw: #4314 “PAL Contract” – budget was \$40,000 – we have received year-to-date \$20,000 – when do we expect to get the last installment? And, the GREAT grant?

Mayor Andrzejewski: We talked about that earlier.

Mr. Elshaw: #4315 “Police Contracts” – he believes that is the Lakeline Contract – it is a little bit shy – we budgeted \$27,901 and we received \$26,000.

Mr. Condrón: There may be a deposit in transit.

Mayor Andrzejewski: We have come to a tentative agreement with Timberlake. Mr. Klammer is working on the details and is drawing up a contract. That will give us the money we owe us and will give us a check \$47,000 initially – that will go in the 2008 money.

Mr. Elshaw: #4576 “Licenses/Building Department” – that looks strange – last year we collected \$18,000 and we received \$300 this year – was that combined with another line item?

Mayor Andrzejewski: A contractor pays \$100 for a license to do business in the City – under registration we took in \$45,900.

Mr. Elshaw: Last year \$18,000 came in under #4576 and \$46,000 came in under #4578 that would be \$63,000 versus on \$36,000 or \$37,000 now. It looks like we are missing something.

Mayor Andrzejewski: We will check it.

Mr. Knuchel: #4427 “Cubby’s Club House Rentals” – uncollected balance of \$1,310.50 – are they behind on rent?

Mr. Condrón: He will check on this.

Mr. Elshaw: #4480 “Garbage Collection” right now we are up \$22,000 – the question is when will the latest analysis of the garbage fee be prepared?

Mayor Andrzejewski: With this extra money we are going to go from May through December with the yard waste collection - we were okay from 2008 through part of 2009 – we are not looking at raising it.

Mr. Elshaw: Can we get a copy of the analysis?

Mr. Condrón: Yes.

Mr. Knuchel: “Investment Earnings” – next year we may have to make some adjustments on the interest earned in the Callable Bond fund because that is tied to the Fed rate?

Mr. Condrón: Yes – it will probably be 3%.

Mayor Andrzejewski: To anticipate your question – why is your investment income projections dropped by half – that would be why. The good interest days or over for a while.

Mr. Knuchel: “Federal Grants” funds -#208.000.4339 “Federal Grants for Fire” – we had \$2,500 listed and you show nothing? Did we get that grant and what was it for?

Mr. Condrón: He thinks they got a little bit – he will have to check.

Mr. Knuchel: Another grant question - #410.4317 “SEBA Grant” – we have \$58,423 estimated revenue and it appears that we have no actual revenue.

Mr. Condrón: Self-Containing Breathing Apparatus.

Mr. Knuchel: Didn’t we have a grant last year and purchase new units?

Mr. Condron: Perhaps that was the year before – he will check on this.

There were no further questions on Revenue.

Mayor Andrzejewski: As he and Mr. Condron reviewed 2007's performance we are pleased. A couple of things stand out – we have a little bit of a carry-over obviously to fall back on now – it also indicated to us that the cuts we did the previous year going into 2007 may have been a little too deep – we didn't know – we did the right thing. So, as 2008 comes around some of the things you are going to start to see are us asking for things to be gradually brought back because he does think when we did the cuts that we cut deeper than maybe we should have. Overall, 2007 went very well.

Mr. Elshaw: He is not going to respond right now – he will wait until the 2008 budget review.

Mr. Knuchel: Our next Finance Committee meeting will be in two weeks – that is when we will get into the 2008 budget.

Mr. Lajeunesse: Are we going to have the Director's there?

Mr. Knuchel: Yes.

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 7:52 p.m.

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