

FINANCE COMMITTEE MEETING
NOVEMBER 24, 2008

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 6:30 p.m. In attendance from the Committee were Mr. Knuchel and Mr. Lajeunesse. Committee member Mr. D'Ambrosio was absent & excused. Also in attendance from Council were Mr. Morley, Ms. Vaughn and Council President Mr. Elshaw.

In attendance from the Administration were Mayor Andrzejewski and Finance Director Condon.

Also in attendance were members of the public in the audience.

ODOT: PAST DUE AMOUNTS

Mr. Condon: A memorandum was sent to Council on October 31, 2008 regarding past due invoices owed to the Ohio Department of Transportation. Two involve Willowick Drive and the Lakeland Blvd. projects authorized by the City in 1996 and for which the City was to pay 20% with ODOT paying for the rest. We paid our 20%. The City was notified in the late 1990's about additional change orders that were approved on both jobs. There are invoices in 2001, 2002 and 2004. There was a request for additional information which was provided by the State. We researched this thoroughly to see if we had rendered payment for these invoices. Unfortunately we did not. We looked for any documentation or resolution as to why they were not paid and could not find any. Basically, we sent a check for \$7,999.39 for Willowick Drive. The biggest one is Lakeland Blvd. at \$100,910.51 which remains unpaid. The Mayor and I had a conference call with the head of ODOT District 12 and asked him how they did business like this. He stated they changed their procedures since these projects and handle change orders differently than they used to – they notify the cities. We did contest this initially and sent a letter in February, 2008 saying that we are not responsible for this because the guide lines were not followed in the agreement whereby the City would be notified. That did not sway them. We tried to get them to accept less – that did not sway them either. So, basically, we are on the hook for the \$100,910.51 for Lakeland Blvd. The other issue is \$220,610 for access modifications – the way this works is – if you want access or do a curb cut on a State route it is usually done by a private developer – they present the proposed developer with the cost prior to the development commencing and it is either accepted or rejected. In our case they moved this up due to the ball park – there is a 2002 approval to Mayor DiLiberto from the head of ODOT in 2002 granting some kind of conditional permit with the understanding there was to be an assessment later and the City would have to pay whatever the appraisal said. There is one thing we noticed in that 2002 letter – it was the fact that this can only be used for a parking lot and if they ever found out it was used for something different they have the potential to take away our access. We pointed out to them that did not seem fair – if we are paying \$220,000 we should be able to use the property for other purposes other than the baseball stadium and parking. We did receive a response today – in their letter they are indicating that in both cases ODOT would not require any future payments for the property should we desire to change the use. We basically contested these funds – I mentioned the change order on the real estate appraisals – we pointed out to them the current baseball lease which commits us to parking spaces – it also has a section about limitations of structures that would interfere with the Captain's exclusive view rights – they rejected that but they did admit if we wanted to use it for something else we would not have to spend any more money.

Mayor Andrzejewski: This is huge. We will keep the letter on file which indicates if we should ever choose to develop the parking lot we do not have to pay ODOT anymore money. Mr. Condrón did a great job researching this and sending the letters. They were holding us hostage on two projects – they were threatening to withhold the money for the signal light program for next year and the hillside reconfiguration on Lakeshore Blvd. and Hillcrest where the slope is falling down – both of those are huge grants to us. We have learned that they are very heavy handed at times. Unfortunately we owe them money – there is no getting around it.

Mr. Morley: Have you discussed this with Law Director Klammer?

Mayor Andrzejewski: He knows and he agrees that we owe them money.

Mr. Morley: But, he did not have any suggestions on any way to get it reduced?

Mayor Andrzejewski: We tried to get it reduced. The other good thing is we managed to get them to say we can pay it over ten years with no interest.

Mr. Lajeunesse, I do not mean to put you on the spot – but, you were the only person around at this time – is there any reason we did not include the curb cut in the overall cost of the ballpark – when it was put on the bonds and notes in 2002? We cannot figure out any reason why they would not have included that in the short term notes or long term bonds.

Mr. Lajeunesse: That was before I came on Council.

Mr. Knuchel: The Mayor stated that it was better almost that this was not included in the bonds because we are getting a no interest loan.

Mayor Andrzejewski: It should have been included but we would have been paying interest all this time – at least this way we will not have to pay interest.

Mr. Elshaw: There are three amounts? What is the amount of \$38,000?

Mr. Condrón: That \$38,000 got reduced to \$7,999. The reduction came from – when we paid our share for the State Route 91 resurfacing we paid them \$227,000 in February, 2007 for our 20% local participation fee – that project came in less – so they applied the credit we had and reduced that to \$7,999.39.

Mr. Elshaw: So, \$38,000 was reduced to \$7,999 – and that was the 1996 Willowick Drive project.

Mr. Condrón: Right – change orders – the City passed an ordinance and paid the 20%. We received letters in 1999 saying there were additional costs – the City officials at that time asked for a detailed breakdown from ODOT – they were remitted back to the City – they sent past dues again in 2004 for which we find no response and then they contacted me.

Mr. Elshaw: The next one is the \$100,910 – this is the 1996 Lakeland Blvd. change orders – what is the \$220,000?

Mayor Andrzejewski: That is for the curb cut.

Mr. Condrón: That is the S.R. 91 access modification – they have the increased value on both of these – I pointed it out to them it did not equal \$220,610 – there were also administrative costs too.

Mr. Elshaw: So, as far as the \$220,000 – there is no hope for reductions?

Mayor Andrzejewski: No, we tried. They said they based the cost on fair market values and the curb cut increased the value of the property. But, if we do want to develop that property in the future we can at no additional cost.

Mr. Elshaw: How did we get the reduction from the \$38,000 to the \$7,999?

Mr. Condrón: That was the credit I mentioned.

Mr. Morley: So, over the next two months we have to pay out – per the schedule - \$32,951 December 1st and another \$32,951 January 1, 2009?

Mr. Condrón: I sent a letter stating this was still being reviewed. I think they are just looking for our acknowledgment that we are going to pay this.

When we get into our budgets we are going to see we have a large commitment to our road fund for next year for the South Lakeshore project - \$900,000 and I know Mr. Semik wants to do more asphalt work – we thought if we could stretch it out and not be charged any interest that would keep all our local infrastructure projects going with no adverse affects.

Mr. Knuchel: Will we be scaling back future road projects?

Mr. Condrón: No – I think we can absorb it. As to the \$1.3 million – we made allowances such as charging the Service workers to the General Fund – that should give us some wiggle room.

Mr. Elshaw: These things seem to come out of the woodwork – is there anything else out there?

Mr. Condrón: I asked that before – I am not aware of any as we speak – I am sure if there were more out there they would have contacted us.

Mr. Knuchel: For the Clerk's benefit – I do not know if we have to do two separate pieces of legislation for this or if it can be grouped together as one – she should talk to Mr. Condrón and the Law Director to see how we should proceed.

Mayor Andrzejewski: Why should we need two?

Mr. Knuchel: Because there are two separate payments. I would rather have her review it and see if we need to pieces of legislation or if one will due.

There were no further questions. The Committee agreed to move this matter forward.

REVIEW OF 5-YEAR PLAN

Mr. Knuchel: This review of the 5-Year Plan will be for discussion purpose only. Mr. Condrón, do you have any overall comments?

Mr. Condrón: No.

Mayor Andrzejewski: The road projects are included.

Mr. Condrón: When you look at 2009 we put in a lot of infrastructure – when you get into some of the costs for 2009 a lot of them are one-time costs – a one-time transfer for the Quentin Road commitment we made – we also bumped up the salary line item in #101.510.5100 to absorb more salary to free up the road funds for the \$900,000 for South Lakeshore Blvd. There are a lot of one-timers in there – the expenses go down in 2010.

Mr. Knuchel: We will start with the Revenues “General Fund”.

#4011 “Electric Deregulation” – that \$399,680 – Mr. Condrón, are you comfortable with that – I thought we had a schedule where that was decreasing over time?

Mr. Condrón: Yes, it begins in 2013 and goes to 2016. It was 100% and in 2007 it changed to 80% - that is when we went from \$499,000 to \$399,000 in the General Fund – it stays that way through 2012 when it goes way down – then by the end of 2016 it is phased out.

Mr. Lajeunesse: Mr. Condrón, #4102 “Delinquencies-Back Tax Collection” – it goes from \$175 in 2008 to \$75,000 for 2009.

Mr. Condrón: We are going to take a look at that – we may want to up it a little – we wanted to be conservative. But, we noticed that projections – they are at about \$166,000 as we sit now – so, when you get the budget this week to meet the November 30, 2008 Charter requirement you may see it up a little bit.

Mayor Andrzejewski: There are always going to be individuals and businesses that will not pay their taxes on time – so we will still have to keep collecting delinquencies.

Mr. Knuchel: #4101 “Income Tax SKRL Collections” – where are we with this – I noticed they did not remit what they should have this year – we are at \$60,000.

Mayor Andrzejewski: We are still having trouble with them.

Mr. Knuchel: Next year we are going up to \$112,000.

Mayor Andrzejewski: It is a never ending struggle – we get a lot of excuses. So, a letter was sent stating they will resume the \$15,000 per month payments in January and make up the \$60,000 they are in arrears on the agreement by the end of the first quarter. Any payment we get from them on their back taxes is a plus. We will be seeking some legal action because they are behind on their current taxes and we will not let that get any further than it is now. Mr. Klammer is aware of this and will be filing the necessary legal papers.

Ms. Vaughn: #4110 “Income Tax – City” – there is a projected increase in revenue in 2009 – is Eastlake economy better than the rest of the country?

Mr. Condron: We have a full year of Bryant & Stratton. Also, the super market.

Ms. Vaughn: We are not going to get much from them – they are all low wages. I am afraid with what has been going on of late that you may be overly optimistic.

Mayor Andrzejewski: It is \$71,000 – actually the school has brought in much more than that – we are looking at about \$200,000 per year from the school?

Mr. Condron: Right.

Ms. Vaughn: I am just worried about the rest of the City – I know there has been a lot of reduction in staff at some of the smaller manufacturing businesses.

Mayor Andrzejewski: We understand your concern – we have not seen that yet and we hope we won’t see that. I think one plus for Eastlake is we are diversified – we don’t rely on one or two big manufactures. I am not saying that things may not turn around but this is our best estimate based on what we see.

Mr. Elshaw: I agree with Ms. Vaughn. It is difficult with the economy as it is to look at an increase in that line item. I understand what you are saying about the increase due to Bryant & Stratton. But, it is difficult to see an increase over the next couple of years when we already know where we are in the economy.

Mayor Andrzejewski: Where are we at – our numbers for this year are good.

Mr. Elshaw: I understand Mayor but we will probably feel the effects of the economy shortly after things hit at the federal level – it will start going down.

Mayor Andrzejewski: We have done pretty well over the last four years with our projections. This is a five-year forecast. If we see some down turn next year certainly this can be revised. But, as of the time when we wrote this – this is our good estimate of what we expect to happen. And, I think our track record shows we have been pretty good about our estimates.

Mr. Elshaw: As long as we have some cushion built in because I think we are going to need it – just in case.

Mr. Knuchel: We do have quite a few big expenses coming in – as you mentioned Mayor – that raises concerns.

Mayor Andrzejewski: It is covered. We did not make those commitments on those projects unless we knew the money was coming in to cover those.

Ms. Vaughn: I was not questioning your projections – I just questioned things that were out of your control. And, I am glad you are optimistic and I know you have done a good job on

projections in the past but we have never lived through the times we are living through now – not in my lifetime – nothing of this nature.

Mayor Andrzejewski: If in 2009 we see things turning for the bad and we get dark numbers on our income tax we certainly would revise this and take action.

Mr. Lajeunesse: I agree with Ms. Vaughn and Mr. Elshaw. I think we should be a lot more conservative than what we have here – I don't think we have seen the worst yet and we will begin feeling it – especially the first part of next year. I know on the grocery chain level that we are feeling it right now. It is bad.

Mr. Morley: #4260 "Franchise Tax (Time Warner-AT&T)" – for revenue year to date 2007 was \$194,966 in 2008 \$290,140 and it then we go down to \$190,000. What is that \$100,000?

Mr. Condon: We are the beneficiary of a change in methodology – they used to pay a year in arrears but now they pay quarterly in the current year. They only pay for 2008 once. Next year we will receive in quarters – that is why we put it back down.

Mr. Elshaw: Back to #4101 "Income Tax SKRL Collections" – what did you want to do with that – do you want to leave the \$112,000 in – this year we are only at \$60,000?

Mayor Andrzejewski: Fifteen Thousand times 12 is \$180,000 – we figured they would not make some payments. Now, from what we know, if we can get anything more out of them from what they owe for 2008 it will go into 2009. You have to look at it as being conservative – if we get anything more than that it is a bonus.

Mr. Elshaw: It does not look conservative when we only have \$60,000 this year. I understand it is tough with SKRL. When they start getting behind on their current taxes that is a big problem. They are not keeping up at all – they are not paying us from what they owed in the past and currently.

Mayor Andrzejewski: We know that. They have gotten more pressure from us than anybody to the point where we are now going to take legal, criminal action on them for what they have done this year. What do you do – do you put them out of business?

Mr. Elshaw: When they are behind on their current and are not paying the past? If you get a new business it would hopefully get better.

Mayor Andrzejewski: Now you are getting into a criminal action where you are withholding pay from your employees and not paying – we found that out the last couple of days Mr. Klammer immediately is taking the criminal action needed. We have pressured and coerced and look at the money we have received over the last two years.

Mr. Elshaw: I can understand a business struggling right now – but when they get behind on the employees and withholding and that type of thing – that is ridiculous.

Mayor Andrzejewski: It stops.

Mr. Knuchel: So the question is – are we going to leave that number or adjust it?

Mayor Andrzejewski: We think that is a fair number.

Mr. Lajeunesse: I agree with our Council President – you are going to go from \$60,000 to \$112,000 when they are barely keeping up with what they have now - \$75,000 would be conservative – why are we planning on something we know will be a guess anyway?

Mayor Andrzejewski: Because that is what we feel we will get.

Mr. Lajeunesse: That is where are going to agree to disagree.

Mayor Andrzejewski: But we have been correct in the past.

Mr. Lajeunesse: We have never gone through what we are right now as far as our economy.

Mayor Andrzejewski: It has nothing to do with SKRL –they payments you are looking at there is what they owe us from the past. Not what is in the future.

Mr. Lajeunesse: I understand that – to me it is better to say \$75,000 and end up with \$30,000 extra – it looks a lot better than saying \$112,000 and ending up with \$75,000.

Mayor Andrzejewski: What we projected for 2008 we have been very accurate on – as a whole. If you start knit-picking \$30,000 here - \$30,000 there you will end up with nothing in this City. We feel that is a good number – our projections have been good in the past. As a matter of fact we are exceeding our overall projections for this year – if by chance it does not hit \$112,000 there will be other areas where we will make that up. If we put \$500,000 there than I think we would have a problem. The agreement is \$15,000 per month – that is \$180,000 per year and we are saying we will collect 60%-75%. I think that is a conservative number. We have a legal document that says they will pay \$15,000 per month.

Mr. Knuchel: Did we not have that for this year and we are only at \$60,000?

Mayor Andrzejewski: The agreement was signed in April – they paid four months and then stopped.

Mr. Lajeunesse: I would not call it knit-picking Mayor – that is my opinion – you have your opinion and I have mine – my opinion is I am seeing things a little bit different this time than last year at this time.

Mayor Andrzejewski: I am standing by our four years – and I hope we are not jinxing ourselves – which we have been very accurate and come out ahead on what we projected – we are lower than our projected expenses. If we say we will collect \$112,000 and by chance that happens to hit \$80,000 I feel confident we will make it up in other areas. But, if you start cutting and cutting pretty soon everything we want to do there will not be any money for.

Mr. Knuchel: If the money is not there it is not there.

Mayor Andrzejewski: We had the same discussion last year. We said our projections for expenses will not be as high as what is on this paper. And, we would stick by that – in fact that is exactly what has happened. But, in the meantime we did not say what we will do because on paper it says we will be either even or a little bit lower. I don't want to get into that situation again this year where we cut and they we won't have anything and at the end of 2009 we would have been right – expenses were not as high as what was on paper.

Mr. Lajeunesse: Wasn't there an article in the paper that state North Perry had a \$10,000,000 surplus and they are making cuts?

Mr. Knuchel: It did.

Mayor Andrzejewski: For years North Perry has lived off the power plant. We just talked about deregulation. That is apples to oranges.

Mr. Lajeunesse: There are major projects on the drawing board in other areas and communities that have been put on hold because of the economy – we are talking about \$20,000 - \$30,000 – to me we need more of a surplus than \$2,000,000 or \$3,000,000. So anywhere we can be as conservative as possible I think is in our benefit and to the community and residents benefit.

Mayor Andrzejewski: We are very conservative in our revenue and we are very overly conservative in our expenses.

Mr. Knuchel: "Intergovernmental Receipts."

Mr. Lajeunesse: "4503 "Liquor/Beer Permits" – as of 8/31/2008 there is \$7,500 and \$30,000 is projected.

Mr. Condron: It comes in the latter part of the year.

Mr. Knuchel: "License, Permits & Fees."

Ms. Vaughn: #4521 "Freedom Festival Fees" – We are only getting \$1,500 – the promoter is getting all that money and we are only getting \$500 per day – could we possibly revisit this and renegotiate – the promoter is making a killing.

Mayor Andrzejewski: I will be glad to ask him for more but I have seen more than you and I do not think he is making a killing.

Ms. Vaughn: I know what the revenue was when we had the Riverfest – not by the City but the Chamber of Commerce.

Mayor Andrzejewski: When you have entertainment.

Ms. Vaughn: We had entertainment, fishing contests and our profit was \$18,000 – I was Treasurer of the Chamber.

Mayor Andrzejewski: Who did all the work?

Ms. Vaughn: The carnival people took care of the work – all the Chamber did was to supervise and have volunteers for the gambling and the beer.

Mayor Andrzejewski: It is a good question – the way I look at it – it is something we are doing for the people of Eastlake to have something to do. I have seen the time and effort the promoter has put in there – he has the contacts for the food, entertainment and carnival rides – I don't. Some of this is the time and effort he puts in to organize this and get it together which we cannot do.

Ms. Vaughn: I give him a lot of credit – but if the City is sponsoring it we deserve more than \$500 per day – we put a lot of work into it and clean up after it too – we have expenses – maybe hidden expenses because they are part of everyday work but I would suggest getting more money from him.

Mayor Andrzejewski: I will ask him.

Mr. Lajeunesse: #4410 “Pool Passes” and #4420 “Pool Fees” – we are planning too far ahead. This is just a wild guess.

Mayor Andrzejewski: The \$21,000 in pool passes is based on what we had in the past.

Mr. Lajeunesse: How much would you like to charge for fees and passes?

Mayor Andrzejewski: We have not looked at that yet. We took the numbers from the past income from pool passes and used that – what is better than past history?

Ms. Vaughn: There were two pools – now there's one.

Mr. Condon: I used the 2005 figures – Surfside was not open in 2005.

Mr. Lajeunesse: This is where we are going to disagree – I see these two numbers as not having any background besides past history of four years ago. We are talking about something that is nowhere ready.

Mayor Andrzejewski: Where does that come into pool passes – talk about pool passes do not talk about the pool not being ready. We are putting in \$21,000 out of a \$14 million budget and you are talking about an infinitesimal number – what do you want to do Mr. Lajeunesse - do you want to lower it by \$2,000 – will that make you happy?

Mr. Lajeunesse: Mayor, I do not talk to you that way – so, I don't want to be talked to that way.

Mayor Andrzejewski: But, we are telling you we are using past history and what you are telling us is past history means nothing because you think it will be lower.

Mr. Lajeunesse: I am just giving you my opinion – like everyone else here. If you want to disagree that is okay but don't talk to me that way.

Mayor Andrzejewski: But you brought up the statement – the pools are not even ready.

Mr. Lajeunesse: It is being disrespectful.

Mr. Elshaw: I know we do not have to approve these projections and these are just our preliminaries until we get the final for the year – but, we were not going to include some of these items that you wanted to add at this point – just to see where we end up without these items.

Mayor Andrzejewski: You lost me.

Mr. Elshaw: There are items in here that were included on the expenses.

Mr. Condon: I put in the pool because we got the grant – in review of the 2008 budget you guys said to find a grant for the pool and we did that – and, we also set up a separate fund that has some other money coming into it.

Mr. Elshaw: That is fine – you can leave that. All I am saying is I am not arguing about these individual items as to whether they should be in there or not – I am just saying we were trying to get a look at this before you put that in.

Mayor Andrzejewski: I don't think we put anything else in – did we?

Mr. Elshaw: We will get to those.

Mr. Morley: I am writing down the discrepancies so we can talk about them at the end – so far we are at \$60,000 - \$30,000 on the taxes and \$30,000 on the pool.

Ms. Vaughn: This is a plan – it is not written in stone – it is what we want to do in the future. This is not a budget – it is what we would like to do – a dream – a wish list.

Mayor Andrzejewski: It is a projection.

Ms. Vaughn: You are talking about spending all this money on South Lakeshore next year – that is not written in stone. I want a pool – you want a pool – if we can afford it. That is not written in stone – these are projections – things we want to do.

Mayor Andrzejewski: This is a five-year budget.

Ms. Vaughn: I do not know what percentage you used for employee salary increases but you should have it included and I think it is only proper that you do – it is the first thing I checked to make sure everyone got a raise because everyone deserves a raise.

Mayor Andrzejewski: It is in there.

Ms. Vaughn: I did not know what percentage. I thought this was a plan – not a working program – am I right, Mr. Chairman?

Mr. Knuchel: There are two things we are going to take into consideration – because our time will be short between now and the end of the year – we are looking at this in two different respects. One – yes it is a projection. Two – we want to base our 2009 interim budget on some

of these items which are in this. That is why this discussion has been allowed to go the way it has.

Mayor Andrzejewski: So, even if we are discussing these things now when it comes to doing to budget I hope we will not rehash them again.

Mr. Knuchel: We are doing an interim budget – an interim budget is just that – something to get us through until March when we have our budget hearings. Then we will have a good idea of what we did in 2008 and can budget accordingly.

Mayor Andrzejewski: I understand that – but, if we are discussing things in detail here in such minute details when it comes to the budget and those same items are in the budget are we going to rehash the whole thing over again or will this discussion be enough?

Mr. Knuchel: If there are questions that come up they will come up. But, this gives us a basis.

Mr. Elshaw: It was my understanding that we were not going to be getting into these detailed discussions on these items at this time. It was my understanding – and the question was asked at several Council meetings – were these items included – and the answer was no – twice. So, my understanding was that these items were not going to be put in for discussion at this point until we had the final numbers for 2008 – what came in from 2008. At that point I know we would be looking at the 2009 budget and we would need the forecast at that time to find out where we can squeeze these things in. I agree – it is just a forecast and I am not trying to argue the points right now. But, I agree with Mr. Morley – I am circling these items and we will see what we are left with. And, that is not for tonight but for the budget review in January and February.

Mr. Elshaw: #4425 “Service Depart Inspection” – through October we are at \$16,800 - it seems pretty close.

“Investment Earnings” - #4700 “Interest Earned” – we already talked about this – Mr. Condrón, you were going to change that line item?

Mr. Condrón: We are going to reduce that in our final budget – this was done before the last interest rate drop.

Mr. Elshaw: What are you planning on doing for 2009?

Mr. Condrón: It went from 2% to 1% - so, maybe \$40,000-\$50,000 less.

Mr. Knuchel: “All Other Revenue” - #4774 “Plan Review Charges” – we have nothing year to date and next year we are projecting \$500 – we had \$503 last year. Is that correct?

Mr. Condrón: We will look at this over the last couple of month.

Mr. Knuchel: It is the same thing with #4790 “W/C Funds.”

Mr. Condrón: We got that money – the worker’s comp refund - \$7,200 – the \$6,200 was an estimate.

There were no further questions of Revenues.

5-Year Expense Comparison

Ms. Vaughn: What percentage did you use for salary increases?

Mr. Condon: Three percent.

Ms. Vaughn: Did you give any Department retroactive pay? Did the police get all their retroactive pay?

Mr. Condon: Yes – it is included in the budget. In fact I waited until after October because we did the first pay on the first of October – just the regular payroll with the new rate. It also had the shift differential in it so that gave us a better handle on the multiplications. I wanted to wait and see what it looked like – that is reflected in the #310 line item.

“Council Office” – the line item for “Conference/Mtg” may be too conservative – we will look at this when we do the final budget for 2009.

Mr. Knuchel: What do you think would be appropriate for that line item?

Mr. Condon: We budgeted \$750 – maybe we can look at \$1,500 or \$2,000 in case there are some conferences you want to go on.

#5541 “Office Equipment” – we are upgrading our copiers and you are included in that lease – I am not sure if it will come out of that line item or not.

Mr. Morley: I asked Mr. Elshaw about this – I have not talked with the Clerk – about including a line item to purchase laptops for Council and eliminate all the paper and if there is something you need to print you can print your own. I don’t know how much money we spend on paper. They would be for usage by the City and we could use them at Council meetings. The Courts have gone to this. Also, if we have something like this on-line we can set it up with an excel sheet so all the numbers will be adjusted – so we all have the same numbers and information. It is something to look into.

Mr. Lajeunesse: I agree with Mr. Morley – I mentioned this a while ago – we can eliminate a lot of paper.

Mr. Elshaw: If Council wants to move forward with getting laptops I am okay with it – I myself do not need it. I have my own laptop. As far as the paper reduction – that needs to happen anyway. Hopefully, this would help. As far as the budget – you all have the same information – all I do is input it. If you want you can include the money.

Mr. Knuchel: We can review this at budget time.

Mr. Condon, I think we talked about the difference between #142.5541 “Office Equip” and “142.5443 “Equipment.”

Mr. Condon: I think they were used interchangeably through the years – we can cut that down – if we lease a copier for the Tax Department then the amount can come down – also we discussed putting more money in for storage – for filing cabinets. The \$11,700 consisted of two items but if we lease the copier – which we are getting pretty good rates for – we will not have to spend \$11,700.

Mr. Elshaw: “City Hall” #190.5115 “Longevity” - \$2,500 and then it goes to zero?

Mr. Condon: I will be the same in the AFSME contract – that \$2,500 was for the custodian who retired.

Mr. Elshaw: “Elections Expense” #230.5571 “Elections Expense” – we pay in arrears.

Mr. Condon: \$15,000 was from 2007 – the State has 2009 – I put in \$2,000 just in case and allowed for a little inflation. There is a governor’s race in 2010 so the fall election will be picked up by the State and we assume with County officers and issues there will be primaries.

Mr. Elshaw: “Misc Government Expense” - #240.5127 “Workman’s Comp” – the current year’s budget is \$262,000 then drops to \$199,000 then goes back up to \$285,000, then \$220,000 and \$230,000.

Mr. Condon: This year was a high year – next year we are in a credit rating pool – our \$199,000 for 2009 is based on the State snapshot – we pushed some cases we feel we may lose past that snapshot date and we were able to achieve a one year savings. Next year we expect those cases to catch up with us and in 2011 and 2012 we are showing a little bit less – that is coming true pretty much so – the State went to a system where the permanent/partial disabilities are not give as much reserve and we have seen our claims drop by \$300,000- \$400,000 in one quarter with the new system. This is the best we can do – we gave you what we knew.

Mr. Elshaw: #240.5349 “Workmen’s Com/Unemp Comp.”

Mr. Condon: I have to check on this.

Mr. Elshaw: #240.5381 “Printing-News Letter” – this was one of the items we said we were not including in this round.

Mr. Knuchel: #240.5709 “Transfer to Fund Sewer Fund for Camera” – we have not discussed this year – it should probably not be included at this particular point in time.

Mr. Morley: What is #240.5611 “Principal?”

Mr. Condon: August Principal Payment – 2002 Bonds.

Mr. Condon: #240.5731 “Transfer Sewer Rehab 2009 Quentin Road” - \$570,000 – we put this in – it was discussed in September and we said the General Fund would have to contribute that amount.

Mr. Elshaw: #240.5732 “Transfer Callable Bond” – actual for 2007 - \$775,000 – when we do consider some of these other items – we dropped that from \$775,000 to \$175,000 – then we go to \$125,000 across the board – I know we are working on our long term debt but I think we should also consider that as part of the things we should concentrate on also. That is quite a drop.

Mr. Knuchel: I am in agreement with Mr. Elshaw – especially since our interest income will go down this year – you may want to kick this up a little bit – just to fill in the gap.

Mr. Condon: We will take that into consideration when we do our re-appropriations and see if we can bump the \$175,000 up.

Mayor Andrzejewski: We do not have an objection to that. The more we pay off the better. The only qualification I will put on that is – I don’t want to take away services to pay for long term debt.

Mr. Knuchel: We spoke about that in the past – I think everyone was pretty much on the same page.

Mayor Andrzejewski: If we have extra – that is different – but we do not want to reduce services to pay long term debt.

Ms. Vaughn: #310.5114 “Overtime” – the Police Department is not getting overtime?

Mayor Andrzejewski: It was decided a couple of years ago to pay it all out of #5112. Comptime and Overtime are combined.

Ms. Vaughn: Do they get straight time/comp time?

Mayor Andrzejewski: Yes – that has not changed.

Mr. Condon: In the new contract – it is the same provision – there are things that were straight-time – that is still there. #5112 is everything extra over and above their salary – it can be overtime. The \$2,126,000 for #5100 “Salaries Wages F/T” – that is our best guess for that line item, taking into account the onetime payment and raises and the potential of the shift differential. We feel pretty good with the \$2,126,000.

Ms. Vaughn: #310.5117 “Holiday Pay” – in 2007 it was almost \$85,000 – now it is down to \$10,000 – was that a contractual change?

Mr. Condon: Yes.

Mr. Elshaw: #240.5375 “Transfer Taft Senior Center Fund #211” – what was this?

Mr. Condon: We had that fund #211 and State Grants and other onetime donations – this is assuming some of those may dry up in the year 2010 – if not we won’t budget for it. We just wanted to show it in our forecast as a potential expense. In keeping this in a separate fund – we are actually the funder of last resort so as other things come up during the year somebody else can potentially pay it 0- not us. I wanted to show it just in case.

Ms. Vaughn: #311.5101 “Salaries Final/Cash-In” – that is not much - \$11,000 will not cover those who are leaving.

Mr. Condron: This is where the Police Chief’s salary comes out of.

Ms. Vaughn: So does his secretary – if she leaves and the Police Chief leaves it will take more than that.

Mr. Condron: The Chief receives his cash-in each year.

Ms. Vaughn: But if he leaves he will get vacation and sick time.

Mr. Condron: If he does that we have an Employee Termination Fund – it does not get reflected out of the General Fund.

Ms. Vaughn: Then how do you put in the figures for final cash-in if you have a separate fund?

Mr. Condron: It is also their actual vacation cash-in.

Ms. Vaughn: It says final – I was not sure.

Mr. Condron: We do both.

Mr. Elshaw: Under #311 “Police Communications” – you were also going to include something on the 911?

Mr. Condron: Yes – it will be \$80,000 for 2008.

Mr. Elshaw: “Recreation Parks” - #510.5100 “Salaries Wages F/T Includes Road Dept. Salaries beginning in 2009” – This is to account for South Lakeshore?

Mr. Condron: Yes, then it backs down – but you can see if will be higher than previous levels – we want to charge more of that Department to the General Fund so it will free up money in our Road Department to do other projects. We think fuel will go back up as well as asphalt. If we want to pave roads we have to put some money aside. And, we like it for audit purposes too – we feel more comfortable having salaries come out of the road fund for half a year. That is for the good weather. That is why it does not go down to other levels – and, assuming there will be Union contracts and pay wages – it is just more prorating to clear up money for projects.

Mr. Elshaw: So, the cost for South Lakeshore that we had to absorb in the General Fund – was that \$800,000?

Mr. Condron: We will move everything to the Road Fund.

Mr. Elshaw: Yes, but the General Fund has to absorb – how much?

Mr. Condron: About \$330,000 in salaries.

Mr. Elshaw: I thought it was \$800,000+?

Mr. Condon: We get \$1.3 million – so our contract line item next year in the road fund will be \$900,000 – that also – by moving the salaries out of there allows Mr. Semik to plan for asphalt paving with his own guys – our preference was to pave.

Mr. Elshaw: I thought when we talked about South Lakeshore earlier we said we had to absorb \$800,000 in the General Fund.

Mr. Condon: No, that was the Road Fund.

Mayor Andrzejewski: This was to more fairly allocate the costs – salaries should come out of the General Fund under salaries – it should not come out of the Road Fund.

Mr. Elshaw: So, how much are we absorbing?

Mr. Condon: About \$330,000 - \$400,000.

Mr. Elshaw: So, we are covered – for South Lakeshore and the pump stations?

Mr. Condon: Yes. The revenue in the Sewer Rehab Fund is tied up with the pump station replacements – that is why we had to transfer \$516,000 into the General Fund. But, we have a \$1.3 million Road Levy – we figured \$900,000 which will leave \$400,000 for paving.

Mr. Elshaw: We will be covered with South Lakeshore and will still have \$400,000 for paving?

Mr. Condon: Yes.

Mr. Elshaw: When you say it leaves \$400,000 for paving – is that in 2009?

Mr. Condon: We have \$1.3 million – there is \$400,000 for material – when we say paving we mean fuel and repairs on the vehicles plus a couple of hundred thousand – we are taking the labor out.

Mayor Andrzejewski: This is for materials, fuel, actual costs of paving the roads.

Mr. Elshaw: “Surfside Pool”- I think we agreed to make that \$19,000.

Mr. Condon: Yes.

Mr. Elshaw: “JFK Senior Center” #550.5929 “Refunds” \$5,453 as of 8/31/08– what is that for?

Mayor Andrzejewski: We should put something in for the leagues.

Mr. Condon: That would be in the budget.

\$5,453 should be “Total Other Expenses”

Mr. Elshaw: “Cable TV Franchise” #565.5407 “Other Contracts (Videographer)” – that was not supposed to be included in this round.

Mr. Knuchel: “Building Department” - #610.5391 “Grounds Maintenance” - expenses at 2008 are zero? We had issues with one of the contractors.

Mr. Condrón: We never paid him.

Mr. Knuchel: So, we have some liability there?

Mr. Condrón: We are not intending to pay him – I do not know what the liability would be.

Mayor Andrzejewski: I think we were right in what we did because he has never said anything more. When we would show how much he charged compared to the other vendor – in my opinion – he would look awful foolish trying to prove that in Court. We have heard nothing since – thank goodness – we are done with him.

Mr. Knuchel: “Rivers & Harbors” #860.5407 “Other Contracts” and #860.5410 “Port Authority Grant” – was the other contracts for the ice breaking?

Mr. Condrón: I thought it was a good idea so I figured it.

Mr. Knuchel: I know last year we had discussion about giving the Port Authority that much money to pay for the ice breaking. We can discuss this at budget time.

Mayor Andrzejewski: It is hard to put dollars and cents on the value of some things. Did the breaking of the ice save the river from flooding? If it did we would not have had additional expenses and the residents would not have been hurt. That is a difficult one. \$11,000 is money well spent if it prevented the river from flooding.

Mr. Knuchel: It is \$11,000 plus the \$4,000.

Mayor Andrzejewski: Whatever it is – it appears to have done the job – and sometimes you cannot put dollars and cents on saving the river from flooding and causing damage to people’s properties.

Mr. Morley: It did the job.

Mayor Andrzejewski: Mr. Lajeunesse, as liaison to the Port Authority, can you share information about their income and what they expect from the City?

Mr. Lajeunesse: They are sending out a letter soon to provide a rundown on what is going on

Mr. Elshaw: I have noted some of the extra costs we have absorbed in the current year – Surfside Pool: \$19,000, 911 system: \$80,000, Quentin Road Pump Stations: \$570,000 – this is in 2009 but we are absorbing it in the five-year forecast, South Lakeshore Blvd.: \$340,000, South Riverview: \$80,000 – what are we doing with South Riverview?

Mr. Condrón: I am going to recommend the funds be in the re-appropriations if we want to purchase the pipe ourselves – we have the Stormwater Management Fund with \$40,000 – if we want to do the work in-house.

Mayor Andrzejewski: The work is ready to be started.

Mr. Elshaw: What do you think the cost will be?

Mr. Condrón: I told Mr. Semik we have \$40,000 in the fund and we did not want to spend it all – he thinks he can spend about \$30,000 to buy the pipe. That would be a re-appropriation into the Stormwater Fund that we collected the \$6.00 fee for.

Mr. Elshaw: We don't know how much it was for Mondomin?

Mayor Andrzejewski: That will be mostly labor and ditching – I do not think there are any pipes.

Mr. Knuchel: Are we done with that?

Mayor Andrzejewski: We decided to wait and see if the work that has been done already solves the problem. They would like to re-ditch the whole area at some time.

Mr. Knuchel: We need to look at re-ditching the harbor area.

Mr. Elshaw: And we will absorb the ODOT – over 10 years.

Mr. Condrón: That will come out of the Road Fund.

Mr. Elshaw: Right now we are incorporating almost \$1 million – I just wanted to make that point.

Mayor Andrzejewski: But, of the million dollars - \$340,000 comes out of the Road Levy – which is not General Fund money.

Mr. Elshaw: No, we are absorbing \$340,000.

Mayor Andrzejewski: The big projects are one-time projects. Either way we are projecting a \$1 million surplus at the end of 2012.

Mr. Elshaw: Thank you very much for this Capital Plan. We had a lot of trucks included and it looks like every year we will get some kind of truck.

Mayor Andrzejewski: I know.

Mr. Elshaw: If there is support behind them that is fine.

Mayor Andrzejewski: A lot of the equipment in the Service Department is old. We replace police cars without blinking an eye. We have to do the same thing with the older equipment we

have in the Service garage – you can't let it go until it dies and we need six trucks in one year. So, I asked Mr. Semik to put together something listing the equipment in order to have a replacement plan – just like the Police Department. We have done well replacing equipment in the last three years.

Mr. Knuchel: When we see these things coming across our desk we need to know what they are replacing and what is the life of the vehicles – that gives us good idea of what we will be facing in the future. If we don't have that information it makes it difficult. Perhaps next year when we start getting into this we will hammer it a little bit harder.

Mr. Elshaw: I agree – as long as there is support behind these I do not have a problem. I am just looking at this and seeing all these purchases every year and it seems like the same stuff – but, if there is support that is fine.

There were no further questions on Expenses.

The meeting was adjourned at approximately 8.03 p.m.

dac

