

FINANCE COMMITTEE MEETING
MARCH 17, 2008

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 6:38 p.m. In attendance from the Committee were Mr. Knuchel, Mr. D'Ambrosio and Mr. Lajeunesse. In attendance from Council were Ms. Vaughn, Mr. Morley and Council President Mr. Elshaw. Mr. Zontini was absent and excused.

In attendance from the Administration were Mayor Andrzejewski, Finance Director Condron, Law Director Mr. Klammer, CBO Mr. Voros and Fire Chief Sabo, as well as two candidates for the Fire Department Chief position and Fireman Saperstein. Service Director Mr. Semik is absent and excused.

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

2008 Budget, con't.

Mr. Knuchel: Mr. Condron, did you have a chance to go over the numbers and make all the changes made up to this point?

Mr. Condron: Yes, and we have added a few which we did not talk about last Monday night. In the Police Department under the fuel line item #101.310.5424 – we are going to go up another \$4,000 on this for a total of \$6,700. We also added a one-time expense for the Surfside Pool #525 we allotted \$8,000 for the close out of that pool – that would be a new line item.

Mr. Knuchel: Did you just include a new line item?

Mr. Condron: We will get the account number set up but we need another \$8,000 for a new line item to close out the pool – it will be a one-time expense.

Mr. Knuchel: Any other additions?

Mr. Condron: No, those are the only two I added that we did not talk about. We made the other ones you suggested – we put some money in the Building Department for supplies and automobile repairs. Also, on the Revenue side we made some adjustments – we subtracted \$5,000 from rentals for the Community Center. Ms. Vaughn called to our attention the \$200 for rental equipment and personnel – we deleted this – and Mr. Morley caught the \$9.00 error.

So, our Revenue is \$5,209 dollars lower.

Mr. Knuchel: One of my questions was about the police vehicles.

Mr. Condron: We will be good with the police vehicles – the budget we have right now is \$133,000 and we did include the safety item which was worked on by the Chief. We went up to \$140,430.

Mr. Knuchel: You put that in the line item with the automobiles?

Mr. Condrón: Correct.

Mr. Knuchel: Do we have any further questions considering the changes that have been made?

Mr. D'Ambrosio: Mr. Condrón, are you comfortable with the oil and lubricants for the other Departments or did you increase those?

Mr. Condrón: I only increased the Police. I am comfortable with the others.

Mr. Lajeunesse: There may be alternative money for the Surfside Pool other than taking that out of the General Fund.

Mr. Knuchel: You put that in the line item with the automobiles?

Mr. Condrón: Correct.

Mr. Knuchel: Do we have any further questions considering the changes that have been made?

Mr. D'Ambrosio: Mr. Condrón, are you comfortable with the oil and lubricants for the other Departments or did you increase those?

Mr. Condrón: I only increased the Police. I am comfortable with the others.

Mr. Lajeunesse: There may be alternative money for the Surfside Pool other than taking that out of the General Fund. Our budget may not allow for that to happen. After reviewing the budget – there are roads in my Ward that need to be fixed as well as roads in other Wards. I know Building Department is down. It may not be able to happen this year. Because our General Fund is not where I thought it should be or could be – or we could have had more – I will search out some alternative funding to have the pool closed down, Mayor.

Mayor Andrzejewski: \$8,000 out of a \$14 million budget is like .000005% - not even close to ½% - at the bequest of Council, certainly Mr. Lajeunesse, I took the time and trouble to have C.T. Consultant's look at Surfside Pool and provide an idea of the cost to close it. I don't like it sitting around filled with water for another season. We will get the usual mosquito complaints, safety complaints. We took the time and effort to do this – it may not cost \$8,000 – if anyone read that report the majority of the work can be done by our Service Department – however, we do know we will have to demolish the building – we put in that amount so we could cover every aspect without having to re-appropriate later. I do not know where Mr. Lajeunesse is coming from – I think we are all in agreement that Surfside unfortunately will not be opened again, so we might as well handle it once and for all – fill it up, tear down a building and make it a park for the people to use.

Mr. Lajeunesse: Mayor, you are absolutely right – in all fairness you did as I asked. I have no problem with that and with the research by C.T. Consultants. I am going to find out Wednesday whether there is alternative funding for that to happen instead of taking it out of the General Fund. If the other funding comes through and we can make it happen through other ways then that is \$8,000 you will not have to take out of the General Fund. I appreciate you doing the research.

Mr. Knuchel: What is the alternative funding and how is that coming about? And, if we are not going to budget for it we need to have something.

Mr. Lajeunesse: I will not know until Wednesday and I don't want to say anything before I know the facts.

Mr. Morley: Did you include erecting a picnic pavilion once the pool is removed?

Mayor Andrzejewski: We put more than we needed in there – I think the demolition of the building would be about \$3,000.

Mr. Morley: I thought if we tore that down we could put up a pavilion for picnic tables.

Mayor Andrzejewski: In the new budget, obviously some of the items you put in you are not going to use but, Mr. Lajeunesse, if your funding does not come through and we pass the budget without the \$8,000 then we are going to have to re-appropriate.

Mr. Lajeunesse: I will try to know by Wednesday and share that information with you.

Mayor Andrzejewski: That would be fine – but hopefully we will vote on this at Tuesday's meeting.

Mr. Knuchel: I propose we include the \$8,000 for now – if something comes through we don't have to spend it. When we re-appropriate we can remove the money and not have to worry about it without being covered. Mr. D'Ambrosio, do you feel comfortable with that?

Mr. D'Ambrosio: Yes, and we can see what happens.

Mayor Andrzejewski: Mr. Lajeunesse, if you have some other alternative that is fine – but, we want to make sure.

Mr. Lajeunesse: I just did not want to take that out of the General Fund if we did not have to.

Mr. Elshaw: “Tangible Property Tax” and also “Income Tax” on the Revenue side. I mentioned last time that I was having difficulty in understanding our property tax. This is based upon our conversation last time – I put something together with Mr. Condon.
(Mr. Elshaw distributed documentation – see attached)

Basically, all I have done is put together what the budgets have shown in 2006 and 2007 actual and what our request is for in 2008. This tries to explain what I am seeing and maybe you can help me in my understanding. I grouped #4010 “General Property Tax” and “4011 “Electric Deregulation” together assuming those are the proper groupings – Mr. Condrón, we had discussed this earlier. They were seeing in 2006 and 2007 a .46% increase in General Property and the 2008 budget is a 1.08% increase. I understand that is based upon information that you received from the County. “Tangible Property Tax” - #4030, #4031, #4032, #4015 – there we have a “Tangible Property Tax” which is being phased out - I have included the “Tangible 10,000 Exempt” and the “Tangible CAT Tax Reimbursement” which was reported in 2006 but was not in 2007 and we don’t have it in 2008 – so, I am assuming the “Property Tax Reimbursement” and based upon our conversation, that belongs down there. There what I am seeing from 2006 to 2007 is a 29% decrease in revenues from “Tangible Property Tax” and this year we are asking for a 15% increase. I am having a little bit of difficulty with that. I think it looks high.

Mr. Condrón: Okay. On the one number you have - #4030 “Tangible Personal Property Tax” – I actually got \$62,000 which was reduced by the County in December, 2007 - \$28,000. That did not have anything to do with the State phase out – it happened to do with the County overpaying some in 2006 that they decided to take back in 2007. The difference there – the \$62,024.76 only goes down by \$7,000 – actually that was probably going from about \$85,000.

Mr. Elshaw: So, I should have in here an adjustment in 2006. I see what you are saying but wouldn’t they adjust 2006 and 2007?

Mr. Condrón: No, it was all of the 2006 adjustment that was done in 2007.

Mr. Elshaw: How much was that?

Mr. Condrón: About \$28,000.

Mr. Elshaw: So, if I plugged that in to try to get an equivalent that would take it down to \$130,000 – you are still at \$131,000 on #4030. So, you are still showing a decrease of almost 18% when we want to increase it by 15%. Being the conservative that I am I would rather go flat on this – we are showing a decrease from the prior year.

Mr. Condrón: If we added in the \$28,000 to the \$145,570 it is flat. That would be \$170,000 and we are projecting \$167,200.

Mr. Elshaw: I am not sure I understand – I reduced 2006 by \$28,000 to get it to more of an equivalent – I don’t know if that does it – that still does not seem right.

Mr. Condrón: No, it would not be right because in the year 2006 we received a little bit more in the personal property tax reimbursement from the State than what we received in other years.

Mr. Elshaw: So, I will subtract \$28,000 in 2006 and add \$28,000 in 2007.

Mr. Condron: I would look at 2007 and 2008.

Mr. Elshaw: So, that way it is no impact – but, I am showing them both here.

Mr. Condron: So, if you add the \$28,000 we would have received – to that \$145,570 as a one-time adjustment the revenue is basically flat.

Mr. Elshaw: Okay, I am okay with it. What was that adjustment?

Mr. Condron: Line item #4030 “Tangible Property Tax” - \$28,000.

Mr. Elshaw: So, we will say 2006 overpayment?

Mr. Condron: Yes.

Mr. Elshaw: “Income Tax” – according to our discussion last time right now we are showing in #4010 “Income Tax City” - \$7.2 million for 2007 actual?

Mr. Condron: \$7,187,736.

Mr. Elshaw: But, of that number \$255,000 was delinquencies – that is what we agreed upon at the last meeting – we said \$195,000 was other than Skrl and four months of Skrl was \$60,000. So, in order to come up with an equivalent number on that line we would have to remove those since that is what you are doing in the current year in 2008 – you are taking \$7,020,000 and have broken out \$140,000 for Skrl and \$100,000 for other delinquencies. So, what I have done is the same in 2007 and the equivalent now if I break out \$60,000 for Skrl and \$192,839 for other delinquencies – that drops that #4110 to \$69,348.97. I would suggest if we do that breakout that we remain flat on the City Income Tax and you make an equivalent adjustment to bring that down to \$693,500.

Ms. Vaughn: The math on Skrl should be \$180,740.

Mr. Elshaw: They went a little bit low on that.

Mayor Andrzejewski: Instead of putting in \$195,000 for delinquency we only went to \$100,000. So, if you are going to be equivalent. You are trading dollars. We could say we are going to collect \$195,000 in 2008.

Mr. Elshaw: If you adjust down #4110 – that is an \$85,000 adjustment to get down to \$693,500. Skrl Tool – you are going up to \$140,000 but we do not have an agreement at this point.

Mayor Andrzejewski: You passed it on Tuesday.

Mr. Elshaw: But that was not for net profits.

Mayor Andrzejewski: No, it is for payroll.

Mr. Elshaw: How much is included in here for payroll?

Mayor Andrzejewski: It is included in here – it says “Income Tax – Skrl” - it does not matter if it is net profits or payroll – it is still income tax.

Mayor Andrzejewski: It is still income tax.

Mr. Condon: It is \$14,800 a month.

Mr. Elshaw: So, we leave the \$140,000.

Mayor Andrzejewski: It is actually lower than what we will be getting - \$174,000.

Mr. Elshaw: Let’s say \$34,000?

Mayor Andrzejewski: The delinquent back taxes collection – we have proven in the last two years we collected close to \$195,000 both times – and, rather than put that in we put in \$100,000.

Mr. Elshaw: I see that.

Mayor Andrzejewski: We are already ahead for the first two months – we are well ahead of January and February already.

Mr. Elshaw: Actually, you are behind.

Mayor Andrzejewski: No.

Mr. Elshaw: Yes, \$37,543 was through February, 2008 – you are low.

Mayor Andrzejewski: Divide \$100,000 by 12 months – that is about \$9,000 per month.

Mr. Elshaw: You can’t do that – the schedule I am seeing – you don’t have that much coming in each month – you are already low compared to last year.

Mayor Andrzejewski: We are only putting \$100,000 in the budget – that is \$8,000 per month.

Mr. Elshaw: Alright, we keep in \$100,000 – you have \$51,000 thus far.

Mayor Andrzejewski: At this point in time we should have \$16,000 – we have \$37,000.

Mr. Elshaw: We collected \$37,500 and I am seeing last year through February.

Mayor Andrzejewski: We did not put last year in this budget – we only put in \$100,000.

Mr. Elshaw: I am allowed to tell everybody what we collected through February of last year – we collected \$44,000 – so we are already lower.

Mayor Andrzejewski: We are not lower – if we put in \$195,000 we would be lower but we only put in \$100,000.

Mr. Elshaw: So, I am good with \$100,000 – if we make the two adjustments we just talked about then that is \$50,000.

Mayor Andrzejewski: Our analysis says we are not going to go with \$195,000 – we are going to be conservative – we lowered it in half.

Mr. Elshaw: That is fine – I am good with that – please make the \$50,000 adjustment. #4110 was \$85,000 and you wanted #4112 at \$34,000 adjustment – that is \$51,000.

There were no further questions on the budget adjustments.

Fund #617

Mr. Knuchel: We will talk about Fund #617 which is the main reason Chief Sabo is present. Chief, could you encapsulate what you would like to talk about?

Chief Sabo: Basically, I think with the documentation I provided I am trying to show - #1 – if we keep spending the money like we are out of that fund – if we keep taking salaries out of there as well as the overtime and the things the Fire Department needs the fund will go into the negative in approximately 5 years if we continue down the same road. I am not going to say I can't guarantee we are going to continue down that same road but we continue anywhere near it we will be running in the negative before too long. I am still convinced that with the ordinance as it reads that the money should be going to the Fire Department for the reasons that were set forth. I need money in the General Fund – there were line items in the General Fund that we are no longer supported by and all the financing was moved into the Fire Ambulance Trust fund and now we are getting to the point where we also are not supporting the Fire Ambulance Trust fund with that money – so, where is the money going to come from? If you look between 1998 – 2008 we are actually getting less money in our budget today than we got in 1998 out of the General Fund and salaries have increased by over 30% during that period. So, that is a large part of it. I am here to discuss that and see what you think about it since you actually control it.

Mr. Lajeunesse: I am probably the only one sitting on that Council at that time for that vote. I thought the intent of that ordinance was because of our financial situation – it was supposed to do exactly what the ordinance states – which is to take care of the training needs of the Fire Department, along with whatever else in that ordinance. I thought that was the purpose.

Chief Sabo: I think the ordinance very clearly states what the money is supposed to be used for - #1 – to defray the costs of the building, #2 – to train all the special teams in the Eastlake Fire Department as well as doing any firefighter or paramedic training. That would include the cost

of classes and the overtime and #3- to be able to increase the capabilities of the Eastlake Fire Department to perform their duties. Those were the three purposes set forth. Again, I stated the overtime that is being use on that fund – I have no problem with – much of our overtime is caused by training – there is no doubt about it. If we are going to train – and we have to train – it is going to cost overtime and I have no problem with that. The salaries I do have a problem with – that has always been a General Fund item – now, I feel it has been moved to where you are taking \$200,000 in salaries out of the Fire Ambulance Trust Fund and it frees \$200,000 in the General Fund to do whatever anyone wants to do with it. To me it is sort of a shell game – we won't take the \$200,000 from you – we will leave it in that fund but we will take the salaries out of it and free up the money over here. I have a problem with that. I don't think that Council, when they passed the ordinance, meant for that to happen.

Mr. D'Ambrosio: I have reviewed all the information provided – in fund #617 for equipment and machines there is only \$4,000 budgeted for 2008. In my opinion I would like to see if it is feasible to take the salaries – some of it – all of it – or, whatever would be a compromise, and put it into the equipment and machines because I feel sooner or later if we keep nickel and diming the Fire Levy fund when we need to make some big bulk purchases that money is not going to be there. I know it is only \$200,000 of it but I know things like the radios should probably come out of the Fire/Ambulance Trust Fund to supplement the Fire Department instead of keeping nickel and diming the Fire Levy and let that accumulate for some of these purchases you have included in here – that are big dollar items. Does that sound like something that would be reasonable?

Chief Sabo: I certainly think somewhere along the line this City will have to start putting some money aside for the Fire Department and not just for other purposes. We are in the fifty year old building and we are having some serious problems with the building – we have had problems and continue to have problems. The floor needs work; the drains don't work properly and back up constantly and we had to open the bay doors in the middle of winter because of the smell. There are some serious problems and work that needs to be done. Somewhere in the future you will have to look at what you are going to do to replace that station. We put an addition on 11 years ago – it helped but again as we grow and as we add responsibilities we fill up rooms and will eventually run out of space. We have a plan for the future – what we are going to do I don't know. We have the pole barn and it does not even have handles on the door – anyone can go in anytime – there is no lock – there is no floor in there – it is a dirt floor and is really not good for much – it can't do what we had hoped it would do. I would like to have electricity in there and be able to keep a vehicle on a charger in there so we would not have to charge batteries all the time – have a triple charger run into it. But, we can't do any of those things that we were able to do when we had the other Fire Station – we were told we would get another building but it really is not serving any purpose and anyone can go in and out whenever they want and do whatever they want with whatever is in that building. There are a number of items that we will have to address.

Mr. Condron: In regards to Mr. D'Ambrosio's question about letting the fund build up – we began the year with a \$510,000 cash balance in the Fire Levy fund for equipment. Chief, when is your next major piece of equipment?

Chief Sabo: 2010.

Mr. Condron: I think in just keeping with the normal vehicle replacements and some other needs that fund is going to build up naturally itself.

Mayor Andrzejewski: How much goes into the fund each year? We have called other cities – the Fire/Ambulance fund go into the General Fund – I could not find a City where the Fire Department gets to keep the money that goes into the Ambulance Fund. That money is generated for the benefit of all the residents of Eastlake – it just does not go to the Fire Department and should not just go to the Fire Department. If that were the case, Chief Ruth should keep every dollar of his fine money that his officers generate. The CBO should keep every dollar of his permit and inspection fees he generates. That is not the way a City works. The Fire Department already has an equipment levy that the Police Department, Building Department doesn't have. The Service Department has something – the Road Fund. All money generated should go into the General Fund and it is our job as Council and the Mayor to allocate the monies to the various Departments for the best use of the residents of Eastlake. Things change – and when they have an equipment levy that generates \$250,000 a year with a \$500,000 balance there is no other Department in this City that could say that other than perhaps the Road Fund. No, it goes in the General Fund – we all agree on a budget for the Police Department. Mr. Voros could say his budget has not increased for the four or five years – the Police Department can say that – Service, Finance – pick your Department – budgets have not increased over the last four or five years. The Fire Department is nothing better or worse than the rest of the Departments in this City.

Mr. Lajeunesse: Mayor, regardless – there is an ordinance that states where the money is to go – regardless of what any other City does. The ordinance states here under section (a) where it is to be going. That is where the money should be going. I believe in the General Fund there has been no money allotted for training. Mayor, if there is no money in the General Fund for training where is the money to come from.

Mayor Andrzejewski: There is money in the General Fund – there is a budget for training.

Chief Sabo: Not in the General Fund.

Mayor Andrzejewski: There is a budget for training – it may not come out of the General Fund but he has a budget for training.

Mr. Lajeunesse: I realize it is your responsibility – but as a discussion – but the Safety Director questions a Fire Chief or the Chief of that Department on an expense that he feels is important for his Department.

Mayor Andrzejewski: I better question. That is what the people want me to do. I don't just sign everything and say take it and go – spend as much as you want on whatever you want. It is my job to question.

Mr. Lajeunesse: I don't think any Department Head here would spend as you just suggested – I don't think that would be the case.

Mayor Andrzejewski: All the Departments together spent over \$3.2 million more than they should have. So, without anyone questioning – without anyone watching I disagree with you. They may not do it intentionally and I am sure they are honorable gentlemen and I am sure they would not do it intentionally but it does happen.

Chief Sabo: To get back to what the Mayor said – he has told me numerous times – I don't care what other cities do – and, quite frankly I don't. We have an ordinance that was set up by this City Council - #1 – you should follow your ordinances – they are the law of the City and I think that is the moral thing to do – to follow the ordinances. As far as funding for the Fire Department and maybe not having as much as we had five years ago – I am talking about we are getting less by hundreds of thousands of dollars than we did 11 years ago. Something has to be done with that or the Fire Department is not going to continue to exist. We cannot get our people trained – we cannot buy the equipment we need to provide the residents with the service they deserve without money. You are either going to give it to us in the Fire/Ambulance Trust fund – if you want us to spend down the Fire Levy then put down enough money in the Fire Levy and 10 or 15 years from now when you need a ladder truck or a big piece of equipment you will just have to find the money. But, somewhere we need to get money to run the Department.

Mr. Knuchel: Mr. Klammer, in light of what has just been discussed – what conflicts do you see in what the ordinance says and what has been said tonight?

Mr. Klammer: I reviewed the ordinance – to paraphrase - the statute in its plain language indicates any such fees received by the municipal corporation for any services performed or inspections made by the Fire Department, except fees charged to other subdivisions therein shall be credited to the General Fund of the municipal corporation. So, obviously the intent of the Revised Code in this regard is that those fees should go to the General Fund – and this includes other things like fines for violations and those types of things and I would assume the intent is those are fines, services, things that relate to the general welfare of the community which is why they suggested they find a way to the General Fund. You also want to remove from there the suggestion that things like the activity of the Fire Department, as with the Police Department, are designed to generate fines – that is why it goes to the General Fund so people could say you are not protecting your Department – you are protecting the community. That said, you have a bit of authority under the Revised Code to transfer from the General Fund to a specific fund – I just think if you are going to do it right to make the auditor happy there should be that demonstration that it is going to the General Fund with a transfer to a Special Fund thereafter. Mr. Condrón and I did not talk about that but I want to make sure the auditor is happy too. The Revised Code plainly indicates it should go to the General Fund.

Mr. D'Ambrosio: Under #101.320 "Firefighting," #5220 "Training" – is that where the training would be for the Fire Department?

Mr. Condrón: It would be in Fund #617 - \$17,000.

Mr. D'Ambrosio: Fund #617 is the Fire/Ambulance Trust Fund.

Mr. Condon: Yes.

Mr. D'Ambrosio: Mayor, you said there was money for training in the General Fund?

Mayor Andrzejewski: I did.

Mr. Condon: I think he revised that to say there was money for training in the fund.

Mayor Andrzejewski: I think I said there was money for training available.

Mr. D'Ambrosio: That is in the Fire/Ambulance Trust?

Mr. Condon: Yes, #617.320.5218 - \$17,000.

Mr. D'Ambrosio: In the General Fund under #320.5218 there is no other source of training other than what is in the Fire/Ambulance Trust. If it is decided this will go into the General Fund – if that is what the law states and that is what we have to do – then, we have to readjust the budget for the Firefighting because obviously something has to be put into training, equipment and we have to make adjustments – overtime – there would be a lot to consider.

Mr. Condon: Or, the other alternative, as Mr. Klammer suggests, is to make a transfer of funds to those line items in Fund #617.

Ms. Vaughn: One of the questions that has not been answered by the Law Director is interpretation of our ordinance.

Mr. Klammer: What question, specifically?

Ms. Vaughn: What does our ordinance say about the usage of that money when the fund was established?

Mr. Klammer: I assume that is ordinance 132.14 and I think it is as clear as the language indicates it is – that you can first pay the expenses.

Ms. Vaughn: I am looking at F 2.(a).

Mr. Klammer: F2 – language such as “shall be deposited into the Fire Department account” is not clear enough by my estimation – so, that should be corrected because it does not give the Finance Director much guidance.

Ms. Vaughn: My question pertains to “any proceeds shall be used exclusively by the Eastlake Fire Department to improve its operational capacities as determined by the Fire Chief and/or Safety Director but priority give to training, equip special teams...” “monies will be allocated

for equipment, classes and other funding as needed.” Are you using the “other funding as needed” to reflect on paying for the personnel?

Mr. Klammer: The answer to the questions is “monies will be allocated for equipment, classes and other funded as needed” is basically saying that if the money they have there will be used just for that – for equipment, classes and as, basically the Chief or Safety Director should determine appropriate.

Ms. Vaughn: So, there are no restrictions?

Mr. Klammer: I really don’t think there is – I think it is that broad. Candidly, per the statute it should go to the General Fund. There should be more clarification “that the money shall be deposited into the Fire Department accounts in the following manner” is not helpful.

Mr. Knuchel: It does not look like we will get very far on this tonight because it is more of a complex issue than we anticipated. #1 – maybe we can have the Ordinance Committee work with the Mayor and the Finance Director to come up with some new language as to how this fund is going to be used, #2 – my most important question is how is this going to impact the 2008 budget? I don’t want to get too deep into this because I feel it will take more time than we have if we are going to pass this budget by next week. Let’s postpone this conversation until we can get something together – then, it can be discussed in Committee – perhaps we can clean up the language to satisfy Mr. Klammer and Mr. Condon. Chief, we could use your input on this also.

Chief Sabo: I am certainly willing to help anyway I can.

Mr. Elshaw: I do not disagree with your comments. There has been a lot of good discussion tonight on this but I do believe this is more complex than we had anticipated. With the news that the statute states it should run through the General Fund then into the Trust we are going to have to determine how much goes into that Trust and if we keep it the same or if there are adjustments to be made. I think what we have been asking for and the Chief did a nice job of putting something together but we need a little more detail. As to the Fire Levy. I believe the Fire Equipment Levy should be used to purchase equipment – we should stick with that. As far as using this for equipment - maybe – but I think the Equipment Levy should be used to purchase equipment. As far as the Mayor’s comment on other Departments – I do not disagree with that – I can see the argument from other Departments saying they would like a separate fund to take care of needs. The Chief made some good points and there is a lot of information on things that need to be covered – we need to make sure we are going to cover these things. Because we are passing the 2008 budget I want to make sure we do consider the 2008 impact tonight to make sure. One of the points that was brought up – the Chief had talked about “the personnel are not addressed except for the salary sheet which at best keeps us at current levels – personnel are our greatest need.” On the last page it states “no new firefighters are included even though there was talk of adding one additional full time member at one time.” There was talk about that and I think it was part of levy conversations. If we have money in the Fire/Ambulance Trust fund then maybe we should add a firefighter.

Chief Sabo: We can obviously look at how that can be done – as I told you a few years ago now that is why there was money being set aside in that fund originally – before, Council decided to take a lot of it away. We were trying to build up a fund where we might be able to support some additional manpower. There was also talk even within the last year – not only during the last levy but within the last year of adding one police officer, one service person and one firefighter. Somewhere along the way the firefighter got dropped off – I do not understand why but he certainly did. I don't know what to say about that because I don't understand it.

Mr. Elshaw: I will make that suggestion – that is something to think about. If that is part of this discussion then we should look at bringing back a firefighter through that fund. As far as Council, we had an original Recovery Plan – I cannot remember exactly what that amount was that we were pulling from the Ambulance Trust but Chief, we went through some rough times. I think we are still going through those. We needed the money to help the City and I think you understood that at the time. I think lately there was more taken from that fund.

Mr. Condron: We bumped it up big time in 2006.

Mr. Elshaw: If we are going to go back to what was in the original Recovery Plan. I think it would be a good start to think about somewhere closer to that for now. The long and short of it is – I don't think anyone of us here on Council have turned down safety related issues – when Departments come to us if they have good support behind why they need things I haven't seen them go down – there were some issues on the cars and the street sweeper – but, we did get those things. We understand the needs of the City through our Department Heads – some are safety concerns – a lot of them are safety concerns. We just need to know what exactly we are saving up for in these – that is why I am asking for support on this. That is what I would ask any Department Head to do – support what your needs are and we will do what we can to meet them. But, you are right – that is a conversation for another night – but – 2008 – what are the issues? Is it training? We could talk about an additional person through the Trust – what are the issues for 2008?

Chief Sabo: I agree with pretty much everything you are saying, Mr. Elshaw. You have been very forward with me and with the documentation I provided I think I showed we are hitting that Fire/Ambulance Trust Fund heavy. We had originally talked about taking \$150,000 out by this time and we are certainly taking more than that. If you look at the documentation and we continue doing what we are doing now – where you or Mr. Slocum or whoever reviewed it projected we would have over \$1 million in that fund by 2012 – by the way I figure the simple math shows we will be in a negative by 2012. I don't think that is a good way to go and I think you would agree with me. As far as this year, quite frankly I looked at my General Fund budget and if I look at the General Fund – Mr. Condron was good enough to meet some of my needs on the General Fund – once I meet those needs and they are not all of them I will have \$15,000 for any type of emergency, equipment, or anything we need for the year 2008 for my Department – that is the only spendable money I will have.

Mr. Morley: Mr. Elshaw said most of what I was going to say – the only thing I wanted to add was we need to look at the Fire Department – lately there have been problems between the

Mayor/Safety Director and the Fire Chief on training. We need to have money set aside for training but I am hearing tonight we have the money for training but then I don't understand why we always have a problem when the Fire Chief wants to send someone to get trained – if the money is there why is there an issue on the overtime – if it is already set up to cover the training through the overtime? That is something we need to get cleared up and if we have to put it into the budget so they have training then that is what we have to do. Instead of us having to mediate between the Mayor and any of the Directors – not just the Fire Chief. We are not here to mediate – we are here to do a budget and look out for the best for our residents. If our Fire Department needs training so be it – the Police, Service – anywhere it needs it we have to get a line item so it can get done so we don't have to sit here and mediate.

Mayor Andrzejewski: First of all – it is not true that they don't have money for equipment this year. There is a fire equipment fund – if he had requested any equipment for this year it would be taken out of the Fire Department equipment fund. Not just the General Fund or even the General Fund.

Mr. Knuchel: Are you referring to the Fire Levy?

Mayor Andrzejewski: Yes. That is what it is to be used for – fire equipment.

Mr. Klammer: We need to be sure it is being used for whatever that levy says it is for.

Mayor Andrzejewski: The fire equipment levy has always been used for fire equipment. I have never seen it used for anything else. Secondly, there is a point of clarification here – there is money – there is always money in there for training for Police, Fire, Building – for anybody. Here is the distinction – that is money for training – my contention is that also should include the money for overtime. So, if he has a budget of \$17,000 for training and he wants to send a fireman for training on overtime the entire cost of that training comes out of that training budget – you cannot have your cake and eat it too and say I want the \$17,000 must for the cost of the training and I want my overtime taken out of the General Fund salaries budget. If he has a budget of \$17,000 I am perfectly willing to okay anything he puts across my desk as long as that overtime is included in that \$17,000. I do the same thing for the Police Department and Building Department – it should not be any different for any Department – that is our point of contention.

Chie Sabo: We have never done it that way – overtime is one line item – training is another line item. That is the way it has always been. If he wants it all encompassed in one then I would ask Council consider increasing my training line item by about \$70,000.

Mayor Andrzejewski: Now you see my point of contention.

Chief Ruth: I concur with what Fire Chief Sabo says – the training line item budget was for training itself – it did not cover the time that was spent. We are in a different position – we try to send people on-duty as much as possible but if it did require overtime either to send them or replace them depending on the urgency of the class it was never taken out of that line item. The line item has not been increased of any substance to afford to do that.

Ms. Vaughn: I have always been a strong proponent for training for everyone but particularly the Police and Fire – there are certain State requirements that they have to have training for or we will lose our certification or a liability situation which the Law Director will agree if they don't have the training. But the training line item has been used for the cost of materials and per deum, never for personnel. The Fire Department has to have overtime because they cannot train any other way, unfortunately, because of the way they work – one on – two off. There is no way they could possibly be trained and work at the same time so it always ends up being overtime. Aside, before we get into this discussion about adding a new firefighter – you know I think there should be more firefighters, more policemen, more in Building – more employees – I would love to see everyone who used to be here back. But, every time you talk about adding a person – no matter what Department – and you talk about adding a salary to the budget add 40% to it – because of hospitalization, PERS, Workmans Comp – it just does not impact the salary line item. Everyone knows that but I think in the enthusiasm and change for positions we forget.

Mr. Elshaw: I was not suggesting that out of the General Fund – because I don't think our General Fund could take a hit like that right now. And, \$70,000 – I agree with you on training Ms. Vaughn, and I understand and would not want to cut training in any Department – but, \$70,000 – I don't know that our General Fund can take that hit. We are going to have to charge that to the Trust right now – I don't see that – I am seeing a real tight budget here. I wanted to hear how the 2008 budget would be impacted but I do not know how we could squeeze that in. It may have to come out of that Trust right now. Maybe we could bump that line a little bit on the training in General Fund and take the rest out of the Trust for now. We will have this discussion anyway on how much should go into it.

Chief Sabo: There is -0- in the General Fund right now.

Mr. Klammer: What is the impact of the overtime on training?

Chief Sabo: We train our Hazardous Materials Team or Fire Investigation Unit – it would take approximately \$70,000 per year for training. That is for all the teams.

Mr. Lajeunesse: Mayor, maybe I saw something different when I went out there and did some training with the Fire Department then what you see – as an education for me – you don't have that many firemen on a shift and you have to bring them all together for training – from three different shifts – how else do you train if that is the way the Department is set up and they come in on their off day other than the overtime

Mayor Andrzejewski: You agree on a budget for training and you agree on a reasonable number for overtime – and, that agreement is between the Fire Department, the Fire Chief, and the Mayor/Safety Director and the Finance Director determining what we can afford. My contention is and has always been the amount of money we spend on overtime in this City for training. There is some number between \$17,000 and \$70,000 and -0- that we can agree upon that does reasonable training for the Fire Department in the year 2008 – and, some of that training may have to be postponed to 2009 – but, that is the number we have to come to and agree on. That number has to include overtime. The same thing for the Police Department. I am not going to

tell them how to do their training, what kind of training they should or should not do – my purpose here is to watch the money for the residents of Eastlake and to come to some number we can all live with – and, \$70,000 for overtime is not that number.

Mr. Knuchel: Chief, if you could provide some kind of analysis on training – what is necessary training, secondary training, and an approximate cost and the amount of personnel needed to take the training. That would probably help in this conversation but some of this conversation is going to drift over into our next meetings. That would be a great help to us in assessing the actual numbers we are looking at for training purposes.

Mr. D’Ambrosio: Chief Sabo, does the \$70,000 include training and overtime?

Chief Sabo: That is the approximate cost of overtime – not the training.

Chief Ruth: We are in a different situation than the Fire Department but the reality is - #1 – a certain number of hours are mandates, fortunately last year it was 8 hours – this year it is 6 hours but it will get up to 24 hours. #2 – what we are not looking at is we lost five personnel – so, something has to give – you cannot train people on duty all the time – when you are down 5 people you don’t have people to move around anymore. I know the Fire Department is short on people. When you have lost all that personnel you have lost an immense amount of flexibility too.

Mr. Elshaw: #5218 – All Departments – Police/Law Enforcement – \$12,000, Community Education - \$319 and \$105 and Building Department - \$510 – this must not include the overtime.

Mr. Condron: No.

Mr. Elshaw: We don’t really have a number in there – is that being currently charged to the Trust?

Chief Sabo: That is part of the overtime – there is \$120,000 in overtime – much of that goes to training – it always has – this is the first year I have heard of it being done differently.

Mr. Elshaw: In looking at the line items - \$12,000 for Police can’t possibly include the overtime – that is just the training courses.

Chief Ruth: The cost of the classes, meals and anything else it would encompass.

Mr. Elshaw: Should we at least include an amount for the training courses at this point?

Chief Ruth: For the Police Department right now – we are okay with the overtime and the training but we don’t do anything extravagant – we do a lot of moving people around – it depends on whether or not I have any problems/ If I have a guy injured I am in a crisis. Today, I can tell you I’ll get buy but I am not at a level of training that we should do – but, we will do an adequate amount of training.

Mr. Elshaw: What about the Fire Department? Should that have an amount in there of about \$10,000? I am not going to get into the overtime right now – as Mr. Knuchel had mentioned we are going to have to have a meeting on how the Trust relates to the General Fund and how we are going to allocate funds. But, at this point in time as a place holder for just the training courses you do not even have an amount in here.

Chief Sabo: Just for training in Fund #617 I have \$15,000 – we used to have \$30,000 in there. If you divide it by 27 people it comes to \$630 per person. The Mayor just okayed one of my guys to go to a school to become a trainer – that class was over \$1,500 for one person for one class. In the 27 people that does not include any training for the Fire Prevention Officer either.

Mr. Elshaw: It sounds like this is a conversation for the Fund meeting.

Mr. Knuchel: We will leave this where it is – we have re-appropriations we can do and we can have a discussion on this. Mayor, you need to get together with your Law Director and Finance Director and figure out what you want to do and submit it to Council for referral into Committee – then it will come back to Finance Committee at the appropriate time for further review.

Mayor Andrzejewski: Chief Ruth, last year when we talked about mandatory training for your policemen – were any of them training for that mandatory training.

Chief Ruth: No.

Mayor Andrzejewski: In any type of organization – no matter public or private – every employee does not get trained every year – you may go to training one year – you may skip a year and go again. In any organization there is not every employee who gets trained every year.

Mr. Knuchel: That was my purpose in asking the Fire Chief for the mandatory training, who has to be trained, how they have to be trained and the related costs.

Chief Ruth: This mandatory training is now changing – the State has taken a new position with the law and I expect in the very near future the minimum will be 24 hours a year. You are right, some years some guys got 40 hours of training some guys got none. We try to stay within the budget. Do we train as much as we should – you can never train as much as you really need to – training is probably one of the best and greatest things we do to protect this City from liability.

Mayor Andrzejewski: Real Estate people are required to be trained so any hours a year – Lawyers are required to be trained. My discussion with the Chief was – is it the City's responsibility to pay for training for policemen that is part of their job – or is it their responsibility to do that? It is a legitimate point – in other businesses to keep your license or your status you have to go to this outside training on your own.

Mr. Condron: I know we are going to get back to this later but we have the Law Director saying the revenue should go to the General Fund, we have the Chief with his needs. So, when we appropriate where would Fund #617 be?

Mr. Knuchel: My impression is we leave it like it is until we get something definitive – if we change it now we may have to change it a year later.

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

There were no further questions on Fire/Ambulance Trust Fund.

Five Year Forecast

Mr. Knuchel: We requested the Five Year Forecast from the Finance Director so we would have a better idea of our costs five years out.

Ms. Vaughn: I think we should have a meeting just for the purpose of discussing this and we should settle the budget this evening and worry about the Five Year Forecast when we have time to devote exclusively to it.

Mr. Knuchel: I could not agree with you more – there are a couple of items that need to be brought up before we do that. One of the things we definitely need to do before we review the Forecast is to readjust the numbers to reflect the change we have made so far in the 2008 budget.

Mr. Elshaw: The only thing I would suggest is that we add 2012 to make it five years – the current Forecast starts with 2007 - I meant from 2008 – 2012. 2007 is more for comparison purposes. Also, I reviewed this – there was one change tonight on the revenues that has to be integrated. On some items a lot of things do not change – I can understand on some of the smaller items and in the Recovery Plan we kind of took it straight across. It may be a good idea to take a percentage increase, as was done with the bigger items. Mr. Condron and the Mayor had mentioned that you were going to take a 3-year average on some of these things.

Mr. Knuchel: If there are no further comments on the Five Year Forecast – Mr. Condron will adjust the numbers and we will have another meeting to review the Forecast.

There were no further comments on the Five Year Forecast.

Garbage Comparisons

Mr. Elshaw: I would like to briefly review this – it will probably entail a different meeting also as it is a little more complex. As I explained to Mr. Condron – I wanted a comparison – if we are not including certain costs within the garbage fee anymore where are they being charged. My fear is that there could be an impact to the General Fund. I am not saying that they are not being charged properly I am just saying I do not want us to come back in six months and find that something was not included in the garbage fee. There is no plan to increase the fee – that is great. I do not want to increase the garbage fee. But, if we are not doing that where are these costs being charged now – what funds are they going to – is there a chance that it may come back

to the General Fund to be charged because that would be an impact on this budget. That is my concern today. There are other concerns about the detail but that is my concern today.

Mr. Condrón: The 2006 formula was used to help initiate the fee – this is the actual cost. The first one is Republic Waste Costs - \$712,764 was indicated for 2006 - \$970,000 is the front contract. The next one based the fees and justifying the \$12 with some salaries in the Finance Department of \$38,640 – I have zero – with a comment that all of our employees are accounted for in Department #140 – we envision 1,600 hours per year in Department personnel to produce four billings – we do not spend that much time because of the new software.

Mr. Elshaw: So, because of our new system that we expended money on in the past we are able to save \$38,000.

Mr. Condrón: No.

Mr. Elshaw: What is it?

Mr. Condrón: When we get down to the other costs outside of the personnel – the Finance Department personnel are not dependent on the garbage fee for their employment. I think the \$38,000 was a way to justify getting to the \$144 per resident per year. Taxpayers already pay our salary. There is nobody in another fund – the garbage fee was never diverted to anything else. We would never, even if we were going to do a cost allocation on indirect costs – that is \$1,600 which is almost $\frac{3}{4}$ of a year of a person's time. That is a little bit overstated. If your concern was are we going to have to spend more out of our General Fund this year in the Finance Department the answer is no. No extra personnel.

Mayor Andrzejewski: Because it has been incorporated into their daily and weekly duties. It is included as part of their job. Before, because it was a more cumbersome process they could not do a job because they were spending it on billing.

Mr. Condrón: The external costs, based upon the 2006 methodology, at \$30,000 – this was an outside contract for computer work and other costs. \$3,800 was the cost of the post cards – this amount is included in our budget.

We are moving outside the General Fund in some areas – Service Department costs include the costs of the three crews - \$59,500 – since we are outside of the General Fund I put \$6,000 in because that was an allocation last year for leaf overtime. We did not use it last year. The \$59,500 in salaries is in the salary line item in the Recreation Department, Road Department, Street Department, and sometimes in the Sanitary Department. When we pick up leaves it is weather driven and time sensitive – you use everybody you can. There is no way the \$59,500 that was part of the original methodology to justify the \$12 for 12 months - \$144 would ever come back in the General Fund. I did put the \$6,000 in – we have not discussed the outside funds yet but that was something we did last year and we kept our word – we were not going to use it unless there was an emergency.

Mr. Elshaw: So anything charged to the General Fund is already absorbed within?

Mr. Condron: Other budgets – the Road budget depending where the guy usually works except for leaves.

Mr. Elshaw: I am talking about the General Fund – I understand outside funds are absorbed there – but, within the General Fund it is already absorbed within the numbers we have today.

Mr. Condron: Correct. The next one was from the old formula and is the Equipment Preparation Repair - \$17,450 – there is no additional costs – this amount is already included in repairs in Fund #510 and Fund #202 Repair Equipment/Motor Vehicle line items. Also, I would say with the addition of the two new leaf boxes our repairs should be less. I do not see an impact there at all for the General Fund. As far as fuel I think we have pretty well covered that in our discussions and that is already included in two line items. They were increased to include what we expended last year and encumbrance plus inflation. Leaf Disposal - \$1,000 – I researched this – the actual costs in 2007 was \$1,450 – that was paid out of fund #402 and would be included in our budget. The last item is depreciation – from the old schedule it was \$4,590 – our basis is strictly cash – that would not be applicable. That is an accrual accounting thing that auditors do when they make their financial statements compliant with GASBE 34. This is strictly cash. Then we used the revenue formula from the past - 6,891 households, delinquency rate of 5% - 6,546. If you take the cost - \$865,794 and divide it by the households it is a potential cost that we looked at and decided not to lower in 2006 because we knew an increase was coming of \$11.02. I did this a little bit differently because I thought the delinquency rate was not applicable since we certified delinquencies – we will get it now anyway – we certified that. It is simply the costs of \$970,000 divided by 6,891 residences - \$144.76 divided by 12 is \$11.73. If we were going to look if there is any impact on the General Fund I don't think there is – I think the new system has helped a lot – we are covering our costs. Remember, these costs escalate every year – the Republic contract first year goes from April 1, 2008 to March 31, 2009 – so for the first three months of this calendar year we are enjoying the old rate – when you do this analysis every year you have to look at what was originally provided – just exactly what was expended on garbage to the vendor versus exactly what the residents paid through the years and you will see a sizable surplus we all knew about – that is why I guess the Mayor and Council decided not to change this rate when it was recommended to go to \$11.02 because of this – so, there is even though what we collect may not cover the costs there has been more collected waiting for this day because of the fuel increase – we knew it was coming.

Mr. Elshaw: I think this is a good analysis and thank you for putting it together – it is exactly what I wanted to know – what happened to these costs and where are they absorbed now. I want to reserve the right to come back and ask any questions – let us have a chance to absorb this and in a meeting in the future we will have to review it in further detail.

Mr. Knuchel: Does that mean through the three-year period there will be no increase?

Mayor Andrzejewski: We will use every penny of that left over money.

Mr. Knuchel: Does that mean as we expand the yard waste collection that will not have any impact?

Mr. Condron: I think we went from April 15 to December 15 – that would be my recollection.

Mr. D’Ambrosio: That is exactly right.

There were no further questions or comments on Garbage Comparisons.

Future Spending

Mr. Knuchel: We are at a point where we are going to look at the numbers and talk about future spending. Mr. Elshaw, regarding your analysis – with the budget the way it is at this present time are we deficit spending?

Mr. Elshaw: I think you know the answer to that as well as anyone else here. If you look at the expenditures in the report versus revenues you will see we are deficit spending. With everything in there as it stands today. With the \$51,000 adjustment we just made tonight there would be \$180,000 deficit spending this year. We would be to the negative \$180,000 as we stand. That is with what we have in the budget. There are some other variables that could happen and I would estimate somewhere around \$250,000 deficit spending if you think about those variables. I would say \$252,000 right now deficit spending – a possibility of deficit spending of that amount.

Ms. Vaughn: Mr. Elshaw, did you do an analysis – if we took out everything on the Administrative “Want List” – would the budget balance or how much difference would there be?

Mr. Elshaw: If we took everything out we would have – the list of things as included would be economic development, news letter, recreation person, Houston-Fischer Pool, Channel 12 videographer, mechanic, building inspector – with what I just mentioned we would be revenues over expenditures of about \$110,000 to the good. If we removed those – that is pretty close – you have to remember we have one-time revenues in there. I know that delinquencies have been consistent but I do not know how you can count on them. That is \$240,000 that we have in this budget for delinquencies. I think you can count on \$140,000.

Ms. Vaughn: Did you consider the police officer?

Mr. Elshaw: How much is the Police Officer?

Mr. Condron: \$35,000.

Mr. Elshaw: If you added that in you would be at \$140,000.

Ms. Vaughn: So, realistically you could expend that on a one-time project.

Mr. Elshaw: Yes, you probably could do that but then you are....

Mayor Andrzejewski: There are 10 other items you could do.

Ms. Vaughn: I was looking at that lump sum of money – instead of something like an employee – of course that is always my first preference – but, an employee will continue. That is why I said you could possibly take this and spend it on a one-time item.

Mr. Elshaw: That is a good point because I would not recommend sustainability. It could be that is why we are looking at this Forecast and that is why we asked the Administration to put together a forecast on how this would be sustained. But, with deficit spending in the current year I would not recommend that. I am sure everyone has seen the economy and the recent reports – I would not recommend that – we are cutting it real close - \$140,000. Everyone knows where I stand on this.

Mayor Andrzejewski: The Council President and I are going to disagree on this – I do not like the word deficit spending – it has such a negative connotation to it. The number one thing I am going to put before you is – we have some money left over from last year – carryovers are supposed to be used by cities to carry you through some rough years. They are not just meant to sit there and collect dust if you will – when you consider what we have left over from the previous year we would not be deficit spending. What Mr. Condrón and I did was put together an analysis (see attached) to give you the other side of the coin. The point of contention will be what we actually spent in 2007 – not what we budgeted – what we spent was \$13,222,541. If we take away the \$775,000 that we put away for the stadium our actual spending would be in the \$12.5 million range. Mr. Knuchel, it is my turn.

Mr. Knuchel: Did I say anything?

Mayor Andrzejewski: The body language is there.

Mr. Knuchel: Am I not allowed to have body motion – it is my meeting.

Mayor Andrzejewski: I didn't shake my head when Mr. Elshaw said we were deficit spending.

Mr. Knuchel: Mr. Mayor, please go on with your comments. I can disagree.

Mayor Andrzejewski: But, I would like people to have an open mind when they look at this – not with the notion that what you are giving us is whatever you conjecture as numbers. So, the actual amount of money we spent last year was \$13,222,000 – take away the money for the stadium it was \$12,500,000. What Mr. Condrón did on my instruction was to compare the major components of our budget. Obviously, the first one is and always will be salaries. In 2007 we spent \$6,330,589 on salaries – in our budget which includes the economic development person, police officer, mechanic, building inspector, Houston Fisher pool, personnel and part-time Recreation person we would have \$354,000 in additional salaries in there. If you look at the second major component we lumped those all under employee benefits – those are all taken from the budget that you have. There would be a difference of \$339,366 in there. Take the third and fourth components which are pretty self explanatory – Transfers from General Fund – then Mr.

Condrón lumped everything else in the category #4 – which says “Everything else” – some examples are supplies, repairs, street lighting – everything else that would not be in any of the other major categories. At the bottom is the number \$2,819,651 – and across - \$3,726,562 – the difference you see is \$906,911 – but this number includes \$341,625 for what we call new items. If I take \$906,911 and subtract the \$341,625 for new items which we have itemized the difference is \$565,286. Our point is – in one year we are increasing the budget by 20%. By \$565,000 – that \$906,000 minus the \$341,000 which are new additions – we’ve increased the current budget by \$500,000 or 20%. That is unrealistic. We are not going to spend 20% more than we did last year – it will not happen. In 2007 we had actual revenues of \$14 million and actual expenses of \$13,222,000 – that includes the \$775,000 for the stadium fund. The expected expenses for 2008 are \$13,913,906 – the expected revenues are \$14,153,000 – that is where we say we don’t have deficit spending. The major points I am going to make are – how can we sit here and say we are going to increase our budget spending by 20% over last year to the point where it comes out to many more dollars in the budget as expenses than we need. When you take the \$5,000 and make it \$10,000 – when you take the \$20,000 and make it \$40,000 – when you take the \$40,000 and make it \$100,000 – it adds up to a lot of dollars. Mr. Condrón and I feel very confident that we will sit here with you next year and say we spent less than \$13,913,906. We know that because it has been proven in years past – that in this City we spend less than what we project. Because we always add more to the budget than is being used because we are so conservative. There is nothing wrong with being conservative but there is a point where you get ultra conservative and you talk yourself out of some needed changes and needed additions to this City. By increasing the budget – the basic items by 20% more than last year we are doing that. Mr. Condrón and I are not going to present to Council or the City a budget that we cannot sustain or that will spend more than we take in – we are not going to do that. It is not my nature and it is not Mr. Condrón’s nature.

Mr. Knuchel: As far as your new items for 2008 – some of these items – a generator, police computer, police dog, fire hose, fire equipment – those were all new costs but they were accounted for with money from different sources. That I am not worried about. Those items do not add up to that much money. Before we look over the other items you put on your list – I copied several articles that came up last week – one from the Wall Street Journal – one from the News Herald – we are talking about financial situations. They are calling for a recession. I think we have to take that into consideration when we consider how much money we spend and how we watch over our money. We will review the items on the list one by one.

Mr. Elshaw: Before we get into that I would like to make a general comment on the analysis – I am glad you put together an analysis. But, we just spent how many nights and hours going through a budget that we can all agree upon – I do not want to take that and throw it away and go with this piece of paper and say we are not going to increase our costs by 20%. I am looking at revenues – last year it was at \$14 million – we are saying that the forecast for this year is around \$14 million. That does not even include the \$51,000 adjustment we just talked about tonight. So, we just went through all that and that was something you provided to us – with adjustments – I think the only adjustment we had on the revenue side was the \$51,000 beside \$9. Are you asking us to take that budget and throw it away and go with this?

Mayor Andrzejewski: No.

Mr. Elshaw: It is what we came up with and that is what I am personally going to go by – the budget we looked at – the expenditures we looked at and the revenues. It is great that we are spending less than what we are budgeting and I sincerely hope we are in that discussion next year saying we did a great job - we were able to get by without spending as much as we thought we would – or we spent what we thought we were going to – which is the probability – but, revenues came in higher than what we expected. That would be a great discussion. I am not seeing that right now – I am seeing a current deficit just based upon the budget as agreed upon of about \$180,000 with that \$51,000 adjustment we had tonight. If you add in other variables we are up to \$252,000.

Mr. Knuchel: Mr. Mayor, you said we had a carry-over and it is used for expenses in the first few months plus a little extra. What I would like to say is – we have been asking right now for a capital improvements plan that would cover buildings and other such items for ever since I have been on Council – we have yet to receive that. We need to put money aside – Chief Sabo stated the Fire Department building is possibly in disrepair – I know the Police Department have some problems also – we have to start putting money aside for these things – we just can't spend, spend, spend without putting aside money for these emergency funds and for long term capital improvements. We need to look at that.

Mayor Andrzejewski: No, we are not asking for you to chuck the budget. What we are saying is we will sit here at the end of this year and show you we were correct – that we spent far less than we projected to spend. In the meantime needed additions to the City will not take place. And, we will go another year without not taking place. I will sit here at the end of December and say – we were right – we did not spend nearly what we projected to spend because we were far too conservative in adding money here and there and we in fact went far below that – we could have added these items. But, we will go another year without doing it. That has been proven in the past years – that we are a City that projects more spending than we do – which is good. But, you have to be realistic when you project – you can't be so far off that you hold back items you want to put into your budget because you feel you are going to deficit spend. So, our point of putting this together was to show you what we actually feel we will spend will not be close to what we are projecting we are going to spend.

Mr. Knuchel: Do you have any comments on my comments concerning an emergency fund and a capital improvement fund?

Mayor Andrzejewski: At the last meeting I recommended we start a capital improvement fund.

Mr. Knuchel: I am not talking about for the pools – I am talking about the general upkeep of our buildings and infrastructure.

Mayor Andrzejewski: Our infrastructure is well taken care of – we repaired many roads.

Mr. Knuchel: I think each Councilman here can attest to the fact that...

Mayor Andrzejewski: Every Councilman here would like every road in their Ward redone – you know that. We can't redo all of St. Lawrence in one year because we will throw all the money there – we can't redo Robin and Oriole all in one year. We ask each Council person every year to give us what they feel we should do in their Ward.

Ms. Vaughn: If we don't open Fisher Houston Pool for this summer you better put more money into the Police Department for video cameras and another couple of policemen because I am tired of getting the phone calls about the problems – as soon as the weather gets nice – it is not the policeman's fault – there is nothing for those kids to do – at least if the pool is open there is traffic in and out – it might avoid some of the problems. So, if you don't open the pool and bite the bullet and do it now – the longer you leave it closed the chances of opening it are fewer and far between – you will have to pay for extra auxiliaries, specials – you will have to do something because it is getting out of control – it is not pretty.

Mr. Knuchel: That discussion needs to take place between the Police Chief and ourselves. Mr. Elshaw had some ideas about things we can do. The other item is – I do not know when the vandalism is taking place – I don't think the people who utilize the pool are going to be the same people who vandalize.

Ms. Vaughn: I am saying if someone is there it can't keep happening.

Mr. Knuchel: It may be less.

Ms. Vaughn: It always was.

Mr. Elshaw: Going back to the original conversation before we get into these line items – are we in agreement with the budget tonight? We spent hours upon hours going through these line by line items on what was presented by the Administration – it was suggested by Council – but we discussed those items. Not everything was adjusted – some things you had good reasons behind why something should not be adjusted up or down and we made that adjustment on your recommendation – we also had recommendation based upon what we were seeing or hearing and based upon our conversations in these meetings, I am happy with the way it turned out. The discussions between Council members and the Administration and coming up with this document we have today. Again, you may not want to call it chucking it out the window but I think you are disregarding that after we have gone through this. I agree – anything can happen – we can spend less – we can spend more – we can debate this for another 10 meetings – which I am not for of course. Again, I am seeing what we finalized on this document and that is what I am going with.

#2 was the Capital Expenditures – Mr. Condrón did provide that – it was all together – we need to go through it and understand also the impact on the General Fund. We decided to put off this forecast conversation – you need to integrate that into the forecast how that impacts the General Fund. We talked about 2008 tonight – that is what we are trying to finalize. When we go through

the forecast we definitely need to know how all that impacts it. Thank you for putting that information together – as I recall it was requested by the State Auditors in 2004.

We talk about how much was put into the Callable Bond fund – right now with this budget we are only putting \$175,000 into the fund. You know how I feel about that – we need to take care of our debt – but- okay – it is in there. You are trying to make the apples to apples comparison and we are not because we are not putting that amount in there. When we review the line items I think some of the numbers don't – I am not seeing the same numbers.

Mayor Andrzejewski: One area where we disagreed but could not get anywhere – we firmly believe our attorney's fees are not going to be anywhere near \$100,000. But, we could have gone on and gone and we finally said if you want to put in \$100,000 put in \$100,000. I will sit here right now and tell you at the end of this year our attorney's fees will not be \$100,000 – they will be closer to \$30,000 - \$40,000 – so there is \$60,000 - \$70,000 right there that we could use to put into some of these other items but because Council is insisting that you attorney's fees are going to be \$100,000 we have to go with that. And, I will point that out at the end of the year that is one item we were absolutely correct on – and, there will be other items like that. That is all we are trying to point out – things were added to – things were upped – what can we do – if we disagree you are going to do it anyway.

Mr. Knuchel: Mayor, I don't disagree with what you said – I would rather air on the side of conservative then go the other way.

Mayor Andrzejewski: That is what we are trying to tell you – that we will spend far less.

Mr. Knuchel: We will review some of these items. I want to point out to you some of the things we have already agreed to in the budget which you have included on this list.

Mayor Andrzejewski: This is not a list that the Mayor requested for the City – some of these items are in fact in the budget – we just included them in this analysis to be fair. If you are going to discuss something which I am sure you are getting to discuss the list that we want for the benefit of the people of Eastlake. It is different because on the original list I gave you for what we wanted to put in the budget was not included a generator, police computer, police dog, fire hose, fire equipment, Port Authority – we put those on this analysis to give apples to apples. Our proposals are the economic development person, police officer, mechanic, building inspector, etc.

Mr. Condon: We listed those things to show everything else may be a little bit overstated.

Mayor Andrzejewski: This is the list we submitted to you for consideration – not this other list.

Mr. Knuchel: May I ask again, is this still my meeting? Okay – what I am going as for the last time – wait to be recognized.

Mr. Lajeunesse: I agree with the Council President – to stabilize our finances and I agree with what he says as to the numbers is pretty much what I came out with. I also agree with Ms. Vaughn that you need balance within your community. However, we are faced with some financial issues, that based on our history, is what we have to deal with. I look at the two lists – one says reopen Houston Fisher pool - \$195,000 and on the other it state \$161,000 – there is a \$30,000. I see an economic development coordinator at \$60,000 and economic development contract services - \$30,000. I also see the police dog is included which is taken care of. Mayor, in our conversation in your office I suggested there may be other ways to obtain funding for a few of your requests. Has that been checked out?

Mr. Knuchel: Could you be specific?

Mr. Lajeunesse: Is there grants available for some of your requests.

Mayor Andrzejewski: No.

Mr. Condon: These do not include personnel costs – they are other expenses – regarding the pool - \$161,250 – I think the other expenses in the budget were \$164,000 – we spent about \$3,000 in utilities – so the non-personnel cost increase is \$161,000. That column under new items is just another way to get at other expenses, excluding transfers, employee benefits and wages. We ended up with a figure of \$341,625 which was not included in last year's \$281,900. We added \$281,901, the same amount as the constant, and multiplied that by 9% - that is where we came up with what we thought was a more realistic actual number – not saying to chuck the budget or forget about the budget – we are just saying at the end of the year we feel the difference between \$281,900 and \$2,819,651 in 2007 to \$3,726,562 and \$906,000 could be overstated.

Mayor Andrzejewski: Let's for the sake of clarity, put this aside and just go to a discussion of the items I presented to you when this whole budget process started. I want you to look at that number that says "Expected 2008 Expenses - \$13,913,906. That is the figure I am going to bring up to you on December 31, 2008 – that we will be less than that figure.

Mr. Knuchel: And, I would be first to stand in line to congratulate you.

Mayor Andrzejewski: That figure includes everything that we requested on this list. So, when we do this analysis on December 31 whatever this body does not approve tonight will come off that \$13,913,906 figure because it includes all of those items.

Mr. Morley: The problem I have in this whole exercise is we have been sitting here for many hours doing this. Today you come with a sheet about which Mr. Lajeunesse asked a question – here you have \$161,000 – the original one says \$195,000. You have an answer which I understand but through this whole exercise we have been discussing – this page today says this amount of money and the other page says this about of money – your numbers are all over the place. As Mr. Elshaw said we want to pass a budget of the true numbers – when I say true I am not saying you are fudging numbers or anything. But, for us to do an analysis and look at this –

you can't have numbers all over the place. Like today go to \$161,000, from \$75,000 to \$30,000 on the economic development person – your numbers are all over and you are trying to get us to okay something – how do you want us to do that – from one day to the next?

Mayor Andrzejewski: There were two different economic developments on the original list – an economic development coordinator and \$30,000 for outside economic development consulting – it was for \$60,000.

Mr. Knuchel: Then why does it say \$75,000 in the budget?

Mayor Andrzejewski: The \$75,000 figure as \$45,000 for a full time economic development person and \$30,000 for outside consulting services for various projects.

Mr. Knuchel: But, as Mr. Morley is saying – on this sheet it is \$60,000.

Mayor Andrzejewski: Mr. Morley, we tried to explain throughout the process why we felt that we wanted \$5,000 for natural gas but it comes to a point where we say – go ahead – put in what you want because no matter what we said you were not going to agree with us – you were going to agree with your numbers. If we said we wanted X amount of dollars for legal consultants it did not work – you guys insisted its \$100,000 – we tried to say we have submitted to you realistic numbers but in all cases the numbers were bumped up in spite of our objections. All we are trying to show on here – for the record – that we are going to bring this up at the end of this year and show that what we have said is in fact true – and we could have had most of those items in here if not all of them and still not overspent.

Mr. Elshaw: First of all, I understand what you are saying Mayor and I hope that we do come under the budget. Here is the thing that we argue about and I think the biggest argument came down to legal services – we did talk about utilities but Mr. Condron went back and made the adjustments – we did not have anything to do with that – we talked about it but you went back and made the adjustments – I said I was okay with it and I think everyone else said that also. But, I do agree – we have a disagreement on legal services – the fear is this – the fear is that if we low-ball these numbers to get these items in here – to put this list in here and then we find out that these numbers are inaccurate – and, I am hoping like you said that we do come under – but, if we don't then what do we start doing – do we start saying we have to reclose instead of reopen Houston Fisher pool, we will have to get rid of the economic development coordinator – do you really want to go through all that exercise? I have not read the articles – thank you for putting them out there. I don't need to - I have seen enough throughout the news for the last couple of months that I don't need to read the articles right now – but, I will read them later. I understand what is going on – what is being called for in the national economy. If you guys choose to disagree with what they are saying nationally that is fine – maybe we know better here in Eastlake. Like I said, if we come to a conclusion at the end that we could have put these items in you have a couple of years now to show that – we just got out of fiscal emergency. We have to take slow steps. I understand what you are trying to do, Mayor – I do understand it – I want these things just as bad as you do – I think we need to go slow. I am nervous about it.

Mayor Andrzejewski: Apparently you are not willing to add anything.

Mr. Elshaw: We did not say that yet – you will see that we have included – we are going to get into the items if that is what you want to do now. Because, I think there are things we have already included in there.

Mr. Knuchel: The foremost thing in our mind is – we have agreed on the numbers and it does look like we are deficit spending – I want to keep that in the front of everyone’s mind.

Mr. Lajeunesse: I just wanted to back up what Mr. Elshaw had mentioned with some facts – pretty much what Mr. Morley said. I am looking at a budget request for Houston Fisher pool for salaries alone at \$50,000 requested for 2008. If I go back into a budget of the month ending June 30, 2004 – there is an appropriation made for the budget for the salaries for Houston Fisher pool for \$53,000 – right now we are already \$3,000 under what the appropriation as made four years ago. What you will do is open a pool – I have asked for an analysis as to how much it will cost which I have here – just the minimum employee hours for just a few employees is \$26,880. That does not include management. If I can figure that out that is just half of what was already requested in the \$50,000. So, I am asking myself as a Council person responsible for the budget – as much as I want to reopen the pool or do something different – in 2004 - \$53,000 to 2008 - \$50,000. I go along with what Mr. Morley and Mr. Elshaw are saying – I think we should stick with what we have and call it a good day if we end up in the black at the end of the year. The analysis of what I have seen right now on a pool or anything else is very sketchy.

Mr. Knuchel: Maybe we ought to look at some things we can do that don’t involve re-occurring costs. Let’s start with:

Economic Development Coordinator - \$30,000

Mr. Knuchel: I don’t think we can go with that but a compromise we may want to look at – and I don’t agree with putting it in the budget right now – a group to look at projects on a case by case basis. I agree we need someone for that but I think we should wait until we have a case to put money in the budget for it. We have re-appropriations – we can do that. That seems like a good compromise for that situation. How do you feel about that?

Mayor Andrzejewski: That is fine.

One Additional Service Department Worker

Mr. Knuchel: Could you explain the duties of this worker and why we need it?

Mayor Andrzejewski: Mechanic. We have two mechanics now – one of whom is ill and may at any time decide to go on disability. In talking with the Service Department they cannot keep up with keeping our vehicles on the road. One of the cuts we made years ago was a mechanic – we retired and we never replaced.

Mr. Condon: Don’t we do more asphalt paving in-house?

Mayor Andrzejewski: We do as much as we can in-house. We only have one mechanic many times and I have to take a Service Department worker to help the one mechanic.

Mr. Knuchel: My fear again is these are re-occurring costs that will happen every year.

Mayor Andrzejewski: Sure they are.

Mr. Knuchel: With what Mr. Elshaw said about the amount of money we have available I don't see how we can look at hiring extra people.

Mr. Lajeunesse: What about the gentleman who repairs the Fire Department vehicles – is that a separate mechanic?

Mayor Andrzejewski: For the most part – yes.

Mr. Lajeunesse: So, actually you have three mechanics.

Mayor Andrzejewski: We have two for the Road Department vehicles and one who spends about 90% of his time on the Fire Department equipment – we use him when we can because he is not exclusively for the Fire Department.

Mr. Lajeunesse: But you do have a third mechanic?

Mayor Andrzejewski: Yes. But only two work on the snow plows, road equipment, etc.

Mr. Lajeunesse: What about the third one?

Mayor Andrzejewski: Yes, Mr. Lajeunesse, the third one can but he spends about 90% of his time on the Fire Department equipment.

Mr. Lajeunesse, a few minutes ago you made a statement that said – “financial issues of the City based on our history” – could you expand on that?

Mr. Lajeunesse: Yes, all of us would like to have better roads and better equipment and a lot of different things but because of the history that came before all of us here we are having to do what we have to do – and, if it is to stabilize our finances and not reopen a pool or not rehire or not go out and seek some of these things we want then that is not our fault – but, that is where we are at.

Mayor Andrzejewski: So, when you ask for St. Lawrence to be redone, East Overlook, South Lakeshore – you asked us to completely redo all this year – it is impossible.

Mr. Lajeunesse: Absolutely – but if we can't – we can't – but, at least we are looking at it and possibly doing something.

Mayor Andrzejewski: We are not looking at it – it is impossible.

Mr. Lajeunesse: If you can't – you can't.

Mr. Elshaw: Doesn't that come out of the Road Fund – why are we even talking about it?

Mayor Andrzejewski: Because you need the road workers to do the road fund and you need a mechanic to keep the road equipment in repair. And, we do based on what we have available in the road fund contract out for some of that work. But, Mr. Lajeunesse specifically put in that wanted three streets done – which are huge major streets. We tried to explain – here is the money for your Wards – tell us what streets you want. And, we will do those but that is all we can do. That very much relates to the rest of this stuff. If we can't do this stuff we can't do South Lakeshore, East Overlook and St. Lawrence in the same year.

Mr. Lajeunesse: Mayor, I understand – I tell the residents that we are in a financial situation.

Mr. Elshaw: You feel we need three mechanics?

Mayor Andrzejewski: Yes, we need three mechanics. The Service and Building Departments were the two most devastated Departments when the cuts were made.

Mr. Elshaw: I do not disagree with that – let's re-evaluate in six months.

Mayor Andrzejewski: Okay.

Ms. Vaughn: Since obviously per the conversation the pool is off the table I would like you to consider adding either video equipment – some type of surveillance – either patrol or equipment – something at Jakse Park.

Mr. Elshaw: I discussed this with Ms. Vaughn – we were looking at a Block Watch – I think we will have some training for that in that area. We will do that – I agree with you on some of the surveillance. I don't disagree – I like Jakse Park and I like the Houston Fisher pool opening idea – but, I do not see the money in the budget right now for that – but, I think you had talked with the Mayor about some opportunities with some housing. I think Mr. Voros also had come across that we were able to buy a few houses from HUD and were able to gain some money there. If you can use that funding you are talking about as a match. The City of Mentor was able to get from ODNR a grant for redoing the swimming pool and I remember that the late Steve Guard had also mentioned to me that there were funds available through ODNR to have a pool refurbished or repaired. I think Mentor actually did do that – if there are funds available why don't we.

Mayor Andrzejewski: There isn't – we talked to someone about that.

Mr. Elshaw: Then, how did Mentor?

Mayor Andrzejewski: Because Mentor is Mentor.

Mr. Elshaw: You have to get out there and lobby – that is all I have to say.

Mayor Andrzejewski: We need personnel to do this. I cannot be the Service Director, the Economic Development Coordinator, the Human Resource person, the Mayor and everything else. You want us to get grants but we have no one to do the work to get the grants. We had an opportunity – it has a couple of benefits – the Housing and Urban Development Department has offered us homes – we now have ownership of two and the third one we are about to get. Mr. Voros and Mr. Condrón did a lot of work on this – the bottom line is they go to foreclosure first – if they do not sell at foreclosure for the price the government needs it is taken off the list – and, it is offered to the City for \$1.00 with the stipulation that it must be owner occupied. No rental houses – so, we took advantage of that – our intent is to inspect them and fix them up – put them on the market – go out for bid for the highest bidder. The stipulation is it must be owner-occupied. The other stipulation is that it has to be used for a community service project type deal so we suggested we use the money to fix the pool. We have three houses and it is estimated we could get about \$100,000 out of them – if we get another couple we can probably have the money we need to fix the pool. But, it won't do any good to fix the pool if the money is not in the budget to open the pool and sustain it. I did not want to set a precedent that every time the Administration wants something for the Community we have to find a source to get it. These HUD Houses are not going to come around all the time. So, next year if we come to you and say we would like to do this I really don't want to set a precedent for Council to say – you can do that but go find the money. Because, you don't say that to the other Departments – it comes out of the budget. Now we are talking about a pool and instead of coming out of the budget we have to find money for it.

Mr. Knuchel: I think we have to take every opportunity we have available to us to get money for nothing.

Mayor Andrzejewski: We did – Mr. Voros, Mr. Condrón and myself should be commended – which Mr. Elshaw has alluded to – thank you – for taking the initiative to do this – and, we feel confident that over this year we will have acquired enough houses to raise the money to fix the pool. I have also applied with Lorraine Fende something to fix the boiler – I have also asked the Commissioners for money from the CDBG Grant. But, unless you approve opening the pool I cannot proceed with any of this stuff, other than the houses

Mr. Knuchel: I am all for having a pool open – I would love to have a pool open. It is a great idea to put the money aside from these houses but it is not something we have in our hand now – houses are on the market in some areas for quite a long time. Unless you are going to sell them for nothing and move them quickly. Personally, I am not going to pledge my support to an item we do not have the cash in hand for.

Mr. Lajeunesse: Mayor, I suggested in your office during our discussion that I thought there may be funds available for Surfside – I think there may be a way to get your videographer – and, I gave you an option that Mayor Anderson from Willoughby was willing to let our residents pay the same as our residents for the use of their two pools. So, in the meantime you can work on

your projects – get the money you want – put it towards the pool at Jakse or a future pool but at least you are giving your residents an option to create your balance because of our financial situation we are working towards – and, now you are giving your residents something they might like to do for a lot less than opening Houston Fisher – at a budget request of \$50,000 for salaries and wages when in 2004 it was \$53,000. I think it is a better option to let the residents go to Willoughby and you ask how we will pay that – there might be some way to pay for those residents to go there but at least you are giving the residents another opportunity.

Mayor Andrzejewski: You made a statement – when you went to Mayor Anderson he did not tell you the citizens of Eastlake would pay the same as Willoughby – you did not say with the subsidy.

Mr. Lajeunesse: With the subsidy.

Mayor Andrzejewski: So, you want us to spend money out of this budget which we clearly, according to Council, don't have to send our residents to another City to swim – no way. First of all our people are not going to send their kids out of this City to another City. I know you also did that with Willowick because Mayor Bonde told me. They are not going to go to Willowick, Willoughby – they are going to swim in the City of Eastlake.

Mr. Lajeunesse: Not if you don't have a pool – would it not be better to give them an option this year – save that money – do your projects – I think the HUD houses are a good idea – save the money and show them you have a project you can work on and what we are saving for.

Mayor Andrzejewski: As long as I am Mayor I am not going to approve or recommend something where we send our residents out of the City to swim.

Mr. Lajeunesse: Kirtland does it – Willoughby Hills does it – yes, they don't have a pool.

Mayor Andrzejewski: They don't have a pool – they have nowhere else to send their people.

Mr. Lajeunesse: And what do we have right now?

Mayor Andrzejewski: We have a pool.

Mr. D'Ambrosio: When the City of Mentor got the grant I thought it was to make the pool ADA compliant.

Mayor Andrzejewski: I don't know.

Mr. D'Ambrosio: Regarding Mr. Elshaw's comment about re-evaluating a mechanic in six months – I like that idea. If we could hire one person in the entire City where would that one person make the biggest impact. As Ms. Vaughn said – personnel is huge to her – it is also to me. I came up with two places where I thought one person would make a huge impact – the mechanic is a good one – the other was police dispatch and the other was the Building

Department. If I had to go with one I would probably go with the Building Department – we hired Mr. Voros as our CBO – in my opinion I do not think he is doing the job a CBO should do – I know you are doing a lot of inspections and that takes you away from other aspects of what a CBO would do. I would like to try to look at that sometime when we re-evaluate in six months – I know that was another Department that got depleted pretty well and to utilize Mr. Voros for what he knows would be a benefit to the City instead of having him do inspections that a certified inspector would be able to do.

Mr. Knuchel: Good point Mr. D’Ambrosio. What I was thinking – instead of hiring a new person why not move a part-time inspector to full-time. We can make that compromise with a very minimal impact on the budget and still get work out of an existing employee.

Mr. D’Ambrosio: I have no problem with that – we would need an inspector with certifications so as to free up Mr. Voros.

Ms. Vaughn: I propose we should re-evaluate in six months – perhaps eliminate the one person on the CDBG grant and a full time zoning and property maintenance inspector and hire maybe a plumbing and electrical inspector – once we see what is happening with the economy.

Mr. Voros: One person can’t do all the zoning and property maintenance.

Ms. Vaughn: There seems to be enough done with a part-time person.

Mr. Voros: It cannot be done with one person. Look at the impact two of my inspectors have today – how many calls are you receiving that old ladies have to paint their houses – how many calls are you receiving that the City just cut my grass and how can they do that. You are probably getting a lot more calls this year and last year than you have ever received before. That is because I have two people. They are out there in the streets. Reduce that to one person. I am already bear bone minimum.

In regards to the two properties – we are closing on both properties tomorrow – one should be closing in about 30-45 days. One house is appraised at \$80,000 – the other at \$40,000. The third one will probably be condemned – we will probably raise it and sell the property – we will probably get about \$25,000 to \$30,000 for it.

I would like to give recognition to the gentleman who called me regarding these properties – without him we would not have them.

Mr. Elshaw: Mr. Voros, you and I have talked before and I know the members of Council have talked to you about personnel issues. And, I am sure every member has talked to each Department about their personnel issues – and, it is never enough – we understand that. We are in a situation right now and I know a lot of Departments have hung on to what they have. What I have heard tonight is a compromise to get something for you. Of course we recognize that in any Department it will not be enough at this time – we understand there are Departments that are lacking. But, I think there was an offer for a compromise. If you want to turn that down – that’s

fine – but, you have to understand. I have talked to you about this before – I, personally hear the same argument from just about every department.

Mr. Voros: The compromise I thought I heard was to put one part-time inspector full time and eliminate the County position.

Ms. Vaughn: And hire a full-time electrical or plumbing inspector – that was the compromise.

Mr. Voros: But, how is that going to help us when I need a building inspector and an electrical inspector and an electrical inspector and have the same person doing property maintenance.

Mr. Knuchel: I do not think we can afford a new person plus making a part-time employee full-time. What I was suggesting was just moving the part-time employee to full-time.

Mr. Morley: I do not know where that will help – we need the inspectors so we can get out from under the County.

Mr. Voros: It will help to a point.

Mr. Knuchel: I understand everyone's point – but we are looking at adding personnel which is probably our highest cost item we have. I agree with Mr. Elshaw. I walk through City Hall quite often – there is one Department that has never asked for personnel.

Mayor Andrzejewski: Finance.

Mr. Knuchel: No, Tax Department.

Mr. Voros: We started going door to door on the occupancies about two months ago – the very first one had six or seven businesses that were not supposed to be there – adding that one person will increase the tax revenue because we are catching these people in buildings they should not have been in – some of them are not even registered with the Tax Department.

Mr. Morley: You mean moving the part-time employee to full-time?

Mr. Voros: That would definitely help – but, he can cite the violation – if he sees an electrical panel or wires hanging he can cite that violation – that would help tremendously. But, he cannot re-inspect the corrections of the violation without the certifications. Anybody can cite a violation but you have to be certified to do the physical inspection of the corrections – that is what I am having a problem with – that is where I need help. I need the inspections done and I need another person to do the re-inspections. That is what is bogging me down.

Mayor Andrzejewski: Aside from Police and Fire – there are two other Departments in this City who have the most contact with the residents – that is the Service Department and the Building Department. One of the reasons I support Mr. Voros in asking for another Building Inspector is because I see how it is here in the spring and summer. Mr. Voros helps with the plans but they

want inspections today and we are already booked for today – then they call Council because they can't get an inspector for three or four days. So, one of the things I have always advocated is giving our residents good service – we are not giving them good service with the number of people in the Building Department and the Service Department. The Service Department is better than the Building Department – but, I see what goes on in the Building Department. They cannot keep up – moving the part-time employee to full-time will help – he will more than make up for the 10 extra hours he gets in making people register in this City to pay their taxes and get their permits they don't have now. Before Mr. Voros came here and for several years before that – our Building Department did nothing – nothing to make sure people got occupancy permits, that they had the right business in the right zone. We are still playing catch-up from that past way the Department was run. Any contractor – any business did anything and everything they wanted to do without anyone telling them - no – you cannot store cars on Vine Street because that is for a commercial or industrial business – no – you can't put flammable gas in that building because it is not allowed in this City – yet they did it because they knew no one would catch them. Finally, now we are at the point where the inspectors can spot these people and see if they have an occupancy permit or have registered with the Tax Department.

Mr. Knuchel: You do not have that on your list – what is the cost?

Mayor Andrzejewski: We had Building Department on the list.

Mr. Knuchel: This is your list Mr. Mayor.

Mr. Voros: It is included in the budget.

Mr. Knuchel: But, it is not on your list.

Mayor Andrzejewski: Okay, but it is in the budget – everything we are talking about – whether it is on the list or not – Mr. Condron added it to the budget.

Mr. Elshaw: There was \$44,000 added to the Building Department. I know it is not the be-all end-all for you in the Building Department but, at least that is a little bit of a help. Other than that I don't know – we are cutting it pretty close.

Mr. Knuchel: Maybe while we are looking at personnel we need to re-evaluate in six months. I can see bumping the part-time inspector up to full-time. In the middle of the year we can do another re-evaluation – that will give us a better picture. I don't see where we have the money to do it.

Mr. Voros: I understand what Mr. Elshaw is saying – increasing the budget to \$44,000 – but, I am not increasing the budget – I am below last year's budget.

Mr. Elshaw: I know you made that comment last time. But, you have expenditures in there that we allowed – the Police Department can say that when they purchase vehicles the year before and say they are going to add five policemen now because they are under budget. We are not

purchasing vehicles this year – we are going to be under budget. I understand what you are saying but it does not hold water with me.

Mayor Andrzejewski: What I would like to know is – what criteria will you use in the middle of the year when re-evaluating the mechanic and the Building – what criteria are you going to use to allow us to do this or not do it? I would like to get that on the record.

Ms. Vaughn: I would suggest the most realistic is how the revenue flow is coming in.

Mayor Andrzejewski: Okay, the total revenues.

Ms. Vaughn: The revenues above what is projected and hopefully what you are projecting will be right on the money – if we are there or above it we should take a good look at all the Departments.

Mayor Andrzejewski: What about expenses? What if expenses are running below what we anticipate?

Ms. Vaughn: That is another thing we can look at.

Mayor Andrzejewski: So, we would look at revenues and expenses.

Ms. Vaughn: Taking into consideration that some expenses are made once a year. But, you should look at all Departments.

Mayor Andrzejewski: All of them – that is why I want to get the criteria we will use to evaluate this – because I do not want to sit here in ½ year and be above revenues and below expenses and have someone say we are not comfortable yet – let’s wait another three months.

Mr. Morley: By June or July we will know what we spent for ½ year and we will see if we are behind or ahead projections – something may happen in Departments that will make them well below. You want to do your re-appropriations – the same thing with us – we can look at June and July and say – this is where we are from the budget we passed – we think we have the money. Obviously, if it is there how can we say no – or, at least me, personally.

Mr. Elshaw: I agree in general with Ms. Vaughn and Mr. Morley, but I do not want to just look at a cash balance at that time – like we tend to do and say – “Hey, we got all this cash today.” We know what happens – we may have lower expenditures in the beginning of the year or more revenues and that might meet up with each other later in the year – we have to look again at projecting six months down the road from June. I don’t know all the criteria at this point – but, would you rather I say I am not for re-evaluating at all in six months? If that is what you prefer – fine. We are trying to put something out there so that we can re-look at these things and at least have conversation on it. Is that not fair?

Mayor Andrzejewski: Yes, it is fair – but, I also don't want to come back here in June or July and say we are ahead and hear "I am reading newspaper articles – there is another article on a recession and, I am not comfortable adding the people now at this point." Because I think we tend to do that – we tend to put things off until we come to a point where we don't make a decision.

Mr. Elshaw: There are no guarantees – it is unconditional. I am not going to guarantee any of that in six months. We are going to look at it.

Mayor Andrzejewski: I did not ask for that – I said when you do look at it what criteria are you going to use to evaluate whether we can add people or not?

Mr. Knuchel: I think we have established some of the criteria we are going to use. You have got to quit saying that we have not progressed – in the first meeting we had on the budget I specifically named items off a list – if you want me to pull it out again I will. So, I do not want to hear that anymore - just like you don't want to hear "your wish list" – I don't want to hear that we are not moving forward and that we are holding things up.

Mr. Voros: Adding the part-time zoning inspector to full-time will definitely help the Department – if you allow this budget and he goes full time the first thing I would do is have him sign up as a Building Inspector trainee. That would help tremendously. The problem is I have to go with him while he is trained. But, if I use that time wisely it will definitely help tomorrow. He will be able to do inspections but no electrical – minor things that would free me up. And I appreciate your consideration – it would definitely help. But, I will definitely need help in the summertime with electrical – I will not be able to keep up.

Mr. Lajeunesse: Regarding the HUD houses – are you going to fix them up and re-sell them?

Mr. Voros: I would like to fix them up – the intent of this program is to fix the houses up – make sure the utilities are good and carpeting and flooring. We are going to have to spend a little bit of money on it – not a lot – right now I am not sure how much but it will not be anywhere near what we will be getting back. The intent is to have a family of moderate income move in and not have to worry about repairing the furnace, the roof. Both houses have newer roofs – they are not in ideal condition and need a little TLC.

Mr. Knuchel: In an effort to save time we can talk about this another time because it is not germane to the budget discussions.

Mayor Andrzejewski: Yes, it is.

Mr. Knuchel: I beg to differ. Are we all in agreement that we should move the part-time inspector to full-time? Mr. Condrón, could you integrate that into the budget?

Mr. Condrón: Yes.

Mr. Knuchel: Mr. Mayor, did you take the police officer off the table?

Mayor Andrzejewski: We changed it to a dispatcher. Policeman is off – one or the other.

Mr. Knuchel: You did not budget for that additional person, did you?

Mr. Condron: We budgeted for the police officer but the money could be used for a dispatcher.

Mr. Knuchel: You are incurring expenses with a police officer – we are incurring costs now for a police officer we brought back in anticipation of one of our police officers possibly leaving. How are we taking that into consideration in the budget?

Mr. Condron: It was \$35,000 over and above – we figured the police officer who is on Administrative leave, and we added \$35,000 to that.

Mr. Knuchel: Where are we with the \$35,000? We have had him on for about a month?

Mr. Condron: I will have to check – two pays.

Mr. Elshaw: If that is the case, we already have someone here – but, there is a situation we need to monitor and we cannot do much until that situation has been finalized. Wouldn't you have to keep that amount in the budget because of our current situation?

Mr. Condron: Yes.

Mr. Elshaw: We will have to do that – we brought on a person and have to see what happens – until that time we have to leave it in. I don't think we have a choice.

Mr. Knuchel: I am asking if that is for an additional officer, other than the one we brought back?

Mayor Andrzejewski: No.

Ms. Vaughn: You should not be considering a police officer until you have an eligibility list – that is six months from now minimum – but the time testing and other things are completed. Right, Chief Ruth?

Chief Ruth: I have not got a clue – is there a police officer in – does he take the place of one who is to leave – is there a dispatcher – I don't have a clue as to what you are agreeing to or not agreeing to – I don't know. It takes a year to hire someone.

Mr. Knuchel: We are working off a list we were given by the Mayor.

Chie Ruth: It is my understanding the Police Officer is in the budget and that was above and beyond the one who is on Administrative leave – we have his replacement – granted it is running into a couple of months. So, obviously we would not hire until that issue is resolved. But, nevertheless, it was my understanding that the police officer as in addition to the replacement.

Mr. Knuchel: What Ms. Vaughn just said about the current eligibility list.

Chief Ruth: I said a long time ago that we should have a list.

Mr. Knuchel: We do not want to put the cart before the horse.

Ms. Vaughn: It is a moot point right now because you will not have a list available for at least a year.

Mr. Lajeunesse: Is there an expense to that?

Ms. Vaughn: Mr. Condrón put in that expense.

Mr. Condrón: I increased it.

Mayor Andrzejewski: Until we agree we are adding personnel to this budget we are not doing any testing – why do the testing if you are not going to add people?

Mr. Knuchel: Chief, is testing required?

Chief Ruth: It is not required, but I would do the testing so we are that much further along – we are going to be hiring sometime in the next two years – we may as well get that process going.

Mr. Knuchel: Eligibility lists can take a long time.

Chief Ruth: Up to two years from the time you have it certified. We should move along – otherwise you will be a whole year when you can trim off six months.

Mr. Knuchel: I agree with the Chief.

Chief Ruth: The list is good for two years from certification.

Mr. Elshaw: I am good with this – that has been included in the budget. At this point in time we need to have enough for the replacement person – that is what we need to be concerned with at this point. If you need to adjust it down to account for that replacement person then do so?

Mr. Condrón: I do not think we can do anything as long as someone is on Administrative leave.

Mr. Elshaw: What about the \$35,000 – what would you recommend?

Mr. Condrón: I would leave that.

Mr. Elshaw: Alright.

Mr. Knuchel: One you come up with a list we can talk about additional employees.

Mr. Elshaw: Okay – no argument.

Mr. Knuchel: What about the dispatcher?

Mayor Andrzejewski: One or the other.

Mr. D'Ambrosio: As I said before, if I had to pick one between the Building Department and the Dispatch, I don't know how many people have gone into the Police Dispatch room on any day and watch what one person does when answering the phones. I realize the budget is tight and I am not saying to hire someone, but there are things we have to start to look at. I would not mind hiring someone in dispatch if we put it in the budget today – I am not saying we should or shouldn't – but, go watch what they do – when there is one person there it is a very, very difficult job – I am surprised more mistakes are not made with all the things to do. How many full-time dispatchers are there?

Chief Ruth: Six, once I get them all up.

Mr. D'Ambrosio: Are there any part-time dispatchers?

Chief Ruth: No.

Mr. D'Ambrosio: Go see what they do – it is amazing.

Mr. Knuchel: From personal experience – we also have sergeants and lieutenants who also answer phones and do that duty in between.

Mayor Andrzejewski: Mr. D'Ambrosio, when you do that please go to the Building Department – spend a day there and see – go to the Service Department and see how they need a mechanic – you cannot differentiate – all these Departments need people and they are all just as important. So, if you are going to the dispatch, take the time and go see what the mechanics are doing and what Mr. Voros goes through in a day in his Building Department.

Chief Ruth: I do not disagree – you should know what everybody here does. But, no one will lose their life because of what Mr. Voros' people don't do – and, somebody could lose their life because of what dispatch doesn't do. And, you are absolutely right – and, I think dispatch is a critical area and we have been preaching on that for some time – it is a liability waiting to bite us good someday.

Mayor Andrzejewski: A crane just fell in New York City – we are not New York City – we don't have an eight story building. That has to do with the Building Department – someone could lose their life. Mr. Voros' people found at a gas operation that was operating illegally in this City dispensing gas that could have exploded at any time.

Mr. Morley: Why do we waste our time – everyone knows what we need or don't need – why do we waste our time sitting here for every Department giving reasons. We all know what we need – no offense to anyone here – any Director – we sit here and consistently do this. We are not giving the person – why do we go through it – why do we go through the exercise when they are not getting somebody. Even though we know they need it – I am tired of it.

Mr. Knuchel: Mr. Morley, you were also the one who said you can never have enough information.

Mr. Morley: I never said that – that was Mr. Council President. I say we beat things into the ground – jus to sit here because all of us like to sit here until 10:30 p.m. every day and get nothing done.

Mr. Elshaw: I don't recall making that statement on never having enough information. But, I do agree – I am not sure why some of this conversation is going on at this point.

Mr. Knuchel: Because we were discussing the dispatcher and it was on the list – that is what we are going through – we are discussing the list and what we can and can't do.

Chief Sabo: Going back to the discussions on the testing for the Police Department - I want to make sure there is enough money in the Civil Service budget – we will be hiring three firefighters this year to replace people who are leaving. There is psychological testing to be done, polygraphs, the testing for the Fire Chief – we are probably looking at about \$7,000 - \$8,000.

Mr. Knuchel: Mr. Condron, did you take a look at that?

Mr. Condron: I will take another look.

Mr. Knuchel: Channel 12 Videographer – I do not see that coming back. Do I have any disagreement?

Mayor Andrzejewski: Yes, of course I disagree with it. We have no way of getting information at this point in time to any resident other than the Eastlake Gazette. We need to get information out to our people. If we ever have hope down the road of asking them for more money they need to know what is going on here – and, they have no idea of what is going on in this City – good or bad. Hopefully, good. Since we took Channel 12 off the air they have no idea what is going on.

Mr. Lajeunesse: Mayor, have you tried to get any funds for any of these.

Mayor Andrzejewski: No.

Mr. D'Ambrosio: There is another avenue for information – if anyone wants to check – www.joedward1.com – you will find updated information approximately every three weeks.

Mr. Knuchel: We do have message boards out there for City events – the only thing we do not get out ..

Mayor Andrzejewski: I am not talking about Little League signups, Easter Bunny lunch – I am talking about letting the people know in Eastlake what we are doing – what roads we are fixing – what catch basins. There is no way of getting that information out to the people. They do not know what good we are doing here.

Mr. Knuchel: I think we do an ample job with the resources we have.

Mayor Andrzejewski: What are those resources?

Mr. Knuchel: The web page, the gazette and going out and meeting with the people.

Mr. Lajeunesse: I agree with Mr. Knuchel and Mr. D’Ambrosio – there are opportunities. Mayor, do a web site like Mr. D’Ambrosio – he gets the information out there quite readily. I run into people who read his web site and they are giving me information. It works.

Mayor Andrzejewski: How much should I ask for a videographer?

Mr. Knuchel/Mr. Morley: \$6,000.

Mayor Andrzejewski: You just allocated in a blink of an eye \$7,000 for testing.

Mr. Morley: Safety first.

Mr. Knuchel: Absolutely.

Mr. Morley: Not just in a City – any job – anywhere – safety first.

Mr. Knuchel: Transfers for the pump station – we are doing this.

City News Letter – it is nice to have if we have the money – we don’t have the money – in my opinion.

Mayor Andrzejewski: I am going to put all this on the record. We have no way of communicating with our residents – a news letter would let them know what is going on in this City – what good things are happening – what festival we are going to have in the summer – what we are doing with fireworks – it is a way of us building up the public – letting them know it is going good so if we do every go to them for a levy or some sort of tax increase they will think positively about this City. Right now the only thing our residents here are rumors, conjecture – we need something positive and the news letter would do that. It is \$12,000 to do a news letter four times a year. Let me use the money from one of the houses to do that – part of the money.

Mr. Knuchel: Are you going to use the money here – here or here.

Mayor Andrzejewski: You won't let me use it for the pool.

Mr. Elshaw: I think a news letter would be nice if we had extra money – it would be a nice idea.

Mayor Andrzejewski: We have extra money – from the houses.

Mr. Elshaw: At this point we do have the Gazette and the website that serve the same purpose – I do not see the difference between the two – maybe someday but I don't see the difference between utilizing the Gazette and website – that we did revamp last year for how much money?

Mr. Knuchel: \$6,000.

Mr. Elshaw: So you got \$6,000 to revamp the web site last year – is that not serving its purpose?

Mayor Andrzejewski: Yes, and we are updating it ourselves.

Mr. Morley: Regarding the \$12,000 – how did you come up with that cost and is there a way to hook a newsletter with the postcard sent for the garbage?

Mayor Andrzejewski: I got a direct quote from the people who would do it – it is not just a post card –but a folding news letter with colored pictures – that includes the cost of postage.

Mr. Morley: What about the other thing you talked about that was free and had a map on it?

Mayor Andrzejewski: They forgot to tell him the City has to pay for postage. What did we decide to do with the money from the houses?

Mr. Knuchel: We did not decide anything.

Mayor Andrzejewski: Should we pursue them or not?

Mr. Morley: You said you were closing on them tomorrow.

Mr. Knuchel: Mr. Voros said we were closing on them tomorrow – how do we not pursue them?

Mayor Andrzejewski: What are we going to do with the money we eventually get from the houses?

Mr. Knuchel: When you forward something over to Council maybe we can figure out what we will do with it – we have to have a line item for it that the Finance Director has to come up with – that is up to you to provide us with the information. What is the cost involved – Mr. Voros said there would be minimal costs involved in revamping them. That is a whole other

discussion. What you want to do with it we can talk about when we get some money in – unless you want to propose something to send to Council office for us to discuss in Committee.

Mr. Lajeunesse: I do not want to dwell on this – but, I found out from a resident about two weeks ago we were going to do that – but, what is the expense?

Mayor Andrzejewski: It is \$355.62 – each house.

Mr. Lajeunesse: To fix it up.

Mayor Andrzejewski: Yes.

Mr. Knuchel: Skate Park was taken out. Part-time Recreation person – we have nothing there.

With these adjustments in mind are there any more questions?

Mr. D'Ambrosio: Mr. Condrón, will you provide another document with all the changes?

Mr. Condrón: Yes.

Ms. Vaughn: By Thursday – City Hall is closed on Friday?

Mr. Condrón: Okay.

Chief Ruth: What is the status of the police officer?

Mr. Knuchel: We keep the one we just put on. We can't do any new hires without a test – that is where we are?

Chief Ruth: Are you going to budget for another police officer?

Ms. Vaughn: No this year – we won't be ready.

Chief Ruth: What is the status of a dispatcher?

Mr. Elshaw: We are holding steady with your replacement officer. That is all we can do.

Mr. Knuchel: It was either/or – as the Mayor said.

Mayor Andrzejewski: The answer is – you are not going to get a policeman or dispatcher.

Chief Ruth: Thank you.

There were no further questions concerning the 2008 budget.

Upon review, the Committee agreed to approve the 2008 budget with the specified changes and move it forward for passage at the next regular Council meeting.

Mr. Knuchel: Thank you all for your patience. These meeting were grueling and sometimes repetitive and thank you for your attention to this matter.

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 9:55 p.m.

dac

