

EXECUTIVE & FINANCE COMMITTEE MEETING
FEBRUARY 8, 2010

2010 BUDGET HEARINGS

CHAIRWOMAN HOLZHEIMER GAIL HAS CALLED EXECUTIVE & FINANCE COMMITTEE MEETINGS FOR **MONDAY, FEBRUARY 8, 2010 AT 6:30 PM** IN THE EUCLID MUNICIPAL CENTER COUNCIL CHAMBER.

AGENDA

Budget Overview	Council
Revenue – General Fund	Law/Self Insurance/HR
Fire	Finance/Non-Departmental
Recreation	
Mayor's Office	

Members Present: Gilliham, Scarniench, Jones (arrived 6:35), Minarik, O'Neill, Wojtila, Langman, Van Ho (arrived 6:45), Holzheimer Gail.

Others Present: Mayor Cervenik, Finance Director Johnson, Law Director Frey, Service Director Smith, Recreation Director Will, CS&ED Director Pietravoia, Fire Chief Cosgriff, Asst. Director Bock, Mrs. Keller, Mrs. Hlavka, Sgt.-at-Arms Novosel, Clerk of Council Cahill.

Mayor Cervenik – Thank you for being here tonight. As we said the Pledge of Allegiance, I was almost hoping we would have a member from the Clergy here to pray for us as well. I know they did this past Monday. You've received your budget packages as you can see we have some significant and some very serious financial difficulties and drops in revenue that we need to deal with. We have made quite a few changes in personnel and operations already throughout the first month of this year. Virtually all of those are all now included in the budget packet that you picked up Thursday or Friday, most likely there will be some more.

Director Johnson has an opening overview of some of the trends and problems that we're dealing with. We have had two sheets of questions from City Council. If you'd like, we could address those and that is strictly up to you if you want to address those before we get into our presentations, or we can address those as we get into the different departments. If we do forget any of those because some of them are in between departments, we can bring those up on Wednesday, that might save us some time tonight. The presentations are not going to be a line item read to you. Each Director is going to tell you some of their major changes in their budget and some of the things that they can or will not be able to do because of what's before you tonight. We will do the same on Wednesday night. My goal is for everyone, not only you here this evening that have to vote on issues, but it is my intention and my hope that the residents that are listening and watching will understand the true seriousness of our situation as well. I do want to again let people understand that what we're dealing with what virtually every community in northeastern Ohio, if the country is dealing with. It is a readjustment that we're all going to have to make some tough changes to. Hopefully some of those adjustments won't be permanent, probably many of them will be. So, as we go through tonight after each Director gives his presentation that's on schedule tonight, please ask any questions you have. Please bring up any suggestions that you have so that we can discuss them right now. We're at about \$3.1 million deficit with \$1.6 million in the bank. That means we've got to make up at least \$1.5 million in the general fund for 2010. With that uplifting news, I'll turn it over to Director Johnson as he begins the overview of what is happening.

Director Johnson – On behalf of Mayor Cervenik and the entire administration I am pleased to have the opportunity and privilege to once again present for the 7th time, another operating budget for the City of Euclid for fiscal year 2010. Hopefully the information we present proves a valuable tool with which you can make informed decisions as it relates to the financial condition of the city. Our responsibility is to provide you with consistently accurate financial information upon which you can make those decisions. My hope is that we fulfill that obligation to all of city council.

A majority of council members have toiled through at least one series of budget hearings. Council President Holzheimer Gail and Councilman Langman have endured many of our previous presentations. Although her service was interrupted briefly, I believe Council President Holzheimer Gail is the longest serving member of council earning her the designation of Dean of Council. I will therefore dispense with basic discussion on the budgeting process. Our time would be better spent discussing immediately the details of the budget and how we resolve any issues. I would like to welcome freshman member David Gilliam, the only new member of City Council. If there is information our department can provide to assist you, please do not hesitate to call on us. That offer,

of course, applies to all members of council as well. I will instead focus on financial condition and budget performance.

As I have stated in previous opening presentations the challenge of successfully managing any city, particularly an inner-ring suburb, is to reverse disinvestment and out migration of population. This remains a primary focus of all our efforts. The impact of the housing foreclosure crisis on the City of Euclid has had a dramatic effect. We can see for the first time in recent years, drops in our real estate valuation.

The fiscal year ended December 31, 2009 has been the most distressed financially since the Great Depression. We have watched unemployment rise to double digit levels and record number of housing foreclosures. This phenomenon has been a national and even an international event. We have seen the near collapse of major financial institutions and the closure of hundreds of local banks. Certainly Northeastern Ohio has not been spared the pain. In 2008 I reported to city council that unfortunately, because of the ever worsening economy, we would not meet our income tax collection projection for 2008. Although we had collected \$380,000 more at November 30th than at the same period in 2007, we remained behind the 2008 projection. Our projection for 2009 was reduced accordingly. Our 2009 collections were more than 1 million dollars short of our projection and more than \$2.5 million less than our 2008 collections. Not since 2005 have our income tax collections dropped below \$22 million. We would have had even more disastrous results had we not run an amnesty program that netted more than \$500,000.

In 2007 I warned that we did not have adequate reserves to weather a major downturn in the economy and we are now faced with the reality of decimating services or raising revenue to balance the budget for 2010. While I could not have predicted the severity of this recession, I felt that we could not have survived even a normal recession.

In an October 30, 2009 Plain Dealer article, Pepper Pike economist Ken Mayland, president of ClearView Economics, LLC spoke to an audience of several hundred Keybank clients and announced the nation's economy is recovering and could be positioned for a "vigorous snapback". Tempering his remarks, Mayland said that it will take several years for the economy to fully rebound.

On November 19, 2009 I attended a Summit on Local Government Sustainability in Columbus sponsored by State Auditor Mary Taylor. The daylong session focused on what to expect in 2010. Income tax withholding is not expected to improve until the second or third quarter of this year. The improvement is not expected to be robust. Second quarter is expected to increase by only .23%. Property values will follow improvements in the economy but are 3 years behind. Growth in property values are not expected until 2014.

The local government fund is no longer frozen and the distribution formula has been simplified but 2010 estimated growth is expected to about 1.5%. The estate tax is threatened once again. There is legislation pending in legislature to repeal it in 2013. While casino revenue is estimated to generate \$643,000 the earliest start won't be until 2012. The first full year of collection will not occur until 2013. Phase out of the Tangible Personal Property Tax occurred in 2009. Reimbursements in the form CAT tax will stop in 2011. Total phase out will occur in 2018.

For 2010 our income tax projection is \$586,000 less than our actual collections for 2009. Total General Fund revenues are projected to be \$1.8 million less than in 2009. Expenditures for 2010 are nearly equal to 2007 actual expenditures.

On the expenditure side we have minimized amendment to the extent that they are absolutely necessary. Our presentation reflect budget performance for the last several years. The first chart shows our general fund balance. General Fund balance since 1996. This is for the last 13 years. Our 2009 balance was \$1.6 million. Had we not collected one time amounts of \$638,000 for renewing our electric supply contract and reimbursed general fund in the amount of \$440,000 from the Nuisance Abatement Fund for funds that the General Fund had advanced earlier, our 2009 balance would have been dangerously low.

We see the pattern that reflects the normal economic cycle here. We need a fund balance reserve in the General Fund equal to \$7 or \$8 million that we had in 1998. The drop in revenue occurs so quickly and you can see by this chart, that there's little time to react. Our dependence on the income tax will continue to make us vulnerable to these ups and downs.

General Fund revenues. The chart that is in front of you shows that by far taxes are the largest single source of revenue in the general fund. Intergovernmental revenue and charges for services are the next two largest sources.

Of that category taxes, it is 68.9% almost 69% of the total general fund revenue. Charges for services and intergovernmental revenue which are the next two largest sources comprise about 10% each of general fund revenue. Charges for services include all fees charged for everything from making copies to charges for EMS runs.

On the next slide, you can see that in the category taxes, by a majority the income tax accounts for the lion's share of the tax category.

The next slide, the intergovernmental revenue, you can see that the largest single portion is the county portion of local government. So, we're talking about income taxes, local government fund as being some of the major things that we want to concentrate on. As you can see the local government fund is about \$2.5 million of the intergovernmental category.

On the Expenditure side, you can see by this chart that public safety which totals \$21 million of our \$35 million General Fund is dedicated to public safety. For those who are looking at the chart, it is the large blue section which comprises public safety. That as a percentage, on the next slide, shows up as 55% of the total general fund expenditures.

In Public Safety, the lion's share is dedicated to police and fire. You can see on the slide that police comprises about \$11 million, fire comprises \$7 million and the balance is to corrections and building and housing inspection.

General government expenses include departments such as Law, Mayor's Office, Finance Department, and the Municipal Court. Included in this category are non-departmental expenses. These expenditures are not attributable to a single department which is why we call them non-departmental. The General fund portion of health care, which totals \$3.8 million for 2010 is included in the non-departmental expense category. A big portion of that \$7 million, almost \$4 million of it is the general fund portion of health care.

Since 2004 salaries and wages have remained relatively stable. There were no increases budgeted for 2009. All employees were subjected to compensation concessions. For 2010 those concessions were continued for non-collective bargaining unit employees. Fringes related to wages reflect a similar pattern.

I would now invite your attention to the following charts that illustrate total salaries, wages, fringe benefits including pension and Medicare. There are also charts on our total expenditures for utilities, energy and waste disposal. You can see for 2010 the salaries and wages line item include overtime, proficiencies, premiums, shift premiums and it also includes retirement payouts. Where there would be retirement payouts, longevity, all of those we classify as salaries and wages. You can see that for 2010 across all funds we are hoping to budget \$26 million which is pretty close to a million dollars less than what we actually spent in 2009 and pretty much mirrors across the board for the last 4-5 years of consistently same level.

On the next page, pension, Medicare and life insurance that follows those wages exhibits the same pattern. We're still in the \$5 million range. We were in the \$5 million range in 2004. So there has not been a huge increase in salaries and wages or fringes.

On the next page is Waste Disposal which I know we received a question about waste disposal and we'll try to address that question later. But, across the board, all funds, waste disposal has stabilized. This year we're looking at \$2.6 million and in previous years it has been in the \$2.5 million category.

The next slide shows energy consumption, electricity. Shows the same pattern. Water has kind of been up and down but the most recent increases have been as a result of City of Cleveland rate increases. You can see that natural gas shows a bit of a trend. Natural Gas, gasoline and diesel as a result of the decline in petroleum prices. We're starting to see a bit of the decline, you can see the trend on that chart. In 2009 for natural gas, we spent about \$715,000 and this year we're budgeting \$586,000. Gasoline and diesel, we're actually budgeting the same amount that we actually spent in 2009, but it is a significant decrease from what we spent in 2008 which was when gasoline prices were at their all time high.

I would like to direct your attention to Appendix B section of your booklets. That if you will notice is where we document our healthcare costs. The only thing that I wanted to point out is that are healthcare costs, while it is a big number, we are containing those costs, they are being controlled. We continually are told by our consultant that many of their clients are experiencing double digit increases in their healthcare costs. You can look at that chart and see that we have not had very many years with double digit increases. As a matter of fact, most of those years are single digit increases and we expect that trend to continue. A lot of what you see of which we're budgeting for 2010 partly because our control of our cost, but also the elimination of employees, we've already laid off a significant number of employees. We built in a reduction in our overall increase for healthcare.

In 2010 we're budgeting for 40 funds. A new fund was added in 2010 to be used by the Municipal Court for indigent drivers convicted of substance abuse.

I have continuously advised of the need for new revenue streams. As we end 2009 and begin 2010 it is becoming more apparent why. As federal and state assistance continue to disappear, it is incumbent upon local government to compensate for the losses or face the decimation of services. We have already begun eliminating positions and reducing expenses where possible but we are still faced with a 1.5-2.0 million dollar shortfall. In the State of the City message, the Mayor announced we would request Council approve to charge residents for rubbish

removal and possibly assessing for street lighting. I would ask that you give these proposals serious consideration in order to avoid elimination of essential services.

I will conclude my remarks by saying as I have for the last several years that we must deal with the structural imbalance in our finances that was referred to by Moody's Rating Service in 2004. Although we have been very successful in collecting delinquent income taxes our dependence on the income tax makes us very vulnerable. As I predicted we could not continue to generate budget surpluses based solely on delinquent collection.

Finally I would like to express my sincere thanks to all staff who helped put this budget together, particularly, Carol, Cindy, Cathy, Mike and Sheila. I appreciate all of your hard work. If there are any questions at this point, I'll be glad to answer them. If not, we will move on.

Mayor Cervenik – Before we get into some of the individual presentations, there were a number of questions that were asked concerning the numbers on page 3 of the budget book that had to do with the various fund balances. There was some questions about the TIF funds and the Endowment Fund and basically those were all brought down to \$1. It is due to the JJR fees that we know we're going to have to enter into the next contract with them. The Endowment Fund has been reduced to help purchase the properties along the lakefront that will be required as we move forward with this plan. We also have Recreation Capital is extremely low. Sidewalk repairs, all of that will be used for things we're doing on the lakefront. On the second page, Briardale Greens Golf Course is down to \$1 because basically the budget is going to be taken over by Billy Casper Golf and will be handled in a different account wise. You will not see the projected budget for the golf course here right now. We will have their budget to you for you to approve after they have done their continued work on that budget. That's why those numbers are down to zero is we fully expect, a good part of that funding and then possibly the need for some capital funding as well as possibly some borrowing for land purchasing as well. That's why those numbers are all reduced to 0. Obviously those actions and the expenditure of those funds that are down to \$1 will have to be approved by City Council, if they exceed \$25,000 and they will. I hope that answers that question.

Councilman Langman – Will we get into more detail on what JJR is planning to do in the future and what we'd like them to do and the various purchases?

Mayor Cervenik – I believe we will be touching on that Wednesday night with Community Development. Certainly at future meetings when JJR has solidified what their contract needs are going to be to take us where we've asked them to take us.

Director Pietravoia – We were anticipating either at the next Council Meeting or latest March 1st to have final draft of the third phase work program for JJR which would go into greater detail about the work we anticipate they'll be doing in this calendar year and what the projected cost would be associated with that.

Councilman Wojtila – The page with Waste Disposal, I'm not sure I understand that whole page, if you could explain that again. It has the proposed budget of \$2,120,000 for 2010.

Director Johnson – There's \$2,120,000 that's budgeted for the general fund and you can see what's budgeted for the other funds.

Councilman Wojtila – So it is just disposal of waste for each of those funds? What is SCM&R stand for?

Director Johnson – Street Construction Maintenance & Repair fund. When the street sweepers are on the road, the debris that they pick up has to be disposed of in a certain way. A lot of the street sweepings are what is charged that, that part of the entire disposal bill. Also I should point out, the amount that we have budgeted totally reflects three months under the old contract and nine months under the new contract. The new contract doesn't kick in until March. We do expect that there was some savings, but we're going to have three months of it under the old contract.

Councilman Langman – I know one of my questions was shouldn't we see a little more savings since that's how the firm was presented to us that we would see some significant savings on trash removal.

Director Johnson – Director Smith has a spread sheet on that and he could probably explain it a little bit more in detail.

Director Smith – As Director Johnson had said, I did distribute a three page overview of the cost savings back after we received the bids from numerous vendors with regards to that matter. In that overview I went through in order to make a true comparison had to break some items out which I did. On page 2 of that, I can certainly provide you with another copy if you do not have it with you. When the comparison was made, the Republic proposal for 2010 would have been in the amount of \$2,389,586.64. In comparison the J&J bid proposal was in the amount \$2,108,436.67; representing a difference of \$281,149.97. That does not include any cost associated with the Waste Water Treatment Plant. Those items were a little more straightforward when they were broken out of the agreement. Essentially the Republic proposal for 2010 would have been in the amount of \$594,412. The J&J proposal for 2010 was in the amount of \$539,470; representing an estimated savings of \$54,942.

Councilman Langman – Bottom line, that was more cost avoidance rather than anything else, which is still good.

Councilwoman Minarik – Mayor, are we expecting any stimulus money into this city this year and what would it be used for?

Mayor Cervenik – I certainly hope to receive more stimulus money, except for a few examples such as the police CHRP grant, most of that stimulus money is for capital improvements, not relieving the general fund of operations. I believe I did send you an e-mail that we were able to convince along with other cities to allow us to use the other two positions in the police department that we're required to hire new officers with the information that we sent them, most of what you have right in front of you. They determined that it would be beneficial for us just to maintain two other officers that we have. We're looking everywhere that we can. As I mentioned in the State of the City we received more than \$6 million in stimulus money and grants last year and I'm certainly not going to give up now.

President Holzheimer Gail – Why don't we go ahead with the revenue and I think some of the questions will be answered as we go along. Perhaps at the end of each section, or at the end of revenue we'll stop of there's questions about revenue and then go onto the first department.

Director Johnson – I will go over revenue very quickly. I pointed out to you what our major sources of revenue are. Under the property taxes, real estate taxes, they've been fairly flat and that's as a result, I guess this is one of the instances when the House Bill 920 provision works to our advantage because as property values are deflating, we don't see a huge drop in the property tax collection. The area of concern is the CAT tax and the phase out of the Tangible Personal Property tax. Because those funds come from the State and the State has had their own set of budget crisis, you can see that we've experienced a bit of decline.

The income taxes, I pointed out that our projection for next year is below what we actually collected last year. I can't remember a year that we've ever projected less for the succeeding year than we collected in the preceding year. That's the reality of it.

Pretty much all the rest of the line items, the estate tax, we seem to always come out on top on the estate tax which shows up on page 8. There's no way to project that. It is fairly consistent and has been increasing over the last several years, which is why we're still optimistic about that.

The other taxes that you see, the franchise tax, is the cable TV revenues. The increase is while we consistently got about \$470,000 a year from Time Warner for the cable franchise fee, we're seeing the increase as an increase in the AT&T U-verse subscribers. It would seem that there are additional subscribers to either one of the two services that they are not necessarily switching from Time Warner to AT&T in huge numbers, which is why there would be an increase.

The Local Government Fund, I showed you on page 9, is a fairly large number, \$2.4 million. Those estimates come from the County and they're usually pretty accurate and pretty consistent, they could be off by a slight amount, but those numbers are pretty consistent.

The other numbers are charges for services which are the things we charge for. On page 10, you can see our ambulance collections have been fairly consistent at \$1.2 million which is the largest single source. It is just a whole myriad of things like apartment inspections, housing inspections, pre-sale inspections. You can see those numbers, we are projecting a slight decrease in those numbers but the total decrease in that category is about \$4,000 for the year.

That's pretty much revenue. There's not a lot of other major sources of revenue. The prisoner revenue you might want to talk about.

Mayor Cervenik – The prisoner revenue, we met with the Sheriff on Friday. We will be in discussions with him again on Wednesday, so that when we have the police presentation on the

22nd, we will know where we are with that. It was a very positive meeting, both parties understand the difficulties we each have and we're hoping to come to some meeting of the minds, to save some money for all of us.

If you look at page 13, interest income is going to drop \$100,000. One big item that really helped us as the Director mentioned at the beginning was the \$638,000 from extending our electric aggregation contract for six more years.

A couple questions were asked by Council about driveway permit fees; they were just put into another line item. We are still collecting fees for driveways. Public telephone fee, what this is over at the prison, there's a company that allows prisoners to make calls. We get some revenue from that. It has dropped because we've had less prisoners than we've had before, but also because it is such an expensive per minute calling that they do, a lot of prisoners have given up calling once a week.

Police car on site fee, we now charge construction companies when we need to be on site for construction projects. In the past many times that was done gratis. The Chief put that into effect at least a year ago. There were no dollars in 048 Account and that was because it was just changed into a different account.

Rental income, \$50,000 that's from a cell tower in the general fund. That was questioned in page 13. Also on page 76, there's additional cell tower rental income that goes directly to the Recreation dept., and that number is about \$45,000. I think that covered all the questions we received ahead of time.

Director Johnson – There was another question on the Admission tax. We have not factored any projection for admission tax. We don't have an experience on that collection and I didn't it would be prudent to throw some number out there. We budgeted zero. We haven't even created the account for the admission's tax. Although we expect that we should be receiving a check here in the next week or so from what we heard.

Mayor Cervenik – If the estimate is 55,000 people attended, there were a lot of 2 for 1 tickets and most of the other tickets were \$9. On a \$9 ticket, we get .27 cents. Doing some light calculations, if we're lucky, we'll probably receive \$11,000 in admission taxes. That's by far the largest show they're going to have this year.

There's also a question asked about in our income tax collection numbers does it include delinquencies, yes it does. Our delinquencies are increasing. Luckily we are getting most of the delinquent people that we catch on a payment plan. With the economy the way it is, the delinquencies are growing. We tried an Amnesty Program this year. We raised maybe \$500,000. We were hoping for \$1 million, but it became very apparent as we were going through this, people did not have the ability to pay everything off at once and were willing to enter into a payment plan and pays the penalty and interest that they could forego if they had the money ahead of time.

Councilwoman Scarniench – When is the last year for the Lincoln payment?

Director Johnson – I did some research on this and don't hold me to this but I think the last Lincoln payment is 2016. There was legislation that was initiated in 1993 and then it was amended in 1994 twice. I believe that the bond issue was actually done in 1996. I don't know why but apparently there was some sort of a delay. That being the case, it would have been a 20 year bond issue, which means it should pay out in 2016. There's about six more years to go on that issue. For those that don't know what we're talking about, we issued a bond to loan to Lincoln Electric for their Motorworks division. The agreement was that they would reimburse us for the debt service payments and they do consistently every year reimburse us for the debt service payments. But we make the debt service payments out of the general fund. So when you look at the end of the general fund and you'll see debt service there, that's to repair that bond issue for Lincoln Electric. The commitment was to retire that debt from non-tax revenues which is why it is out of the general fund.

Mayor Cervenik – On ambulance fees, the Director did an analysis. If you look strictly at the percentage they would charge, we might achieve a savings of approximately \$7800, that would only apply if they were as diligent as our employees are in collecting it. Our employees that are responsible for collecting ambulance fees also do other duties as well which would have to be picked up by someone else, at least a part time person. I think the ambulance group is doing a pretty good job.

Councilman Langman – Our building inspection fees, housing inspection fees, do those fees also cover the cost of any medical claims for that particular department and those staff members, do we know that?

Director Frey – The housing inspectors and building inspectors are all general fund. Their medical costs are in the non-departmental medical expenses. Are you asking whether there's adequate funding in the revenue side to cover that? On the housing side we know that we're projected to bring in about \$822,000 this year in housing revenue.

Director Johnson – On the expenditure side, we're budgeting \$579 in housing and an additional amount for building, so the total is \$750,000. I would say that they do, pretty close to bringing in what their costs are.

Councilman Langman - We have a legal right to charge for the cost of delivering whatever the service is, is that not correct?

Director Frey – That's correct, yes we do.

Councilman Langman – So I want to make sure that in fact if we can, we can absorb at least some of those healthcare costs into the cost of delivering the service but it sounds like we're doing a pretty good job. Thank you.

Councilwoman Minarik – On the ambulance runs again, Director Johnson, why are you projecting that we will get less this year than last year? Because are runs are increasing?

Director Johnson – Our runs are increasing, but we are continually being told that the Medicare reimbursement could be reduced. We've heard this every year for several years. But, it has not occurred, but we are budgeting for it as if it could occur, as if it will occur. The number of runs are increasing but the amount that Medicare pays could be reduced.

Councilwoman Minarik – So we're not going to charge what it costs for a run?

Director Johnson – We charge the same amount and as a matter of fact, we charge more than the Medicaid reimbursement. We charge more than the insurance companies will reimburse. But they will only reimburse a certain amount which is called UCR, usual and customary.

Councilwoman Minarik – Then the patient has to make up the difference?

Director Johnson – In theory the patient has to make up the difference. We are required by Medicare to balance bill. We do balance bill. In the ordinance I have the authority to discharge any balances where they would propose a hardship on the resident. In many cases if they're seniors and they're on fixed income and they send me a letter telling me that this would pose a hardship on them, I generally will discharge the balance.

Councilwoman Minarik – Basically even though the runs are going up, the revenue is going to go down, possibly because the Medicare will not reimburse as much as they are and because the people using the services are financial hard pressed and cannot pay.

Director Johnson – Generally yes.

Mayor Cervenik – We try not to take our seniors and turn them over to collection or anything like that when they really can't afford it. As long as we follow the proper procedures that Medicaid asks us to do, then that's how its been done.

Councilwoman Minarik – The seniors make up the bulk of the EMS emergency runs?

Mayor Cervenik – A lot of them do and then we also have a segment of society that our in the same position as the seniors and they will be treated the same way provided they make the case that they certainly cannot afford it or it would be a tremendous hardship. We do ask for a response. Someone who does not respond to the balance bill, then they will be turned over to a collection agency and then they'll have to do that explanation to them.

Director Johnson – We have done that and we do that.

Councilman O'Neill – Do we bill non-residents the same rate as residents?

Councilman O'Neill – Can we legally charge more for non-resident?

Director Johnson – She said that we could have a different rate, but mostly if there's insurance involved, they're only going to reimburse so much. We try to make sure our rates are higher than what we know they'll reimburse so. Generally we get everything that the insurance companies are going to pay. It doesn't matter if you're a resident or non-resident, they're only going to reimburse for the same amount.

Mayor Cervenik – Due to the fact that we bill based upon as much as possible, cost, it would be very difficult to say that it cost more to transport a non-resident than a resident.

President Holzheimer Gail – To summarize a couple of things to make sure we keep in mind looking at revenue as we did have a number of one time and I believe Director Johnson went over these, but we did have the CEI First Energy payment of \$638,000; we did transfer from Nuisance Abatement Fund \$450,000 and projected \$500,000 from Amnesty. Just something to keep in mind, those make up a large amount of money and those were one time collections last year.

Councilman Wojtila – To the bottom of page 7, Income tax, got a projection of \$587,000 less. We knew from the pie chart that it is the biggest percentage. How comfortable do we feel with the projected revenue of \$20,994,000? That's the biggest ticket item here.

Mayor Cervenik – At this moment, the month of January we were \$880,000 below what we collected last January. Having said that, I do believe the economy will slowly begin to pick up. This maybe a little aggressive but I think we can meet this based upon the increased number of payment plans. We basically have to pick up an additional \$300,000 between now and the end of the year versus last year. We did budget as close as we could. We knew the revenue decline in January was going to happen due to year end bonuses at various companies. We're pretty comfortable. Would I like to say we're being too conservative? I would like to say that but I don't think we are. I think it is going to be another very, very tough year.

Councilman Langman – Any new jobs on the horizon that we could have some confidence in?

Mayor Cervenik – We've had some discussion with a major health care provider that will bring some additional administrative jobs in here. The State of Ohio has hired a development company that will be marketing Bluestone. They have a specialty.

Director Pietravoia – They've certified the site as eligible to be on their list when they're trying to attract companies from outside of the State.

Mayor Cervenik – They are going to be marketing Bluestone nationally and internationally so there's a lot of opportunity there. I think the rest, we hope will be from the gradual increase in the businesses of our larger and smaller companies. That's got to be a wait and see attitude right now. There is some room for growth of new jobs that could be significant if certain things go okay. That's why we pushed so hard on the alternative energy side of things and assisting Lincoln with their proposed wind turbine that could definitely spill over into Bluestone and could definitely spill over into the Mall property as well. I can't count on those things right now because they are only hopes and works in the making.

President Holzheimer Gail – Just to follow up on January's collections. You indicated it was \$800,000 less than last year's collections. How did it compare to your projections for January?

Mayor Cervenik - \$38,000-\$40,000 wasn't to bad.

Director Johnson – It was just about the projection.

Mayor Cervenik – If it was a lot lower, I would have change this number. We knew January was going to be a horrific month compared to January 2009.

Councilman Gilliam – Page 9, Dept. 041 General Government Charges. I'm looking at the refund and reimbursements and over a period of time we have a \$78,907 deficit, almost 53%. I'm a little

unclear on this. Could you explain how this number became so much lower than the previous year of 2009 actual, the proposed budget?

Director Johnson – That number fluctuates because Council has passed legislation authorizing Tax Incentive agreements for certain firms that increase their employment levels within the city. What that number represents is the expected, I'm sorry.

The refunds and reimbursements, we've changed the way we handle our workmen's compensation claims. In the past, employees that would have a worker's comp claim that they would be off on temporary total and they would get their checks. They had an option to either get paid and use their sick days and turn over their worker's comp checks. Then we would reimburse them for their sick days. Well we changed the whole way we handle worker's compensation claims and now we don't reimburse them for their sick days and they don't turn their checks over. When they go out on temporary total, what they live on is their worker's compensation checks. That money, I'm sorry I forgot earlier, but what that represents is we are no longer requiring them to turn over their worker's compensation checks. Also we're not allowing them to be reimbursed for their sick days what they use while they're under worker's comp. There's a similar line item on the expenditure side in the general fund and sometimes I forget.

Councilman Gilliam – I get confused too Director, thank you.

President Holzheimer Gail – There is \$70,000 budgeted still. Are there some people that do turn over their?

Director Johnson – That line item is not limited to worker's compensation claims. The majority of it is that, but we have various reasons or various things that we make reimbursements for and that was the major one.

FIRE DEPARTMENT

Chief Cosgriff – As the Mayor has stated the Directors and Chiefs will not be going over our budgets in a line by line presentation. I will begin with an overview of the Fire Dept. budget and then ask for questions. I would be remiss if I did not begin with a statement of what this budget is not. This budget will not allow the Fire Dept. to maintain the 16 man minimum.

The budget that I submitted to the Mayor late last year was approximately \$220,000 higher than this budget. The main difference between that budget and this one is that my budget request brought us back to 80 firefighters to replace the ones that had retired along with an additional \$50,000 in overtime. I know that it will seem that I continue to beat a dead horse on this issue, but I cannot stress strongly enough the importance of the 16 man minimum.

Since I have you all as a captive audience, I would like to tell you a couple of stories and I will try to be brief. On Sunday, January 31st, the Fire Dept. was operating with 16 firefighters and all units were in service. At 18:55, which is 6:55 PM, we received a call for assistance to 100 Richmond Rd., for an elderly female having chest pain and difficulty breathing. As this is considered to be an advanced life support response, Rescue 3 and Engine 3 were dispatched. Four minutes later, at 18:59, dispatch received a report of an apartment fire at 5 Richmond Square. For those of you who don't know, 5 Richmond Square is in the Georgetown Condominium Complex. Engine 2, Rescue 2, Ladder 1 and Rescue 1 and Car 23 were all in quarters and were all dispatched.

Engine 2 responded and while traveling up Highland Road, they saw thick black smoke in the area of the Georgetown complex. Lt. Anderson the officer on Engine 2, called in this finding and had a decision to make, specifically in regards to water supply. He could hit a hydrant on the way in, but this would cause a significant delay in putting water on the fire. As one of our most experienced officers he made the decision to go directly to the scene and begin operations. He ordered Ladder 1 to lay into Engine 2. Ladder 1 would be the next fire apparatus responding or arriving. This means that Ladder 1 would hit the hydrant on their way in and lay 5 inch hose into Engine 2.

This was a good decision by Lt. Anderson as two of the units were fully involved when they arrived on the scene three minutes later. They began operations with a large diameter hand line in order to put as much water on the fire as quickly as possible. As you all know this attack was not sufficient and eventually the building became a total loss losing 8 units in total. We were operating with 16 men.

So you're probably thinking, what is the reason for this story. The reason for beginning with this story is to give you a different but similar scenario. In this next scenario we start with 15 men. In this scenario we have put Ladder 1 in service at station 3 and we have taken engine 3 out of service. Now the call for chest pain and shortness of breath at 100 Richmond Rd. comes in and Rescue 3 and Ladder 1 are dispatched from station 3. Once again, 4 minutes later, we receive a call

for an apartment fire at 5 Richmond Square. This time our response is Engine 2, Rescue 2, Rescue 1 and Car 23. On the way up the hill, Lt. Anderson once again sees this large volume of black smoke. However, in this scenario, he does not have a decision to make, at least not in regards to the water supply. We have effectively taken this decision making ability away from him. He must hit a hydrant as he does not have another fire apparatus following him in and he knows that he'll run out of water quickly, well before any mutual aid trucks can arrive on the scene.

Engine 2 stops on the way in, wraps a hydrant and leaves a firefighter at the hydrant to begin hook up. There's a delay in putting water on the fire and the fire continues to grow. Incidentally, a fire with an ample supply of combustible material and oxygen will double in size about every 45 seconds. We all know that this fire had both, the cold temperature and the steady winds certainly hampered operations.

Wait a minute, in the first scenario, the structure burned to the ground. You may ask, how much worse could it have been? I'll tell you. Most importantly there were no victims in either scenario. We were dealing strictly with a fire. There was also a building in close proximity to this building that was not on fire. This side for exposure was a main concern of ours to the point that we evacuated that building and ordered a mutual aid company to focus their attention on protecting that building.

Had we given the original fire another couple of minutes to burn unimpeded, we were possibly going to let the fire spread to that building and lose both buildings. We would then have a steady stream of people coming up to the podium and asking what happened, my building wasn't on fire and yet I lost everything. I would certainly like to avoid the finger pointing that would happen with that scenario. God forbid if we were talking about a loss of life.

On a personal note, my wife always tells me that everything happens for a reason. I don't know why we had this large fire right before we began the budget presentation, but I would feel remiss in not sharing with you the what if's of this incident.

So, to get back to my budget, this budget does not allow me to maintain 16 men and an extra \$200,000 probably would. I can recommend that, but I can't change that. I usually complete my presentation by asking Council to approve my budget as presented. Tonight, I am not going to do that, as I don't believe this gives me what I need to adequately run the Fire Dept.

As far as the line items are concerned, it really doesn't change much for 2009. I am anticipating a retirement in May and two more in December so the retirement separation pay has gone up. This budget does not include replacements for those three retiring firefighters. This also calls for an increase of 2% in the wage category as agreed upon in the collective bargaining agreement. This pay raise brings us back to 2008 levels, following the 2% give back last year. Overall this budget is a 2.6% increase over 2009 actual. There's really not a whole lot that has changed, but I'd be happy to answer any questions you may have.

Councilman Langman – For the residents that are watching and some of the new members, can you explain what the longevity and proficiency bonus is, how that came to be and the levels that they're currently at; if we've made any progress perhaps getting some relief in this year for those line items?

Mayor Cervenik – Longevity was something that was given to most municipality employees many years ago when in fact their wages were not kept up to private sector. It is a practice that I think has long out lived its usefulness. We have requested virtually everyone of our bargaining units, including fire and police that sometime in negotiations to eliminate this practice as well as some of the allowances that are received now for new hires. We've been told unequivocally no. The Fire Dept. did reduce a 1%, the longevity for everyone, the Police did, the Fire did not, and that's still a 1% reduction is appreciated but it really doesn't attack the long term refunding of the firefighters that retire. I know the Chief mentioned that his budget is about \$200,000 less. There are some things that we could look and talk about, I didn't know we were going to get into that story. We have an Assistant Chief whose total cost to the city is \$135,000 and we have a Training Officer whose total cost is \$107,000 not including hospitalization. Maybe if we eliminate those positions, if we get into discussion, we will have enough to have the 16 firefighters on duty at all times. There's lots that we can look.

The Chief has given me reasons why these positions are important. The Chief has given me reasons why he needs to replace a retiring secretary full time. That's why we proposed early on revenue enhancements if we don't received these revenue enhancements, these are the kinds of changes that are going to be stopped. Then we will have 16 firefighters on every shift, provided they show up, which is no guaranty by the way. \$200,000 more in this budget from past history does not guaranty on a daily or weekly basis, we're still going to fall below 16. I won't get into the reasons for that this evening.

Yes, the Chief is right, 16 is a good number. There's other ways to get the \$200,000 back in his budget, but then those other ways are going to cause other problems, such as lack of training and paperwork and things like that.

Councilman Langman – Since we're talking about this issue and it runs across other departments, could you explain for the Council and the residents, longevity. Have we negotiated an end to that with new employees, will they ever get longevity? Or this practice will it continue?

Mayor Cervenik – Any non-union employee hired after January 1, 1996 does not get longevity any longer. Non-union. We have not had any success because it is a, except for one or two unions, we get what's called a continuous service payment which is considerably less than the standard longevity which I think can be as high as 8%. So, with the non-unions, it has been put on them because they don't have the advantage of being in a bargaining unit. But the bargaining units for the most part have resisted almost completely any change in those payments.

Councilman Langman – I don't necessarily blame them for taking that stance, but there are some trade offs that have to be made. For example a new firefighter or police officer that is hired by us, when would they be eligible for any sort of longevity or continuous payment? After five years, correct?

Mayor Cervenik – Longevity begins after 5 years and it is a percentage increase for every few years of their 5, 10, 15 and 20.

Councilman Langman – What is the average percentage bonus payment per year for this department or other departments?

Director Johnson – I don't know that we have calculated what the average is. After 5 years, they're entitled to 3.5% and after 10 years they're entitled to 5%; 15 years it goes up to 6.5% and then at 20 years plus it is 8% of their base wage.

Councilman Langman – The percent of the bonus is calculated on your base wage so as you begin to earn more money, pay raises are granted, that is what the bonus is calculated on.

Director Johnson – Correct.

Councilman Langman – I don't want to bring this up for each department but Director Johnson, what is the total longevity and any other service pay out for the budget for 2010?

Director Johnson – Longevity pay out just for the general fund was \$774,000 almost \$775,000 that just for the general fund. Of that \$774,000, \$326,000 was Crime Control, just the Cops; another \$12,000 for Police Administration; \$15,000 in Dispatchers. In the Fire, \$250,000 is Firefighters and another \$5900 in Fire Administration. The Lion's share of that \$700,000 rests in those two departments.

Councilman Langman – If you throw in any sort of proficiency in bonus, that would take us \$1 million?

Mayor Cervenik – I don't think \$1 million is high. In the Fire Dept. alone, the total proficiencies is \$393,794. Total allowances are \$152,700. You need to remember that most employees, we pay 14% pension. We pay 29% for fire and 25% for police; versus the 14% all other employees.

That's where the difficulty arises in trying to staff what we need and having to continue these practices with new hires and I am convinced that both in the Police & Fire Dept., if these two items were taken out of the pay, we would still have people standing on the door waiting to apply for these jobs. It is under collective bargaining and it is going to be very difficult to change what we have now.

Councilman Langman – Is there any way legally that we can defer some of these payments for this contract year? Each bargaining unit has to be collectively bargained for any deferral?

Mayor Cervenik – Because of the fact that they are in the collective bargaining agreement, unless they would agree, we could grieve it. I don't know that we could win that grievance. I certainly a year and a half from now are going to try and get all new hires to not receive these benefits. I will tell you that if it is not agreed to by each of the bargaining units, each and every one, I will take it to

an arbitrator. I can't tell you that we will win, but we need to try for new hires. I don't think we have a prayer of ever reducing it for those that are hired and have bargained for it now. But you've got to remember that 2011 begins the class of 01 for DROP people. That program ran for 8 years and we're going to see a very high instance because it is mandatory after 8 years in DROP that you must retire. This is the time to do it. This is the opportunity to do that. I firmly believe 30-35 of our safety forces will be new in a matter of 3-4 years.

Councilman Langman- My point is, going through enough of these, Council President Holzheimer Gail and I have gone through many, many of these, basically this city has to bring in an extra million dollars every year just to keep up with the cost of doing business. When you have an economic contraction, you're not bringing in that extra revenue and we immediately dip into reserves. Given the economy and some other bigger factors, I don't think we'll ever going to get back up to that \$7-\$8 million reserve level unless we bring in major businesses, do projects like the lakefront marina, whatever it is to ramp up the amount of resources that we can actually tap into. I know we have a long way to go but it is important to illustrate those points as we go forward.

Councilwoman Scarniench – Seeing that we're talking about longevity, I would like to go down to the clothing allowance. I know that's a bargaining item. Can you tell me what is that clothing allowance for, what do they buy with that clothing allowance?

Mayor Cervenik – The city purchases the equipment and what is called the turn out gear for each of the firefighters. The Chief told me today they purchased on their own their uniforms, their blue uniforms, their dress uniforms that aren't a necessity in fighting a fire, because they don't wear them at that time. I think there was some other item that they purchase?

Chief Cosgriff – The fatigue uniforms also. Their day to day uniforms and their dress uniforms. Things like flashlights and that.

Councilwoman Scarniench – Is that included in the clothing allowance or in the uniform category?

Chief Cosgriff – The uniform category is for the office personnel that wear dress uniforms on a daily basis. The other clothing allowance is for the line personnel, maintain their uniform.

Councilwoman Scarniench – I guess my question is, we're spending, just through the whole general fund, \$389,000 on clothing and uniforms, it is like okay. Now if they were paying for these uniforms, the dress uniforms and such out of their own pocket, they would be able to take that off on income tax, is that correct?

Mayor Cervenik – It would all depend on their personal tax situation. You have to exceed 2% of your adjusted gross income for miscellaneous itemized deductions related to work. We don't even want to start getting into that stuff. Bottom line is, if they were to buy both uniforms every year, it is not going to come close to \$1900.

Councilwoman Scarniench – And that is what we give each person?

Mayor Cervenik – Some of that was given when things were tough and rather than have it be part of their wages, it became just another pocket of money. Whether it is pensionable or not, I don't think uniforms are pensionable so it saves us 29%, so maybe they got it that way. Yes, it has been a practice, it has gone on. Anybody who has been here, I know Councilman Langman and Councilwoman Holzheimer Gail and myself who have been here, we have voted on these contracts before, we have voted on many of the practices and deferrals and the banks that have been given before us and we have been told that they don't cost much money, but they do, it catches up to us.

Councilwoman Scarniench – We know they cost, but the problem is when we approve a contract, it has already been decided on what's going on. Council really doesn't have any say in what goes into a contract, correct?

Mayor Cervenik – Absolutely not, when that contract presented to you if 5 people vote no, it is not passed and we have to go back to the bargaining table. What we present is the best we can, under the circumstances. If it is voted down, we will either go back to the bargaining table or we would enter into the collective bargaining process of either arbitration or fact finding.

Director Johnson – Those uniform allowances are not pensionable, so there is, if you will a 29% savings.

President Holzheimer Gail – But they are part of the collective bargaining unit agreement and any change would require agreement.

Councilman Gilliam – I talked to other firefighters in other municipalities, are there allowances that the firefighters have for this city? I see clothing allowance and uniforms, in-service training, college reimbursement, are those things reflected in here or I'm just missing them possibly?

Director Johnson – They are in here. Proficiency, in-service and bonuses is a line item in particular in the Fire Dept. that's about midway down on page 41 and you will find those same line items in the Police Dept. also, although I don't believe it is called in-service, but I believe it is called proficiency. They are all bonuses or add-ons.

Councilman Gilliam – These are the additional allowances under this one line item, outside of clothing allowance and uniforms, correct? You said proficiency, in-service, bonus, those are additional allowances, all lumped into that one line item, correct?

Director Johnson – Correct. Tuition reimbursement is on page 42 under Training.

Councilwoman Jones – Chief Cosgriff, I have a couple of questions so maybe you can explain what the categories mean. First of all I do have a follow up question on the uniforms. Is it necessary that an office personnel wear a uniform? I know you mentioned that's part of the contract negotiation, but is it mandatory that they wear a uniform?

Chief Cosgriff – That is our policy that they wear uniforms. Our fire prevention personnel, are considered part of the office personnel and they go out and do inspections and meet with the public on a regular basis and I believe it is a good practice for them to be identified by the uniform that they were. The secretaries do not, it is just the firefighters, myself and the Asst. Chief, the Training Officer and the two in fire prevention.

Councilwoman Jones – A couple of other categories I have a question about, what is considered in the category of travel and the rent of equipment and vehicles. What do those two categories cover?

Chief Cosgriff – Are you talking about the Travel under Fire Training?

Councilwoman Jones – Travel on page 40.

Chief Cosgriff – Typically travel, if we go to a Fire Chief's convention or some type of training that's away from the city. We don't do a whole lot of outside training, but we do have some money budgeted for that.

Councilwoman Jones – The other category, rent of equipment and vehicle? On page 40.

Chief Cosgriff – I believe that item is for our Marks radios that we pay a fee. That's part of it. As this is in Fire Administration, I'm not exactly sure what this is. It could be for the copies, but that would just be a guess. I would have to look into that and get back to you on that.

Councilwoman Jones – I have one follow up question under the Travel, you mentioned under the Travel for Fire Administration was to go to trainings, is that separate from page 42 under the Fire Training, is that separate from this travel?

Chief Cosgriff – Yes. The Travel in 221 would be for Fire Administration personnel, for myself or the Asst. Chief; whereas the Travel under the Fire Training would be for line personnel.

Councilman Van Ho – First of all, it is not that much money, but why has there been such a dramatic increase percentage wise in the Travel budget on page 40 for Fire; also under the Uniforms, we've got almost a tenfold increase if I'm reading right, why is that?

Mayor Cervenik – We're talking about \$825 basically so that we don't need to make a budget amendment. If in fact a year like 2008 actual was \$777; 2009 we were under pretty good restraints and obviously they withheld the travel expenses down to \$71.25. It is just there, it is a number. We

can reduce it to \$71.25, same as last year, but I would hate to come back to you with a budget transfer or account transfer for a number that small.

Councilman Van Ho – How about uniforms because that's almost \$7,000, that's not real small?

President Holzheimer Gail – Page 41, Uniforms for Firefighting, was there a change to the contract? 2009 was budgeted \$3,000; only \$738 was spent. It is budgeted 2010 for \$7,500.

Chief Cosgriff – We budgeted hire for that in the event that we needed to buy turn out gear for new employees. Still hoping that we replacing the retiring.

Mayor Cervenik – What is the cost for a full set of turn out gear per employee approximately?

Chief Cosgriff – I'm going to say about \$2,000.

Councilman Langman – Under Fire Administration line item, I do notice longevity is dropping by \$2,700. First of all how many people are in that department, how many get longevity and why the drop?

Chief Cosgriff – There are two civilian employees in that department. One who retired effective at the end of January so we did not budget for a full year of longevity for her.

Councilman Langman – The total employees out of that with the retiree, how many are left? You and?

Chief Cosgriff – As far as civilian employees, we currently have one, but we are going through the process, I would like to replace her to bring us back to two civilian employees. I also have myself and the Asst. Chief are considered Fire Administration.

Director Johnson – In that particular cost center and it shows up on page 33 of your position worksheets, there are two positions budgeted there and they are the two secretaries. That would be on page 33 of your position worksheets in the back of the book.

Councilman Langman – Chief, your full salary is in this?

Chief Cosgriff – No it is not.

Director Johnson – The Chief's salary is going to be in the next cost center which is 222 Fire Fighting category. The only thing that is in administration are the two secretaries.

Councilman Langman – Generally do most of our senior administrators no matter what department, are they getting longevity?

Director Johnson – No. When you say senior administrators, where are you?

Councilman Langman – Chiefs of the safety forces, the upper management of those departments and any other department.

Director Johnson – It depends if they were hired before December 31, 1995. Or in the case of police and fire, they enjoy the same benefits that the bargaining units enjoy.

Councilman Langman – I know this is not going to be popular but if we got some forbearance on some of the longevity pay, we would have the \$200,000 Chief that you're asking for. I think it behooves us, if we're going to ask the residents who I know this was mentioned earlier about delinquencies and so forth, they're struggling too. I'm hoping that some of the senior folks that currently have longevity can see to it to either forego it for this year or make some kind of accommodation to help us out, quite frankly. It is going to be a tough sell to tell folks, okay this is what we're doing, you pay more. That is going to be very difficult to justify. Maybe it has to be done, but we've all talked to residents that have been downsized, have less income, receive no bonuses, no raises, etc. It is a very sticky situation that we have to try to justify to the residents. No offense to anybody who works in the administration, I know you work very, very hard. Those are the economic realities because our population is falling, our wealth is falling, etc. We don't have a lot of extra money to tap into to fund all this. We really don't. Thank you.

Mayor Cervenik – I can't agree with you more. The economic realities however aren't mirrored by the legal realities of collective bargaining. I've tried. I will try again. But there is no correlation between the two, unfortunately. There's no correlation between members of this unit saying that they feel that they are in danger when they go out on their job and realizing that if we just give up a little bit amongst the 70 or 80 of us, we could fill this too. It is a very difficult situation we are in, I agree with you.

Councilman Gilliam moved to suspend the rules to go beyond the 1 ½ hour time limit.
Councilwoman Scarnienc seconded. Yeas: Unanimous.

Councilman Langman – One story from the past I think is illustrative. I don't think we can depend on arbitration to necessarily help us. I know it was my first term, Kirsten's second term, under Mayor Oyaski and the Arbitrator basically said, you have the money, you get rid of housing and rec and all of that and put that money elsewhere. I don't know, I think we're in a very, very tight predicament and I'm not sure even arbitration is going to help us out.

Mayor Cervenik – Two years ago I think it was we did end up in arbitration with this bargaining unit about the use of overtime and the scheduling and the Arbitrator overwhelmingly ruled in our favor that we are responsible for staffing and the use of overtime. I think you're going to see as these economic realities hit home with all these communities that Arbitrators are finally going to wake up and realize what the communities are trying to do. I have a little more hope this next round in bargaining that if we can't get our bargaining units to put in a two-tiered system to allow new people coming in to not be entitled to some of these items, I firmly believe we have a very good chance in arbitration. I can't promise you anything because the economic realities versus the legal realities of the bargaining units, there's no where that they intersect.

Councilman Gilliam – I just want to go back to Proficiency and Clothing Allowance. I have a dual role up here, one as an elected official and two as an actual citizen of this city. I've talked to numerous people who do want the services to remain intact. I do agree with Chief Cosgriff based on my experience at Georgetown that 16 people are necessary to sustain a strong force.

But outside of salaries and wages, and I'm not here to negotiate wages because people earn for their skill and I definitely believe that the gentlemen who are our firemen and our police dept. have the necessary skills to keep our city safe. The proficiency and the clothing allowances over a half a million dollars, in fact it is about \$546,494.

We have a few things that are causing problems in our city that has led to this revenue loss. One is, as Councilman Langman said a decreasing population. Two is the economy. Three, if you look at the City Euclid, we're considered a labor surplus city; which means that there are more people here than there's actual jobs available. So some people are barely getting by. Seniors with their own particular earned income through social security or pensions, that's fixed. Many individuals had to downsize and take part time jobs just to make ends meet. We realize all those factors are contributing to where we're at right now.

I just want to throw this out that I do have a concern at this point in time, if we want to maintain the goal of 16 firefighters per shift, we have to look at some type of concession. Basically with 78 firefighters in our city, between the proficiency and clothing allowance, that's \$7,000 per firefighter, outside of salaries. I have a concern about that when we want to talk about residents paying even \$14 or \$15 a month for garbage collection and paying for the use of lights. That's a huge number. As a council person and as a citizen, I do have a goal of maintaining 16 firefighters per shift. But I think it has to be really discussed how we're going to maintain 16 per shift when these particular costs have been steady over the past, let's say three years. There has to be some concession at some point.

That's my comment. I'm just concerned that the goal of the Police Dept. is to maintain 16 maybe even possibly have 80 firefighters. But the concessions that are needed to be made, are not necessarily flexible right now. That's just my comment. I just have a huge concern about that situation because I'm not a firefighter, I don't risk my life everyday. I'm not putting a dollar amount on anybody's job as a police officer or firefighter, but what I'm looking at is maintaining jobs and avoiding firefighters and police being laid off. If we don't come to a conclusion about all of those factors I previously spoke about, I think both government and citizens may lose.

Councilwoman Minarik – I wanted to ask a couple of questions, the firefighters what they did in the last round of contract, they took 0% increases in their pay and I believe it is 0% this year as well, Chief, or are they getting an increase this year?

Chief Cosgriff – They took a 2% pay cut in 2009 and then a 2% raise in 2010 which effectively brings them back to the 2008 level.

Councilwoman Minarik – That was huge. There is a lot of money that they are getting that could be negotiated but the contract is what it is. I wanted to address a couple of questions that a resident brought up at the last Council meeting. In one of the appendixes it shows that this is Appendix A, page 2, it says that there's a total of 80 personnel in your department, two civilians I'm assuming?

Chief Cosgriff – That's correct.

Councilwoman Minarik – One secretary and one Administrative Asst. Of those 78 remaining then, how many actually are involved in real firefighting, so that would be considered part of a shift? All of them?

Chief Cosgriff – That would be 73.

Councilwoman Minarik – The 56 firefighters plus the Platoon Chiefs. The Lieutenants and Captains they also attend to fires and things, correct?

Chief Cosgriff – Three of the Captains are assigned to the line. All the Lieutenants, three of the Captains and all three Platoon Chiefs.

Councilwoman Minarik – The resident had asked, first of all she mentioned, do not pre-approve any comp time. Firefighters can put in for comp time, but it is not approved until the actual day and if it is known if any firefighters are calling in sick. If there is minimum staffing and extra help is needed, exempt officers from other shifts, up to and including the Chief should be called in before there is any overtime. Can that be done to bring up, if you drop below 16? That means you, the fire prevention, the fire prevention and one firefighter captain; that's like 4 or 5 extra hands that could attend if you drop below 16, is that true?

Chief Cosgriff – As far as the comp time being approved or disapproved at the last minute. One of the things that the firefighters agreed to last year was to put time on the books instead of requesting overtime. That coupled with the sick time conversion has caused our comp time that is on the books to grow. I think the last time I looked at it, there was something in the area 18,000 hours that were on the books.

Councilwoman Minarik – Does that translate into almost everyday there's somebody who can call in comp time?

Chief Cosgriff – Yes, we could have people and we want them to use the comp time.

Councilwoman Minarik – Sure, that was another great concession. They give you 12 days notice, is that what you said? They tell you 12 days ahead of time if they want a certain day off for comp time?

Chief Cosgriff – That's correct. They submit the paperwork in order to get a day off and it is either approved or disapproved when they submit it. Now, a lot of times the guys are using that to go on vacation, to travel, they maybe out of town. If that's the case, they really can't wait until that morning to find out if they have to come to work or not. So the other way that they can get time off when they really need it is to trade time, which means that one firefighter will sign a paper to work for another firefighter and then he owes the firefighter that time.

Councilwoman Minarik – I guess my point is, if you know 12 days ahead of time who's requesting and you know the vacations because they're planned far enough in advance as well. Barring sick time, you should know what a shift will be, if it is going to be 16 or below, because we have the capacity to have a 19 man shift.

Chief Cosgriff – That's correct. We do not approve comp time if it will drop us below 16. There maybe 18 firefighters scheduled for work. We try to strive for getting 18 firefighters on duty each day, which means there's 48 hours of comp time that can be burned. I encourage them to burn it as opposed to trading time. They could put in for that comp time to get us down to 16.

Councilwoman Minarik – And then if someone calls in sick?

Chief Cosgriff – Then if someone calls in sick, that drops us below.

Councilwoman Minarik – What about the resident's recommendation that then we call in one of these 4-5 extra people to man a shift?

Chief Cosgriff – There's a fair labor standards act, which says that you have to be paid for the time that you work. So if we were to have someone from Fire Prevention come in and work that shift, they also would have to be paid. In addition, they wouldn't be doing their own job. If we were to put somebody from fire prevention on the line, their job wouldn't be getting done, number one and we'd still have to pay those people. If they're working outside of their normal work hours, we pay them overtime.

Councilwoman Minarik – Could you fight a fire? Would you have to be paid extra if you were called in?

Chief Cosgriff – Technically I'm salary but I guess if I was to work a 24 hour shift then I would need to take time off in order to get me to the 40 hours. I don't know. That would probably be a question better answered by the Law Director.

Mayor Cervenik – I do think the Councilwoman hit on a point. We have one shift with 25, at least at the moment, one shift with 25 personnel to cover 16 positions and the other two shifts each have 24 to cover 16 positions. Some of it is because of other bargaining of years ago and going to a 48 hour shift instead of a 52; we have things called Kelly Days and other things where they need to take off. It was all negotiated. But we sincerely from a resident standpoint, most residents I talk to can't understand why with 24 people being able to work the shift that day, we can't everyday have 16. The firefighting payroll and days off and scheduling is very complicated. When we call a firefighter in on overtime, correct me if I'm wrong, but I think the 24 hour shift costs about, a little over \$1,000. It adds up very quickly.

Councilman Van Ho – I'm perplexed because people who are on salary at least where I work, if you end up with a few extra hours, oh well. Is our salary thing different where you would have to take comp time off?

Chief Cosgriff – I don't believe that I would but the point of the matter is, we've got portions of the year where we have shifts that have 24 firefighters assigned and there's large portions of the year where there are 8 firefighters scheduled off on a daily basis. If we have a long term injury, I can't very well work the line every third day and continue to do my job as the Fire Chief. The same with the Asst. Chief, the same with the guys from Fire Prevention.

Councilwoman Scarniench – I don't want to belabor the point but what Councilman Gilliam said is absolutely correct. I haven't received one phone call that has told me this is great, I don't care about paying for garbage and I don't care about paying for lights. All I'm getting is desperate pleas on finding ways to do this with minimal cost to the residents. We've already taxed the residents. Even though most of the money goes to the schools, it still reflects back on us.

Earlier when we were talking about the Travel, and the Mayor said about the \$825 isn't a lot, well if you take all of the money for Travel and we take that out, that saves \$25,500. Every penny means something to someone. I think that's one of those things that we can say no travel because that's not a negotiated item, I believe. We have to look at the nickels and dimes and find the ways to do this.

Mayor Cervenik – My only comment to that would be is we have a responsibility to make sure that each and every employee is trained to the best of their abilities and to the newest technologies and ways of doing business. To totally cut out travel because most travel is connected with training. So the two together are about \$50,000. When we start through all departments saying we're going to eliminate \$50,000 worth of training in a \$37 million budget, we're down to about 450 people working here now, that can be very dangerous as well and it could end up actually costing us more in the long run, not to be able to provide that training. Not to mention some of the training that you're talking about is required training of our people. So, if we need to start doing that, I will. I've already told you if we can't get revenue enhancements, the law makes it very clear, I'm going to have a balanced budget and so do you. But at that point, how do we get the job done and how do you deal in telling residents that we can't do that anymore, we're not doing this anymore, we only have Fire Station #3 and #2 open, at which time we should rename them #1 & #2, because we don't

have any additional revenues coming in. That's why those items are in there. If you go back in year's budgets, 7-8 years ago, the training was much higher than this. We're really at a minimum. Recreation?

President Holzheimer Gail – I'm sure we will come back to that. The point that probably everyone is trying to make is that despite the fact that they're bargained items, we need to have some conversations about things that maybe could be given up for one year. Can the firefighters give up clothing allowance for a year to help us get through this budget process? Would they be willing to give up, I don't necessarily want to suggest their 2%, but maybe it is part of the proficiency, or part of something. We're not going to be able to do this if we don't work together. We're hearing some questions because we don't know, we're hearing some suggestions that on initial thought may seem unrealistic. We're at a point we need to turn over every stone. I appreciate the suggestions and no we don't have an answer right now, but we need to work towards one.

Mayor Cervenik – The message I'm getting from the larger bargaining units is they're not interested in doing any long term significant changes at all. To me means there's no sense doing something for one year, because one year is not going to help us. We're in this battle for a 2-3 year period at least. If there's no agreement by the bargaining unit to re-open their contract, my hands are tied. There is absolutely nothing else I can do other than to reduce the number of members in those bargaining units. My hands are tied. There's nothing we can do, legislatively, politically, or otherwise. That's what collective bargaining is. Before I ask Council to make any final vote on revenue enhancements, I will bring out again to each of these bargaining units the seriousness we're in. I got this feeling that a lot of them are watching on TV tonight. Maybe some of the questions that you brought out this evening has sent them a message that maybe they ought to re-think some of this. But the bottom line is, to get to where we need to be, there's going to be personnel cuts and those personnel cuts may make it worse than where we are now, if that makes sense.

RECREATION

Director Will – I would like to invite the staff that's here from the Parks & Recreation up here to the front. As we're getting started, I would like to introduce them. Tonight we have with us, Mac Stephens one of our program administrators from the Recreation Dept.; Annemarie Finch, another one of our program administrators; Joe Perpar the Supt. and Chris Grant our General Foreman/Arborist for the City. Unfortunately Marcia Fialko our secretary for the Maintenance Dept. had another commitment tonight and Valerie the secretary for our Recreation Administration is out sick, hopefully she's feeling better. Thank you very much for coming out this evening. I know they're usually busy every night. Monday night might be the one night that they have free and they're here, so thank you for being here.

I would like to start with the Parks Dept., on page 51. The Parks Dept. has a lot of demand for services. We don't have much money that's allocated to the Parks Dept., other than for salaries. The salaries for 2010 represent approximately 94% of the budget. There is a slight increase in the salaries and wages for 2010 and that represents the collective bargaining agreement being up to 40 hours currently and also our tree climber who was hired in August last year, is scheduled for the entire year for 2010.

Remind everybody that our Parks Dept. not only takes care of a lot of the facilities, but we also take care of all of the tree lawn trees. All the trees in the right of way and the trees in all of the parks. Prior to the merger with the Parks & Recreation Dept. back in 1994 there were 14 full time people that we had in our Parks Dept. Currently to date we have 10 people which includes our Community Service Litter Supervisor, the Secretary and the Supt. We do have increased services, although the man force has gone down. I've urged members of Council to come out and spend a day with our Supt., our Foremen, or one of our administrators just to get a feel for what they do on a daily basis. Their maintenance hours certainly aren't limited to just the trees, but they also are maintaining all of the pools, maintaining the ball fields, our flowers, our landscaping, the litter pick up, emptying trash on a daily basis, storm debris pick up, use of the high ranger, leaf pick up, citywide water fountains, cleaning the bathrooms, irrigation systems, cutting grass, snow plowing, Shore fountain, vandalism and graffiti.

Unfortunately, the graffiti has taken a lot of time in the last couple of weeks. I think everybody here on City Council knows on a daily basis we are getting calls in regards, it is either for a vandalism or graffiti or a tree situation. So, I commend our Parks Dept. for putting this all together and working on such a limited budget. I know every day they have a work order that they plan out the night before. They come in the morning and 90% of the time it changes because I'm calling them in regard to a tree or another priority that has to take place.

I want to remind Council that we also maintain our Euclid Cemetery. Although there's only 2 or 3 graves that we do each year, we don't know exactly when that's going to come and typically when that happens we have to go out and take care of that immediately.

One item that we have changed in this department is our temporary employee that we hire. They come in and do our baseball/softball season, they open and close the park, turn the lights on, report the scores, etc. That employee this year is going to be required, while they are there, to also cut grass, weed whack, pick up litter, whatever else may need to happen in Memorial Park while they are there.

Other than that there's not to many changes in our Parks budget. The total is under \$500,000. If there are any questions, I would be glad to answer them.

Mayor Cervenik – In your budget books the wages and you can't tell between non-union and union workers. I ordered a directive extending the 39 hour work week, which is in effect a 6 ½ day deferral for the year for 2010, continued from 2009. That is not reflected in this budget book, so some of the wages are slightly higher. In this department, the Parks Dept., that change would actually reduce the \$6900 increase by \$3200.

So that you have a good feeling for the balance at the end of, if you go to page 57 where we show \$3,157,000 deficit, the total effect of the General Fund for the 6 ½ day deferral is actually \$87,050, that includes pension and all other items. So that number when we're done will be changed to \$3,070,939. I hope we could change that before we presented these booklets to you but we wanted to start meeting tonight and we could not do that. I just wanted to say that should show you, the non-union employees that we have deferring 6 ½ days a year, the total savings is only \$87,000. I'm grateful that they accept that but the majority of our employees are in bargaining units and they are not working on the 39 hour work week.

President Holzheimer Gail – Mayor do you know if the wages were deferred, what savings that would be with the union bargained wages?

Mayor Cervenik – No I don't, it would be a significant number if each union employee took a 6 ½ day referral.

President Holzheimer Gail – If they stayed where they were last year.

Mayor Cervenik – I don't have that number with me, we'll have it for you Wednesday what it saved us last year. Some of them carried into this year. For instance, the Police Dept. this year, we'll receive a savings of I think and the Chief can verify, about \$160,000 in double time holiday pay for the police officers. They did some towards the end of last year and carried it to 16 days this year. We did a little different with all of them. It was a significant number in savings. The general fund is a hundred and some people and it is getting lower every day, unfortunately but the total savings for that 6 ½ days is \$87,000.

Councilman Van Ho – Once again, not that much money, Mayor but why do we have a sevenfold increase in membership, dues and licenses on page 51 of the Rec Dept.?

Director Will – The membership, dues and licenses for the Parks Dept., the increase, we have not had an Arborist on our staff for sometime. This amount will cover the license that we have to have to maintain the certified arborist for the year, which I feel is a valuable tool for us to have because he does have that certification.

Councilman Van Ho – It jumps out and grabs you when you see a 700% increase. It sounds like it is very worthwhile.

Director Will – I will move onto the Recreation Dept. starting on page 75. It kind of ties in because we're talking about 39 hours for your staff to be working. Perfect timing for me to talk about the Parks & Rec Dept. Everybody here knows that the Recreation Dept. operates 7 days a week, that is year round. We have many different areas of responsibilities that we have, including our pools, indoor/outdoor, ball fields, ball maintenance, we do currently have 22 organizations that utilize our ball fields and then our own leagues. We have 11 different soccer sites; 19 playground areas; a total of 82 acres between Sims Park and Memorial Park; all of the various programming that goes along with that, including basketball, football, girls softball, adult softball, volleyball, swimming, ice skating and of course our list goes on and on. Not only do we maintain a lot of facilities for our own programs, but for the outside leagues and organizations such as Euclid Boys League, Pony

League, Colt League, Euclid Youth Soccer. There's approximately 500 children that are in the outside leagues that we do maintain the facilities for them at a reduced cost.

In December 2009, one of full time program administrators left and in 2010 we are currently not looking to replace that position. Although we will need several part time employees to fill that. We have 4 full time administration employees. One permanent part time employee. Various seasonal part time employees and four maintenance employees. Again, with that said, I have to commend our staff for doing everything that they do, they are very dedicated. I think everybody on this council realizes that because each and every one of them gives 500% every day. I know I say this every year, I wonder how we get it done, but it is because of the dedication that these employees have. They are all put at 39 hour paid work week, and don't ask for anything in turn, and I laugh at their time sheets every week because they're probably 50 plus hours each week, including holidays and weekends.

Starting on page 75 with the revenue, as you can see our revenue continues to decrease. Some of these items which we cannot control. We've increased our fees to our residents, but cannot continue to raise them to a level where they're not going to participate. We have to continue to be creative and watch our budget closely.

For 2010, I am requesting a \$230,000 transfer from the General Fund. I know we've been very diligent in many ways, but there's no way we can continue to operate without this transfer. We will work with the administration and our city council as the future for the Recreation Dept. is a huge issue. We will not be able to continue with the decreasing tax monies that are coming in. As everyone can see our estimated tax revenue for 2010 will be \$12,000 lower than it was in 2009. This is continuing to decrease every year.

As you know the residents passed a millage in 1984 and we continue to operate with those same funds and actually lower each year. Our millage for this year will bring in about \$436,000 for operating and approximately \$260,000 in capital. It is amazing that we'll be able to accomplish what we do.

I certainly hope that you can support the transfer this year as I feel the Recreation Dept. is a crucial service in the city and the residents depend upon activities and facilities for their families to attend. Our entire staff is committed to this City and the residents, reviewed all of our programming and we're concentrating on the programs that will continue to increase and be successful. There are plenty of programs that we went through and will know longer be offering them.

I must also remind you that without the 400 volunteers that we utilize each year, we would not survive. There's over 10,000 hours of volunteer time that we get for nothing. Our volunteers come in, not only work with these kids, but continue to take care of them on a social level. Our Department continues to revise and expand programming offerings to the response and needs and interests of our residents. All the residents can take advantage of the diverse number of programs and activities that we sponsor on an annual basis. Young or old, we have something to peak your interest.

We have in 2010 the revenue comparison from 2009 is approximately \$50,000 less. If you look at the taxes, that certainly can be addressed there. There is \$10,000 coming in less for the tangible taxes and then for some of our programming in the different fees that we have coming for our user fees.

Last year the transfer from the General Fund was a total of almost \$280,000 that is \$50,000 less this year. We attribute that to the funding of the full time employee and some additional things that we are going to be doing with part time staff.

Starting on page 77 Expenditures. As I explained before one of our full time program administrators left in December and we've not replaced her which is a savings of about \$30,000. What's currently happening right now is our Aquatics Director is taking over the responsibilities at the Ice Arena and we go from frozen water over to liquid water. She's done a heck of a job and also Marcia, our secretary in the Parks Maintenance has been assisting her. We've been able to take care of that that way, I know Mac Stephens has also taken on some of the responsibilities that Jennifer had and we're going to be looking at the summertime with some additional youth sports that Mac and the rest of the staff will be helping out with.

I know there was a question about Other Professional Services in Recreation Administration for \$23,000. \$13,000 of that was for our rental for the Euclid Sports Plant. We also had to rent some space for the Euclid Board of Education and that's our fees that we pay for our adult softball for the Amateur Softball Association, that totals to \$23,000. Again, we've been working with surrounding cities on purchasing items to get us the best rate and we've been very aggressive seeking grants to help keep the cost down. I have to commend Mac for being very successful for working with PAL, the NFL, to name a few, to be able to keep our costs way down. Thank you very much.

Also as far as the training goes, I know we there's certain certifications that we have because of the aquatics and because of CE's that the staff would have to maintain. All of our volunteers go

through a training program in which Mac Stephens is able to do and there is no charge to the city. He's able to work some deals out with some of the local companies around here and negotiate items so we can send all of our football, basketball coaches to some very valuable training sessions at no cost to us.

The next would be the other supplies in Recreation Administration on page 78. That \$30,000, does cover all of our t-shirts, softballs and our supplies, basketballs, footballs, that we have to get for our various programs. We've been maintaining about that same amount at least for the last two years and again it is because of the staff efforts to try to get the best rates because we do work with other cities to buy together to be able to keep the costs down.

Recreation Maintenance. I know there was a question about the longevity earlier, so just to specify the longevity and this is for 3 employees, there's temporary employees which we have to have for the assistance with the ball fields and the pools on the weekends and evenings. Recreation Maintenance the salary and wages represents 4 of our employees, which they spent 3500 hours on the ice arena, 2,000 on pools, they prepared 900 baseball fields, 3600 hours spent on preparing the fields and there was 416 hours of lining the soccer fields. In your packet there should be information about our Parks & Rec end of the year 2009 yearly report that does get a lot more detail in some of those line items and the different items that we take care of.

As you're going through the Recreation budget you'll notice our utilities are another huge cost. We have a total of approximately, in water, \$10,000 for all the facilities; gas \$154,000; electric is \$154,000 for all of our facilities.

The ice arena on page 80 there had been a question in regards to the Other Professional Services. The amount of \$22,000 covers our maintenance for the cooling towers and that is at \$14,000, the balance for that is for our Learn to Skate Director and our ice skating instructors. The membership, dues and license for the ice arena cover our license for ASCAP to be able to play music through there and the pest control. It has increased this year. We do have a bill and had been trying to negotiate with the different music license companies, there had been four and now legally we do have to continue to pay with one of them and they had a huge increase, approximately \$2,000 for the year.

Swimming pools. I just wanted to point out as far as the chemical supplies go, at Board of Control today, we were able to approve a purchase order for our chlorine. We met with surrounding area Directors and we're able to negotiate the chlorine at 1.42 per gallon. Last year we did pay \$1.47. Because everybody got together and they were trying to raise it and give different prices to everybody, we went in together and was able to negotiate a cheaper price. The reason the amount is up a little bit more this year, last year the pools we were closed for a total of 15 days. In the event that we had been open, those additional 15 days and the difference between the chlorine, we would expect it to be \$12,000 this year.

The last item is the part time recreation and that temporary employees cover all of our referees for all of our programming that we have, our tennis lessons, our girls softball, ID registration, Mr. Serra, the gentleman that does our adult softball. We end up with a budget in expense of a little over \$1.69 million. The way I've presented this budget this year, I am asking for a general fund transfer of \$230,000. I do hope that you can support that. I did give you some information in regards to the affect of not getting the \$230,000 from the general fund. Hopefully you'll have time to take a look at it. It does give you a couple of different scenarios. Not that I am recommending this, I just wanted to make sure I was ready if that were to happen. To be able to eliminate that \$230,000 from the Recreation Dept. I would need to look at closing the pools indoor/outdoor from now until the end of the year. It would at closing the ice arena, not opening the ice arena in October and it would be the elimination of a program administrator and one of our full time maintenance employees, which would drastically impact several other items. However, to be able to come up with that \$230,000 that would be the best case scenario. Again, I am not recommending that. I am hoping City Council can support the fund transfer. If you do have to seriously take a look at something, I would hope that you can take a look at maybe the neighborhood pools and come up with some, an idea for that. I do want to remind everybody that in 2010 the City of Euclid is scheduled to host the Suburban Swim League Championships on August 8th, which I believe we'll be bringing in about 2,000 people to this pool. The affect of closing Memorial Pool would be drastic. I gave the scenario there for you to take a look at. If you have any questions after you've read that, please feel free to give me a ring and the staff at any time you can ask them questions. If you have any other suggestions or comments, I'd be glad to answer them. Thank you.

Councilwoman Scarniench – Director Will I appreciate all the paperwork because it is all very good. I've attended some of Mac's program and I love it, watching the kids, everybody does work very hard. Something I've talked about for years when I stood at the podium was about our neighborhood pools. I do not want to say we won't transfer the money, but I think it is time for the

residents to understand why we have to transfer money because of the low rate our recreation gets. It was something that was voted on. When I was on Charter Review we tried to raise that and the voters turned it down. I think it is time that the neighborhood pools are gone. When I was growing up the only pool I went to was Memorial Pool, so did all of my friends. People have to understand the impact because if we don't change anything, it doesn't make a difference, they have to understand that we're all in the same boat. I would hope my council colleagues agree with that by closing those neighborhood pools. Thanks.

Councilman O'Neill – I do agree with Councilwoman Scarniench with the ancillary pools. It is not something that we want to do but I believe it is a necessity. I believe we should maintain Memorial Pool as the one main pool for the city. I did go there when I was a kid and if kids want to swim, they'll get on their bike, they'll make it to the pool, they'll make it down there and they do have other venues to go to to cool off. There's areas where the lake, some concerns about Lake Erie, I'm not encouraging anybody to go to a place that's not life guarded, but I think we offer a pretty good entity with having Memorial Pool open. If the kids want to get to the pool, they will get there, either car pool, get on their bike and make their way down there. We're all going to give something up here and I don't think it is too much to ask to close down the pools outside Memorial Pool. I would encourage other members of Council to move in that direction as well, thank you.

Councilman Langman – I think Director Johnson's opening comments sort of addressed this issue, as far as dependence on income tax versus other revenue streams. We've had these discussions for many years. Recreation can't depend on their current revenue stream because it is not enough. We wind up where we have a dedicated revenue stream that should supply the recreational amenities for the residents, but it is simply because of the City Charter does not do that. We have to transfer in and we do that with some other funds too. We've tried over the years, I know I've been on Council to try to get around, massage it, and sometimes we transfer more than other years, but that really doesn't address the issue. I'm hoping the Council, along with the administration comes up with a strategy to address that particular problem, while we look at making adjustments to the budget, so that we can present to the residents a longer term solution to this particular revenue stream and others that we depend on to supply basic services.

Law Director Frey, I know we've talked about this too over various years. I'm hoping that you along with the rest of the administration can come up with some scenarios that the Council can consider for perhaps something that we may have to put on the fall to address the Charter restrictions, etc. But we can't go on this way where we're dependent on the General Fund to transfer in to these other funds that should provide the services that we all want. Thank you.

Councilman Van Ho – First of all I would agree with closing down the neighborhood pools, based solely on their attendance. I don't like the concept because I think that the Recreation Dept. is probably one of the best insurance policies we have of keeping kids out of trouble. But, given the economic realities of life, we need to. I will support whatever transfer we have to make into the general fund to keep that department as whole as possible. Just one question on the side, have we made any progress on getting the equipment back for the Strike Zone, I know we were going after?

Director Frey – The case is still in the Common Pleas Court. We have not, I don't believe a trial date has been set on that.

Councilman Van Ho – How long has that been in Common Pleas Court?

Director Frey – Civil cases are low priority when it comes to docketing and it is several years on many of those cases before they get to the point of a trial. I think we've applied in this case, if I recall for a default and then it is going to be a matter of trying to collect that. We know that the proprietor of the Strike Zone was having severe financial issues and I'm not sure a bankruptcy has been filed. It might be a tough case to collect much.

Councilman Wojtila – The revenue side on page 75, the bottom. We're projecting a \$10,000 decrease in revenue, but compared to 2008 we're about \$75,000 less. Can we raise fees? I know you raise fees and then people aren't going to participate and you're defeating the purpose. But, when talking about revenue enhancements, I'm getting calls saying I don't do that program or I don't do any of the programs, I'm a senior citizen, raise those fees so that the people who are using it pay the fee. I know you probably hear this every year, can you comment a little about that?

Director Will – We have increased our fees. What we've done is tried to look at the surrounding communities to make sure that what we're serving and try to compare everything. We'll try to raise

them and have to go through our Recreation Commission, our ice arena fees, we have increased them, they are on a schedule and will be increased for two more seasons. They know that, they know there will be an increase. It is little, I didn't want to come in with a \$50 increase, \$50 an hour, so there is that to take into consideration. We also are, I don't want to say losing individuals but at the ice arena for example, we really have to seek out some additional hockey teams. I know Annemarie Finch is doing a great job on that. It is the same with the swimming pool, that's a weather based. For last year 2009 we actually did great and it was a terrible season. So had it been sunny, we would have exceeded all of our figures. As far as our other programs, I know most of the programming that Mac does, we have done increases and I'm afraid to increase anything any more or we won't have the individuals participating in it. We do have our Scholarship Fund which I must again mention because if there is a program out there that somebody cannot afford, they need to contact us and we'll make every arrangement to get them in that program through the Scholarship Fund. We no longer get the Strike Zone fee, that has gone down. Did that answer your question?

Councilman Wojtla – Over all 2009 you were \$75,000 lower than 2008. Any ideas why?

Director Will – It could be less enrollment in some of the programming and that's what we've tried to look at to make sure that we're concentrating on the programs that we should be offering and that we're not offering a program that may only have ten children involved that is still taking up staff time. That's one of the changes that we're making for this year. We've coordinated with Boys League and are working out different programming with them, so we're all not offering the same softball for 5 year olds. Mac has worked out with some different communities as far as the flag football and tackle and basketball. Everybody is seeing decreases in their enrollment, so why should we all be offering t-ball for a 5 year old, let's all go together, you offer that we'll offer this.

President Holzheimer Gail – Director Will if you could talk about the transfer and I know you said it was \$50,000 less than last year but last year's budget was actually \$204,000, it was a budget amendment at the end of the year that brought that up to \$280,000. Could you remind us about that additional transfer that was needed and why that was?

Director Will – The best way to explain it was our increased cost in utilities, which we're dealing with right now. We've been working with Director Smith and Director Frey because the Parks & Rec Dept. and a lot of our facilities are seeing huge increases in our utilities. We're just making sure everything is being metered correctly and that we are paying what we're supposed to. That difference would be utilities.

Councilman Langman – Director Will, have we ever considered transferring some of the responsibility for these programs to the schools, like the aquatics program and some other programs?

Director Will – We have tried numerous times to speak, not only with the school but other departments to see if we could coordinate items together. I will continue to pursue the school, however that's not been something that anybody has ever jumped on to work that out. As far as some of the adult education programs, etc., we were able to do classes like that with them to take over at Shore, etc. As far as the aquatics department I think they would rather have us do other aquatics programming because I know the high school is not even offering the swimming lessons like they used to in the past. Ice skating, we've been trying to get the high school to come over to skate, increase that, so they have another opportunity for the kids. We'd actually go over there and do the swimming lessons for them.

Councilman Langman – I know the schools aren't rolling in money but the community has been very generous with schools and we need a little help. If there's a way to coordinate those and a willingness to do so, I would hope that we could at least ask again. Thank you.

Director Will – If I can add about that cooperation with the School Board. We have been able to utilize their gyms for our basketball, our volleyball programming and also for the swimming pools and for the track. I just want to make sure that people know we do have a good working relationship with them for some of the facilities. They utilize the ice arena, we do some baseball fields for them, etc. We are working good with them now, but I will definitely sit down and see what we can work out again. Thank you.

Councilman Gilliam – Just a comment, when you look at the particular numbers, there are in my opinion reasons to close neighborhood pools, even though I think they're amenities. I do think that

they are necessary. Based on total attendance and revenues that might be a suggestion while it be unpopular. We talk about the Charter in 1984 I believe Director Will said, about the millage being so low and each year it goes on it gets less and less. I would just implore the public, our residents who do utilize these facilities that there maybe a change. I'm not talking about a Recreation levy of any sort, but in our Charter, 10% of the electorate can propose that we change the millage. We have to look at possibly the residents doing that. I believe that that's one particular hamstring to the Recreation Dept. and another one and it is something that I saw as a Commissioner but I see it so glaringly now on page 78. It says all of our advertising is \$1,000. How do we propose that we can get people to come to our facilities and Director Will, correct me if I'm wrong, you're talking about \$1,000 for advertising?

Director Will – That is correct.

Councilman Gilliam – Who can sell anything on \$1,000? I can't sell hot dogs on a \$1,000 advertising budget, to be totally honest with you. So I'm in favor of the transfer, \$230,000 but I would advise the Recreation Dept. to look at those areas where programs are growing and invest in those and maybe have to decrease some of the programming based on attendance and revenue. But I implore the residents and even in my area, Indian Hills, these numbers are dismal. If I had to run this pool, I would close it, even against the wishes of my residents because the dramatic decrease in attendance consecutively for three years we've been the lowest, and we've been decreasing for three years straight. That's a problem in any community. What I would like to see is that we continue to support the Recreation Dept. but put the responsibility of the Recreation Dept. to look at those programs where revenue can be achieved, maybe cutting programming for certain areas like Memorial Park or C.E. Orr, only because of the usage of time. More use determines more cost and we may have to cut those days. While it maybe an unpopular position, we maybe to save some of the losses that are in our recreation department.

My last comment is before my grandmother past away, she was one of those people that didn't want to pay taxes for schools, she didn't want to pay taxes for recreation. Why? Because she had no children. But at one time she had three children and it was okay to pay. I'm not picking on anybody whether it be seniors or people who don't have children in this area. But as a community, recreation is an amenity and it is something that brings in new families, it is something that creates new revenue. I know that I talked to a young lady and a friend of mine who said one of the reasons why they moved to Euclid was because Richmond Hts. did not have the same amenities for sports. That was the reason for coming to Euclid, that was their main concern that their children had a place to play, have the socialize, develop character and skills. This is a costly investment, but I think long term, if we were to cut recreation and not transfer the \$20,000 or \$30,000, now you would have the economy, now you would have lack of amenities, that's another additional reason why our population could decrease. I think recreation is a good situation. Me personally, that's how I began to meet people in Euclid, I volunteered as a coach for four years. It may have helped me to be a councilman, but I think at the end of the day it does give people an opportunity to learn, to know each other and support this city in other ways that we just see, they're intangible. Imposing on the residents rather bluntly, you need to support your recreation department. Some of these particular activities that we have, there could be high demand, low demand. That becomes a division of economics, whether or not we lower prices because of high demand or remove particular or eliminate programs. That's my comment on that but I will say there's \$1,000 for advertising is not going to make any Recreation Dept. or any program successful.

President Holzheimer Gail – The budget as presented keeps the programs intact that we discussed?

Director Will – Yes it does.

President Holzheimer Gail – I think Councilman Gilliam's point is correct about the opportunity for our residents to interact and engage and we need to look at the reasons why people are staying in our city and why people would chose to come to our city. We can look at the programs, I think it is important to look at the number of people using the programs and the cost of the programs. I certainly would like to have a discussion before we decide to close a pool, to close an amenity that are keeping people here for a relatively small amount of money. I know lots of little bits of money add up to a lot of money. We need to look at the impact to the residents.

Councilwoman Scarniench – Director Will, the numbers for the ice arena, does this show that we would not open until October? Is that included in this number?

Director Will – One of the proposals is not to open the arena until October 1st, saving on a lot of the expenses that we were doing for one or two groups that were in there. But the other idea that we would be able to do is once Memorial pool closes and the chlorine is out of the water, we would utilize, recycle the water from the swimming pool to make the ice at the ice arena, saving us. Those fees and reductions are already in this budget.

Councilwoman Scarniench – How many people have we already heard from that are taking their children other places because having the ice arena not open until then inhibits them learning their skills and working harder?

Director Will – I did speak with the Euclid Hockey Association President. He was going to take it back to his Board. He did agree that it pretty much is only the Euclid Hockey Association that is in there. He was going to get me the numbers that it would cost him to go outside for that month, so I could compare it, whether or not it was valuable for them to go out and have to pay it. I have not gotten those fees yet. With that said, for maybe the 20 hours that they had for September it certainly would be worth it for us opening it. He did completely understand, not that he agreed with it, but he understood under a business plan, that would be the best and we were only opening it for them. Our plan would be for October 1st and I've only heard from that one group.

Councilman Van Ho – If I'm reading this right, if we close the four pools it would save about \$37,500, is that correct?

Director Will – That is correct.

Councilman Van Ho – I would agree with Councilman Gilliam that we ought to jack up that advertising budget considerably, not up \$37,000 but another five or six so that you've got enough money so that people will know what our programs are. Once again, I think you do a tremendous job with the money that we give you. We've got to keep recreation up, that's a quality of life issue. If you don't keep that up, what's to keep people here.

President Holzheimer Gail – We have plenty of other things to keep people here, but that is one of them.

Councilman Van Ho – Your children are your most valuable thing in most people's lives and recreation affects them very directly. Yes, I understand seniors don't have children, but we have a senior center for them, so we're providing services for everybody. I just think we should keep that budget as much in tact as possible.

President Holzheimer Gail – I do want to be a little bit conscience of time, we have other staff members here. Do we want to have presentations still tonight? Do we want to take a break? I'm hearing keep going. Take a five minute break. At least for those that are here so they don't have to come back, we can go through those, does that make sense? A five minute break.

MAYOR'S OFFICE

Mayor Cervenik – Page 17 is my executive budget. It shows an increase in wages of \$3,069, but there is no increase, that is due to the 40 hours being shown in this book from 39 hours. There's no increase in wages whatsoever. There's a whopping 1900% increase in travel from \$50 to \$1,000. I don't know if I'll be using even half of that, but because of some of my responsibilities, the City of Euclid and the Mayor was put on the Board of NOACA and I'm also the Chairman of the First Suburbs, which both benefit the city greatly. There maybe some travel involved that should be reimbursed. Most of that reimbursement I think will come from those organizations. That's really the only change in my whole executive budget here. Then I'd like to turn it over to Lisa Mayernik, she's going to cover very quickly our promotional which is the non-departmental on page 32 and also she will cover community television on page 73 & 74.

Ms. Mayernik – On page 32, the City wide promotional budget. Last year the majority of our budget funded our new website design, the development and launching of it as well as the E-gov program. In 2010 we hope to expand on that and develop and design the website even further, implementing some software for credit card use and online registrations that currently we do not have. Further design and development for some new sections that we're planning to put on the site, one in particular regarding neighborhood information regarding associations, some mapping of those associations, residential programming would follow under this site and various information that people can go to regarding their neighborhood.

We're also hoping to purchase some software to stream our council meetings, as well as some other public meetings, similar to what the library does. We would also provide streaming on our site. In addition, the budget includes the Euclid Update newsletter twice a year as it has been coming out. That's postage, printing and all the other necessities to have that delivered to all of our residents, as well as single family, multiple family homes, apartment buildings are all getting that newsletter. In addition, we'll be funding the neighborhood condominium and tenant grant as we have for the past several years.

Other expenses that we are anticipating is the hosting of the 2011 Ohio Chautauqua. Although that application isn't due for a few months, we are hoping to be that host in 2011 which needs some start up funds this year in 2010, some participate fees and some other things that you need to pre-pay in order to have Ohio Chautauqua to come to your city as it did last summer. That's the promotional budget on page 32, if you like I could answer any questions or comments?

Community Television, the revenue portion is on page 73. The transfer is down \$21,000 from the previous year. It just goes through some of our user fees, contributions from our bulletin board sponsorships and again the transfer.

Councilwoman Scarniench – The user fee for the studio can we raise that? Do we charge different amount of money for city people versus outside city people?

Ms. Mayernik – Those user fees, this is for government access. This year I guess I should back up a little bit. In 2009 as you know we closed down public access television as well as laying off our two employees, calling one back as a private contractor. These aren't user fees to use our public access studio. These are user fees actually for government access and what we do is the City of Willoughby and Wickliffe also tape some government programming and use our studios because they don't have any facilities. They pay \$100 roughly depending on the hours of usage and as you can see they only use them once a month. Wickliffe uses it just a couple times during the year. That's that revenue source.

Councilwoman Scarniench – Both of those cities are mutual aid cities to us correct? Okay thank you.

Ms. Mayernik – On the following page 74, as I mentioned, we did have some changes in Community Television in regards to staffing and in 2009 unfortunately we did have to lay off our employees, shut down public access. We ended up calling back one of the employees as a private contractor to work 25 hours a week and he actually worked far beyond that without pay and has been just an excellent and dedicated employee to us. We recently just called him back as an employee to work for the city full time, 32 hours a week, because frankly we just weren't getting by at 25. It was just too much for him to do it 25 hours. He has to tape, edit the programming, do the bulletin boards and various other things to keep the station up and running as a sole employee. He has come back and that's our only change this year in community television virtually. We have a small purchase that we need to make this year and that's going to be some wireless mics that are going to be in here and some other places because of the FCC regulations have changed some frequencies that we're allowed to use in wireless mics. That's going to be a \$5,000-\$6,000 cost to community television and also some other departments perhaps. There are no other changes, so if you have any questions, I'd be happy to answer them.

President Holzheimer Gail – There is a balance carry over from 2009? Your page shows just under a \$10,000 deficit for the year, but there was a carry over coming forward.

Mayor Cervenik – On page 3, under Community TV, we had an unencumbered cash balance of \$12,800 and at the end of this year we'll have a projected cash balance of \$3300.

Councilwoman Minarik – Is the studio, is our employee in the studio all the time? The reason I ask is it, I know we have pretty much state of the art equipment in that studio that we invested in a number of years ago. Is it possible to make it available for people to do some kind of videoing of what they want to do, is that allowable?

Ms. Mayernik – The equipment that we purchased actually was not for video taping it was for Time Warner purposes. That would be considered public access use and currently we do not have any public access use, we just have government access.

Councilwoman Minarik – I understand that but if they wanted to use the studio for personal filming or videoing, is that available, is it legal?

Ms. Mayernik – I don't believe we would do that because of the insurance issue and the legal issue and they're not just your typical camcorders, the equipment is something you have to be trained on. Therefore we would be using our employees to oversee that. I don't think that would be a good use right now of our time, since time is very limited in his hours.

Councilman Wojtila – So the budget for 2010 does not include any summer picnic or summer festival?

Ms. Mayernik – You're talking about the promotional budget, correct.

Councilman Wojtila – I wasn't talking about promotional, maybe it must be another department?

Mayor Cervenik – There is no festival planned other than as Ms. Mayernik said in the promotional budget in non-departmental we have budgeted the half of the fee that would have to be paid if in fact we're lucky enough in 2011 to get Ohio Chautauqua back.

Councilwoman Jones – Ms. Mayernik, did you mention that the wireless mics are required by the FCC that we upgrade those this year? How many of those does that include?

Ms. Mayernik – What the FCC is requiring is that anyone who has a wireless frequency of 700 MHz, they can no longer use that frequency, they're going to open it up for just emergency and other frequency use. So, these wireless mics that are in this council chamber are going to have to be switched over to another frequency and we have to re-purchase them. We also have to re-purchase some in our studio downstairs. I'm not sure about any of the other departments, the Fire Dept. or the Police Dept., but that is within our department and that's about a \$6,000 expense. Some of it we believe can be reimbursed but right now we're still looking into the equipment itself and trying to get some estimates on those costs.

Councilwoman Jones – If that is required by the FCC are there some type of grants that are available to cover that cost?

Ms. Mayernik – There are and that's what we're looking into, what exactly those reimbursement grants are for which equipment right now and we hope to utilize the grants, absolutely.

Mayor Cervenik – The last portion I have is Senior Programs and Terah McNeal from Senior Programs is here with us. It is page 54-55 ½. As you can see on page 55, the revenue is virtually no changes in the revenue for meals. There have been no changes made to the meals program. We will still be providing lunch on a daily basis to our seniors, as well as delivering approximately 100 give or take a few meals to the homebound seniors in our community.

On the expenditure side as you can see salaries and wages and the corresponding Medicare and other related accounts have been reduced, the wages have been reduced by almost \$118,000. I e-mailed you those changes the other day. We firmly believe we can continue to operate in a fashion although we're going to count more on volunteers to continue to provide our services to the seniors. I will know later this week and we'll make a presentation before the next Council Meeting. I had indicated some changes in transportation which right now for the most part, most of it is in block grant. There's an organization called Senior Transportation Connection that a number of communities use that would be the transportation vehicle, no pun intended, to transport our seniors to doctor visits and items like that. I will know more about that. This is a budget for the senior program of the general fund so we have achieved some significant savings and the City of Euclid will continue to be committed to our seniors. If you have any questions on that, either I or Terah can answer those for you.

President Holzheimer Gail – I think it would be important, I know I've been part of the Block Grant Committee so I receive some of the reports from that perspective. But as we saw with the Recreation Programs could we and not tonight and I should have asked you ahead of time, provide us with a list of the programs and the number of residents who use them last year, when you have time.

Councilwoman Scarniench – If we switch to this private company, do we have any seniors right now that take our transportation just to come to the senior center and would they still be able to do that?

Mayor Cervenik – Yes we do and we would still have one full time driver and two part time drivers to deliver the meals and to do that pick up. I also probably should have done it a long time ago, called Dave Niedherst up from Indian Hills. He has a 20 passenger van where he takes people shopping and I said Dave, when we're ready to make this change, if we make this change, would you be willing to make the trip from your center in the morning and back in the afternoon, and he says not a problem. That will alleviate some of the pressure on us as well. We'll make sure our seniors get to go where they need to go.

Councilman Gilliam – Decrease in the overall salary and wages was \$117,000, the previous budget was \$140,000. Didn't get a chance to really look at the staff for this proposed 2010 but does that include potentially a volunteer coordinator or is that coordinator going to be part of the duties of an administrator?

Mayor Cervenik – The volunteer coordinator will now be a 25 hour position as will the activities coordinator. Thank you.

LAW DEPARTMENT

Director Frey – Good evening. Department of Law has some different hats from years past. The 3.8 full time equivalent attorneys, the two part time law students and the 3 clerical employees, assist all in the prosecution of misdemeanor and defenses. The Housing Inspection and enforcement, collective bargaining, human resource management and labor contract administration, renewable energy projects, drafting legislation, purchasing contracts, operating efficiency studies and the municipal aggregation program. It is a varied group of responsibilities.

In the Law Department on pages 20 & 21, I want to highlight only there the issue of outside counsel in the Civil Law section, the proposed budget for 2010 at \$50,000. That is a number that we may or may not use depending on the issues that come up. We use outside counsel such as Calfee Halter on financing issues, recently the issue of how to structure the agreement with Billy Casper Golf to ensure that we did not jeopardize our tax exempt bond status; that was an issue we sent to Calfee Halter to review. The firm of Walter Haverfield does much municipal work. We've used them for right of way and utility matters. Those charges have gone to the outside counsel. We also use a firm, Weltman Wienberg is doing collection work for a number of different departments. We are not paying Weltman Wienberg, they are paid from the commission on the collection case itself. We are also using Calfee Halter for our negotiations with the US EPA. Calfee has one of their partners in the Columbus is Chris Jones and he is the former head of the Ohio Environmental Protection Agency, so well respected and well versed in this and that is paid for out of the Waste Water fund. We've been using Ray Hadden from Bricker and Eckler, paid from our federal stimulus energy grant to assist us in negotiations for the solar power project for this building.

That's Law. Human Resource. Letitia Linker is here this evening and Letitia is a 32 hour a week employee of the city. I think probably this past year has been at least from my perspective has been pretty challenging but also pretty rewarding. Letitia was responsible for coordinating federal grant programs that allowed the city to receive about \$50,000 worth of short term grant funded employees in various departments such as Recreation, Senior Programs, Public Buildings in this past year. Those employees came, there was administrative responsibility for reporting and so forth and in the coordination with the city departments came at no additional charge.

Significantly this past year we received as part of the federal stimulus and COPPS grant, we had a requirement there to develop and equal employment opportunity plan and present that to the Department of Justice as part of that grant and Letitia was able to collect the data using the law clerks to go through that, but prepare that plan, circulate it to the various city departments, primarily police but also the other administrative departments to review and then get that submitted to the federal government as part of the grant requirement. It is a plan that will give us a framework going forward. We've coordinated our interviewing process both internal and external interviews through her. We are able then to use that process with this equal employment opportunity plan to make sure that we are looking at all segments of our population for employment with the City of Euclid.

Family Medical Leave is something that has been poorly understood and difficult to track and Letitia has taken responsibility to make sure employees who are seeking coverage under the FMLA are properly documented and we are able to work with them in managing their particular case.

Finally we've been working for some time in trying to coordinate an update to our consolidated compensation ordinance. It is not a collective bargaining agreement, but it is the ordinance that covers the pay and conditions for the non-union employees of the city and Letitia has been working with a group of others, several sitting behind me, and one to my left, as we've tried to work through trying to update that ordinance and the corresponding changes to the employee handbook so that we have a comprehensive employment package for the city. All of that in 32

hours a week and we're very, very fortunate particularly in times like this where we've had a significant amount of reduced staff or changes in staff to have someone to coordinate that outplacement activity and when the opportunity has existed to engage those employees in new positions with the city, if for nothing else, it is good for the employee, but it is also good for the city because it reduces our unemployment compensation expense. She has clearly paid for herself many times over in this past year.

Director Frey – The Housing Department on page 49 of the budget presentation. Ms. Sweeney is here this evening. Mr. Drazetic is here, and they are responsible for the day to day managing of that department and I'm going to ask Kelley to make a few comments but I wanted to just talk quickly about it. We have the Department Manager Mr. Drazetic. We have three clerical employees in that department and at this point seven and a half full time inspectors that will drop to six and a half on the end of June when one of the inspectors retires and we do not anticipate at this point being able to replace that individual. We also have one of our inspectors half time which is why you have the odd number there but half time working with the Neighborhood Stabilization Program and inspecting those properties, assisting in making the decisions on properties that should be potential candidates for rehabilitation versus demolition and then will also help with the follow up inspection as the rehabilitation process is under way. So that is the staff there. The revenue stream is pretty constant.

I think it's encouraging to know that in the nuisance abatement area and I know that's a separate page in the budget. I think that's on page 65 and 66. You know for a long time we were spending on getting the grass cut and we were billing it out to the residents and what wasn't collected was going to the tax duplicate but as you can see we are starting to get that tax money back in and it allows that grass program to be more than self sufficient at this point and that's the good news. We're taking care of the neighborhoods effectively and enforcing our code but we're also now able to do it a point where we are not having to make transfers to that department. We can start to repay the general fund for the money that went in there in the first place. So Ms. Sweeney.

Asst. Director Sweeney – Thank you. Madam Chair to Council specifically regarding the grass nuisance program. If Council remembers from September when they assessed on the tax duplicate, we are up about 100 parcels from 08 and about 107 thousand more than 08. In 09, Council assessed 569 parcels for \$236,825.00 in assessments. As the Law Director mentioned, we did get almost \$60,000 come into the Housing Department with people paying their grass tickets. And then the Law Director said, I think he got information from Director Johnson that we did make about \$100,000 this year from assessments that have previously been put on the tax duplicate. Law Director, did you want to talk about the other items we talked about or you want me to chat about those?

We are up in rental registrations this year and I'd like to thank the combined efforts of Council, of residents calling us and telling us there's a for rent sign on the property next to me. Donna Castrovince from our IT Department is very vigilant in looking at the Plain Dealer and Craigslist for a properties for rent that show up on their websites. Also Kristal Skovira with Community Policing, she does look at police reports and if it looks like there's a situation at rental properties, she calls me to see if they're registered. So, we are, we did register about an additional 500 properties this year through the combined efforts of everybody. And while I was waiting to come on, I sent about another 20 letters today so they're continuously coming in. I know some people might not be happy there are rental properties, so many that are coming in but I'm just happy to see that the properties are occupied, rather have that then see a vacant property. We did have about 800 properties transfer hands this year. Got those Point of Sales going and 600 or so assumptions came in so these properties are being flipped, are being occupied and hopefully be rehabbed by responsible property owners.

Prosecution referrals are up this year. In 2008 we had 792 summonses come into the prosecutors' office from the Housing department. Of those 7 people did get criminal cases, did get warrants. In 2009 we're up a bit. We're at 1115 summons came to me from the housing inspectors and from not registering the rental properties and 36 people were served with warrants and criminal cases. Our goal is compliance of course. Our goal is not to prosecute people but sometimes prosecution is inevitable when folks aren't complying with our rules. I do try to work with people if they do having money issues. EDCOR language is on all of our inspection reports and all our violation notices and also information about the Help Loan with Cuyahoga County so we do really try to work with people if they are having money issues. It's just a matter of them not wanting to be compliant in minor little issues you know we are pressing those issues.

Then the last thing I want to talk about, talk to you about that we implemented this year. I gave you a little handout when I first popped in. It's our Social Services Referral Form we implemented this year. We noticed many people were needing additional services than what we

were able to provide. Fire, police, housing department would happen upon a situation and more help was needed. You've probably seen the television shows about hoarding problems. It's an issue and it's getting more press and publicity so we're better equipped to handle those situations. There's issues with people who have not had utilities and have needed assistance. Some folks with either physical or mental health issues so we decided instead of all departments tripping over each other, let's try to work together instead of me making a call, Charlie making a call, Kristal making a call, let's all work together and try to do this. Kristal's been fabulous dealing with the public and dealing with these folks and we try to find family and we try to find friends to help. We refer to EDCOR. Sometimes we do have to engage in some tough love and force these people to clean out their place but it's for their own health and safety. So if you have any social services that you think that folks need to be referred to I can easily email you our form and let me know. This past year since we've implemented this program we have had 22 referrals to our committee. And that's it and if anybody has any questions.

Councilwoman Jones – Thank you Madam Chair and Assistant Law Director Sweeney, is this form going to be part of the E-Gov process?

Asst. Law Director Sweeney – It's not. That's pretty much an internal form. I don't want that really out with you know, some of it is sensitive information. We wouldn't necessarily put social security numbers on there but you know, sometimes there's medical issues that we might put on this form. So this would not be something for the public but just for internal purposes.

Councilwoman Jones – I understand the form for internal purposes but if somebody wanted to refer someone that wouldn't require them to give their social security number.

Asst. Law Director Sweeney – I wouldn't put this form on-line but certainly an E-Gov referral could initiate this. Absolutely.

Councilwoman Jones – Is that something that's in place already?

Asst. Law Director Sweeney – It could be. I've not gotten an E-Gov referral for a social service type situation. Mostly its fire going into a house and they're finding a hoarding situation or one of our housing inspectors or police go into a house and finding a problem, but certainly a friend or neighbor could refer that.

Councilwoman Jones – Okay, thank you.

Councilman Gilliam – Just a quick comment. When employees are out actually dealing with other issues and they come upon issues, I just want to implore the Law Department to make sure that if an individual does disclose they have a mental illness, HIV, AIDS, drugs, and everything else of that nature, they disclose that, now you're dealing with HIPA and just be mindful of the confidentiality of a person does disclose that situation because if it's not handled carefully, we are in violation of it. This is a very good form as far as addressing those issues but there may be some people that will self-disclose and once they self-disclose, I'm schizophrenic, bi-polar, I'm a drug addict, I have HIV, those are very sensitive areas that we have to be mindful of as far as public notification and internal confidentiality. But I thank you very much for this form.

Asst. Law Director Sweeney – Thank you.

Councilman Van Ho – Just one question on page 48. Why the increase in other supplies?

President Holzheimer Gail – Other supplies, page 48.

Director Frey – Councilman, to be quite honest with you, I don't know what would fall into that other than office supplies so I'm not quite sure what else would be in other, what other supplies would be.

Councilman Van Ho – Office supplies looks like the line item above it.

Director Frey – Yes, right. I'm saying I don't know what other supplies, the \$400 I don't know what that.

Councilman Van Ho – It's not a dramatic amount of money but it is a dramatic increase percentage wise and that's why I asked.

President Holzheimer Gail – Printing of forms? You have to print new forms?

Director Frey – I don't know what that is. To be honest, it's, you know with the grass cutting tickets is paid for out of the Nuisance Abatement Fund so it's not that. Whether it's other printing requirements I'm not sure. I agree that it's an awfully large percentage increase but in practical dollars, it's pretty minor.

Councilman Van Ho – Okay well, we're just scrounging for dollars in the budget and that's why I asked.

Director Frey – Right and I assure you, we weren't going to spend if we don't have a good purpose.

Councilman Van Ho – Well, could you find and tell me what it is? Thank you.

Director Frey – Sure.

President Holzheimer Gail – Ms. Sweeney, I know over the course of the last several years, we've debated the number of housing inspectors and I understand that we're not planning to replace the retiring one. Are there concerns about being able to continue with the work load or have you seen, I guess because of the foreclosures or because of the very poor housing market, has there been a decrease in the number of inspections?

Asst. Law Director Sweeney – Madam Chairman to all of Council, as Law Director said, I think we've been pretty steady across the board with all different kinds of inspections. We're pretty steady in, Mr. Drazetic and I looked at the numbers today. 2007, 2008, and 2009, we're pretty close to about the same. I'm confident we will be okay losing that inspector halfway through the year. It would be difficult if we would have to lose one more inspector.

President Holzheimer Gail – Thank you.

Councilman O'Neill – Thank you Madam Chair. I just want to comment on the, with the, Ms. Sweeney going to the Housing Department. She really became an asset to that department and with the working with Mr. Drazetic and the, I believe they're short-staffed in the, she's not going to say it but I will. I believe they're short-staffed in the Inspection Department. I think it's critical that we maintain housing stock in the City and in order to flip houses, get new owners in, and get them re-inspected, that's important. We have to deal with the reality of a very tight budget. I understand that but that is a very, very critical part of the City, if we want to turn things around and when things get picked up we need to really move stuff that, as inspection staff. I do want to publicly thank them. They are very responsive to me when I ask them to do something and I think they should be commended. Their efforts are being, are coming through for wishing here for the grass abatements and the nuisance abatements, so I just again, thank you.

Asst. Law Director Sweeney – Thank you.

President Holzheimer Gail – Yeah, I think there has certainly been a difference in the new, some of the new programs and having the inspectors assigned to wards and having one person for grass, the grass complaints, it really has made a difference.

Councilwoman Scarniensch – Thank you Madam Chairman. I know over the last two years we've talked about the way the inspections are done and stuff. I would hope over the coming months that we can maybe sit down and really talk about that issue. Do we want to change it to just the quality of life, the outside things and get rid of those nitpicky things? I think if we do that, that may solve the problem of not needing to hire someone else.

Councilman Van Ho – Thank you Madam Chair. I know that the Assistant Law Director Sweeney has legislation prepared. There will be a housing meeting as soon as we get through the budget sessions which have pretty well tied everybody up. I'd also like to echo Councilman O'Neill, you guys do a tremendous job and you are very responsive and especially like with the lawn cutting. It's gotten to a point where people know you're going to be there so they mow their yard before it gets too tall which is something that doesn't show up but it's appreciated.

Director Frey – Alright, thank you. I'm going to move us to pages 103 thru 105, the Self-Insurance Fund. This fund covers a variety of items outside counsel for Workers' Compensation cases, structured payments on cases that we've settled. It also has a half of Ms. Evangelista's salary and so forth charged there is, she handles those insurance claims that come into the City. On page 103, the General Fund is making a transfer to Self-Insurance for 2010 in the amount of \$257,000 and the expenditures associated with that are on pages 104 and 105. On outside legal services on page 104, we have budgeted \$75,000, a considerable decrease from the prior years. But the prior years have the Dworning litigation expenses in them. The case is resolved. I don't know that we will expend \$75,000 in outside counsel. The Mayor and I have talked about what the appropriate level is there. The problem with this account and trying to anticipate is you just don't know. We don't have a reserve in this account so we're trying to budget this year for this year's activity. It is a, you know an issue that bears close attention. The \$75,000 will cover any outside expense associated with a case that we had to bring in outside counsel. Other than workers' comp cases, we've know we've got workers' comp appeals to Common Pleas Court. We have agreed to a retainer with the Millisor and Nobel Firm. One of the attorneys are in an attorney group within that firm that has handled our workers' comp cases for a number of years. We've agreed on a retainer that should help minimize our overall expenses for this year in handling those appeals to Common Pleas Court and would leave us with approximately \$50,000 for any other litigation that outside counsel was brought in. Whether we use that kind of depends on circumstances that occur. History says that we will have something that we will have to send out.

In the claims, one of the questions was what do those four different categories of claims on page 105 represent? We have property damage, judgment, morals claims, and personal injuries. The judgment line item is the payment solely for the Dworning. The resolution of that case, the 2010 payment is scheduled there so it's a structured settlement of that case and in personal injury, 52 of the 55,000 is payment associated with the case that's many years old now. It was a drowning at the former Valley Pool. Each of these cases has a payment in 2010, 11, and 12 before they are concluded in those amounts 85,000 in the one matter and 52,000 in the other. So those will be numbers that you see in the next several years. Beyond that, the other roughly \$21,000 is used for, if needed for property damage for which the City is responsible. If we have a tree that's a city tree lawn tree that falls that causes property damage, if one of our city vehicles is involved in a motor vehicle accident, if our sewer lines are in such condition that there's a blockage on our side of the line and causes a property damage or loss, this, these funds would be used to resolve those cases. I would say we've been you know very successful. You look at the 2009 dollars and we paid out approximately \$13,000 in claims outside the two structured payments for that year. That's self-insurance, if there are question on that, I guess now would be the time to feel those and I have one last small account to.

Councilwoman Minarik – Thanks. Okay, so Director Frey, the Dworning case. The legal fees were approximately 400,000?

Director Frey – No, they were in excess of 550 on that case.

Councilwoman Minarik – And the settlement was 340 over four years?

Director Frey – That's correct.

Councilwoman Minarik – Thank you.

Mayor Cervenik – Okay, Madam Chairman. The Law Director mentioned about the reserves. It's significant to note that in December 2001, there was just a tad less than one million dollars of reserves set up in the Self-Insurance Fund and I'm going to find out, I'm pretty sure there was about half of that reserve of about \$400,000 that was contained in the Workers' Comp Fund and those reserves are gone which puts a drain on the General Fund and causes it to be a little volatile.

President Holzheimer Gail – Thank you.

Director Frey – Okay, the last account is Civil Service, it's on page 29 in your handout. It's the bottom portion below Planning and Zoning. The item of significance in Civil Services, not the Commissioner's fees or the secretarial support but the other professional services and in this case, we are going to need to do promotional examinations for Police and Fire this year. We are also going to have to conduct entrance examinations for Police and Fire and I'll explain why. It's,

we're approaching 2011 and the first class and I know the Mayor mentioned it earlier of the drop candidates in those two safety forces are going to start to leave and we will have to have an eligibility list for promotions and for new hires for both the safety services if we are going to maintain our staffing levels. Some of the promotional lists have expired already and so we do not have what a promotion list for instance the rank of sergeant in the Police Department. And that's of no particular consequence as long as we don't have a vacancy but if one should occur that we were compelled to fill, we would need to scramble to get the promotional examination done. The importance of those, a little editorial is that first promotion in the Fire Department promotion to lieutenant, in the Police Department to sergeant are critical and as they move up, one of those individuals whose promoted or becomes a lieutenant is ultimately going to be the Chief. The way our civil service rules are structured for our safety services ultimately the Chief is somebody who was first a firefighter, then a lieutenant, then a captain. So getting the promotion process off on the right foot, identifying candidates who you know even if you think well that maybe ten years or fifteen years from now but you've got to find a person in that first round of promotions who you're going to be comfortable ultimately to be the chief of the department. So I think they're critically important to have good assessments but that's pretty pricey to do that but I think the result is compelling. We've been very, very fortunate in the promotional process to be able to identify those quality candidates to fill those positions but it's not without you know outside resources. We bring in the Chief's Association to assist with those, to assist with the evaluation to help us find the right candidate for promotion to the critical position. So, we're going to need promotional exams in both safety forces and we're going to need entrance levels because those promotions are going to create openings at the entry level and that's in this budget for 2010. We will defer engaging in those promotional activities until we, you know last possible opportunity but we do need to budget it for this year.

President Holzheimer Gail – Thank you Director Frey. Are there questions?

Councilwoman Scarniench – Thank you Madam Chairman, just one quick question. Who makes the rules for civil service?

Director Frey – Councilwoman, the Civil Service Commission develops rules but City Council approves those, adopts those rules.

Councilwoman Scarniench – Okay, so in other words if we talked and we decided we wanted to be able to possibly hire outside to be a chief, that would be something that we would be able to put together and if we approved it, send it on to them and hope that they approve it?

Director Frey – Well, ultimately it's Council's decision. Civil Service Commission would recommend these rules to the City Council but its City Council's decision to adopt those rules. The rules that exist right now is that promotions occur from within the department all the way from the first promotion to the chief.

Councilwoman Scarniench – Do you know offhand know when the last time those rules were, were discussed by Council?

Director Frey – It has been since my time here, yes but you know that's six years now. I don't know when the last major revisions of the rules were.

Councilwoman Scarniench – Thank you.

Councilman O'Neill – Thank you Madam Chair to Director Frey. Correct me if I'm wrong but is that now a charter change, a change to be able to hire the chief from the outside, doesn't it have to go to the vote of the public?

Director Frey – I don't believe so. I'd have to look at the Charter carefully to make sure that but I don't think that was a charter provision. I think that was a rule provision but I'll have to look.

Councilman O'Neill – Thank you.

Councilman Van Ho – Two things, first of all along with Councilwoman Scarniench, I would like to have you look at that provision and see. Second of all although I may have missed it I had a question about Planning and Zoning which is on page 29 also. Why the increase in overtime and why the increase in the salary line item?

President Holzheimer Gail – We'll cover that Wednesday?

Director Frey – Yes, that'll be a Wednesday. Director Pietravoia has the pleasure of being responsible for that.

Councilman Van Ho- Okay, it looked on this sheet that it was you.

President Holzheimer Gail – I would like to thank everyone for being here and staying so late but I'm sure you'd rather not have to come back Wednesday. If there are questions, I know we went over that last part quickly, e-mail or bring them Wednesday. We can kind of start Wednesday with a wrap or any final questions from tonight. There's a couple of items, the Council and the Finance and non-departmental we can start with those on or at some point we'll hit those Wednesday. Alright?

Councilwoman Scarniench moved to adjourn. Councilwoman Jones seconded. Yeas: Unanimous.