

EXECUTIVE & FINANCE COMMITTEE MEETING
FEBRUARY 10, 2010

Chairwoman Holzheimer Gail called an Executive & Finance Committee Meeting for WEDNESDAY, FEBRUARY 10, 2010 at 6:30 PM in the Euclid Municipal Center Council Chamber.

2010 BUDGET HEARING

Court Service
CS&ED Discussion

Members Present: Gilliam (arrived 6:45), Scarniench, Jones, Minarik, O'Neill (arrived 7:15), Wojtila, Langman (arrived 6:45), Holzheimer Gail
Excused: Van Ho

Councilwoman Scarniench moved to excuse Councilman Van Ho. Councilwoman Jones seconded. Yeas: Unanimous.

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

Mayor Cervenik – This is our second night of budget hearings and I promise you I will do my part to make sure we're out of here much earlier than we were on Monday, but I think a lot was accomplished on Monday. I think we all have a better understanding of the seriousness of the situation that we're in. To keep my promise I'll turn it over to Director Johnson, he's got a few comments and we are honored to have the Judge and her Clerk Tercek here to present their budget this evening as well.

Director Johnson – Just a couple of housekeeping things. At Monday's hearing, there were two line items that questions were raised about the expenditure and what was the purpose. One was in the Housing Dept. The line item called Other Supplies, there was a \$400 amount in there. We are going to strike that from the budget. The expense from previous years, we missed that.

The other is the Fire Dept., Rental of Equipment, there was an \$825 amount in that and what actually happened was that was originally in the prior year for purchase of software support for an application that is in the Fire Dept. and we've consolidated all of our software support so that expenditure will actually show up under the IT section of Other Professional Services. That won't be necessary, so there's a reduction of \$1,225. We only have about \$3 million to go.

Mayor Cervenik – I forgot to mention, as requested by City Council, we did meet today, Director Frey and myself with representatives of Local 337 Professional Firefighters. They're going to go back to their membership and talk about things where they maybe able to help us out. We were not able to meet with the Police Dept. today, but I did get in contact later this evening with Officer Kurt Eyman who is the President of the Union. We have a meeting set up for Thursday to see what can be done, if anything, with that department. Neither party promised anything. We talked about what we would like to see both short term and long term and we'll let you know what happens. The Police are presenting on the 22nd of February, hopefully at that time we'll have some answers as well some resolution to the Jail situation; with that, Judge LeBarron.

COURT

Judge LeBarron – I would just like to say thank you for having myself and my Clerk Mrs. Barbara Tercek come this evening to talk about the Court's budget. We did send you our annual report, so I hope you have all had a chance to look at that, I believe it was past out at your last meeting.

To get started, on page 13 of the Budget are the Revenue projections. You can see in 2009 there was a decrease in the revenue and that's after two years of pretty healthy increases of the revenues brought in by the Court. I know you've all been on City Council before but I feel it is very important to always remind City Council that a Municipal Court is not set up to bring in revenue to a community. We have been very fortunate that since the inception of the Court, the Court has always brought in more revenue than the cost to run the Court. I hope one day that never changes, but that's not the purpose of the Court. Again this year we did bring in more revenues than it cost to operate the Court. Part of the reason there was such a decrease in the revenues, number one, was there was a decrease in all of the cases that were filed in the Court. Compared to 2008, we had 1,911 less cases filed in the Court in 2009 than 2008. That includes traffic citations, misdemeanor citations, felony citations and civil law suits that were filed. Everything was done in 2009.

In addition, I know last year the Mayor had mentioned at the Budget hearings that the City was deciding to charge more offenses under State code as opposed to Municipal ordinance in an effort to cut down on jail expenses. What that causes is any fines that are then collected on a case that is charged under State code as opposed to municipal ordinance, those fine collections are all turned over to Cuyahoga County. So instead of that fine money coming to the city, it goes to the County.

There was a tremendous change in the charging of certain criminal offenses, mostly domestic violence, theft offenses that were now all charged under State Code as opposed to City Code and our traffic citations of driving under suspension were changed to being charged under State Code as opposed to city code.

I did a comparison looking back to 2005 until 2009 and on average we would give Cuyahoga County or the State of Ohio about \$14,000 a year in fine collections. In 2009 with this very aggressive approach to charging these offenses under State Code, we gave the County \$74,000 a little over \$74,000. Those are revenues that did not come to the City, they went to the State, but the trade off for that is if the individual is incarcerated, then the County is paying for their incarceration as opposed to the city paying for the incarceration.

The other problem that we have is a problem that the entire country is facing, it is very bad economic times, the folks that are coming through the court on traffic and criminal docket, don't have a lot of money, so the fine collection, I impose the fine at sentencing and it is taking 4-6 months, if not longer to collect those fines. So there's a lag time from when the fine is imposed until the actual collection. We have a tremendous amount of folks on payment plans. We expect to collect the revenue, I just can't give you a date by which that is going to be collected. It is a function of whether these people maintain their employment, if they find employment and when they're going to be able to pay the court. That would explain the decrease in the revenue in 2009.

Onto page 16, the Expenditures for the Court. There is a decrease in the expenditures in 2009, Cuyahoga County used to pay a portion of the Magistrate's salary, just like they pay a portion of my salary, as well as the Clerk's salary, and that's all set out in State Law. In 2009 the County issued a directive to all the municipal courts that they were only going to pay a portion of the salary for one Magistrate and that would be the small claims magistrate. What we did then is obtained a legal opinion from Mr. Frey that indicated I could use the Court Special Project fund which to just remind you is one of those two funds that is not under the General Fund, they are two separate costs that are imposed by the Court that can only be spent by Court Order and can only be used for certain enumerated purposes. Mr. Frey's opinion, which I agreed with, was that we could charge the Magistrate's salaries to that. My one Civil Magistrate we moved his entire salary out of the General Fund in 2009 into the Court Special projects fund.

What we decided to do in 2010 was to also add to that fund to pay for the remainder of the Small Claims Magistrate's salary and the acting-Judge, visiting Judge. Since we are a single Judge Municipal Court, whenever I'm off, somebody has to be there to do court. State law is very clear about who is allowed to do that and they have to be paid. We took that pay that we would pay to an acting Judge or visiting Judge and that's now going to be paid out of Special Projects, it won't be paid out of the General Fund. That's why there's a decrease in the operating budget of the court.

You'll see a few of the line items with increases. Probably the one we have the least control over is our postage cost. Mrs. Tercek did some research last year and we were informed by the post office that every May there will be an increase in postage. A court has statutory obligations to do all different kinds of mailing, certified mailing, return receipt mailing and all of that is very expensive. We have absolutely no control over what the post office is going to increase the rates to and they don't let us know until about a month before the rate increases. That's a line item we don't really have any control of, Mrs. Tercek is saying there's a possibility they may not do it this year, we don't know. That is also a function of how many civil cases get filed, how much mailing we have to do. There was a decrease of over 700 civil filings this year, but if we even approach close to what we did in 2009, those postage costs are going to go up and we don't have any control over who decides they're going to file a civil law suit. Any questions so far?

Councilwoman Jones – Out of the, when you send mailings out, a percentage of, how many of those are actually delivered or come back as non-deliverable?

Mrs. Tercek – 60% come back non-deliverable and then we have to re-send them out.

Judge LeBarron – We are dependent upon the address that we're given by the Plaintiff's attorney for the individual. Then if you don't get service at one time and they get a new address for an individual, you have to re-send everything.

Councilwoman Jones – If it does come back non-deliverable, is there an additional fee that they're charged for that administration purposes?

Mrs. Tercek – The attorneys are charged. If they would like it send out again, they are charged an additional fee, yes.

Councilman Wojtila – The salaries that you talked about being, were previously in 412 and now in the Other Funds. Did I understand that right?

Judge LeBarron – The one magistrate's salary was already taken out in 2009. For 2010 the other portion of the Small Claims Magistrate who was partially paid by Cuyahoga County, has now been put into the special projects fund and so has the cost of a visiting or acting Judge.

Councilman Wojtila – So that previously before was an income from the County.

Judge LeBarron – It is never an income to the County. The County does not pay the city the salaries, the county pays that directly to the employee.

Councilman Wojtila – Thank you.

Judge LeBarron – Any other questions on the General Fund portion of the court's budget?

Page 61 Court Computerization. We were very successful this year, we had mentioned to you last year that we were going to an imaging system with the Court. Since we are under the requirement from the Ohio Supreme Court to save the cases for 25 years. We have instituted an imaging program. Every clerk has the machine on their desk and as the paperwork comes in, it is scanned and it is all saved electronically. We paid for that through the Court Computerization account. None of that was paid by general fund, it was all paid for by the user fee that assessed to every user of the Court. In the Court Computerization Fund we also have a portion of one of the employee's salary because they take care of the computers as part of their job.

Page 62 Court Special Projects Fund. That's another fee that's charged to user's of the Court, it doesn't have any general fund money in it. That's where we've added those other salaries. That also pays for training for myself, as well as any of the Clerks when they go for training. We pay for all of that out of this fund. Any questions? That's basically the Court's budget.

Mayor Cervenik – I would like to thank the Judge, I think she's being a little modest, through assuming those salaries in the Special Court funds, she's alleviated the burden of about \$70,000 on the General Fund and we're very grateful for that, it helps tremendously.

President Holzheimer Gail – Seeing no other questions, thank you Judge LeBarron, Mrs. Tercek, we appreciate you being here tonight.

Director Johnson – I would like to thank the Judge too for working with the city. I had talked to several of my colleagues in other communities and they tell me of the woes that they experience in trying to deal with their municipal courts, particularly as relates to the budget. We have no control over the court's budget and that is statutorily and some other communities try to encourage their Judge to reduce expenditures, to reduce the total overall budget and the cooperation is non-existent. We get a lot of cooperation out of Judge LeBarron and I think that needs to be recognized.

Another thing that she didn't point out is we were notified in December 2008 which is after we had actually adopted our budget that the County was no longer going to pick up those salaries. Those were last minute adjustments for 2009 that we had to make for the 2009 budget and she was very helpful in working with us on that.

President Holzheimer Gail – Welcome to Councilman Gilliam.

FINANCE DEPARTMENT

Director Johnson – The Finance Dept. has limited instances of interfaces with the public but provides financial and accounting service to every department. Our staffing remains constant for 2010. Our responsibility is to provide timely financial reporting to City Council, members of the administration and to the general public. Over the past several years we have absorbed a number of positions, the total number of positions has remained the same since 2001. If you look at staffing on page 2 of Appendix A, although we are now collecting the income tax, we're at nearly the same number of positions since 2001.

We have received the Certificate of Excellence of Financial Reporting from the Government Finance Officers Association of the United States for over 20 years. We anticipate we will receive the award for 2008 and 2009. For the first time in many years we have received an audit report with no comments or citations.

In 2009 we formally organized the Finance Dept. and an organizational chart is presented in your budget books immediately following the Citywide organizational chart. This was done to promote greater efficiency within the Finance Dept.

Turning to page 18 begins the Finance Dept., general accounting area. There are currently 15 employees funded in this area. This division, in addition to processing all accounts payable, accounts receivable, investment portfolio management and debt service portfolio management, they process all payroll and benefit changes for employees. This division provides all financial reporting, budget preparation, management an assortment of other accounting functions. There are no major increases in this budget except for wages. Although the reduction in pay remains in effect for those employees, we filled a position in the second quarter of last year and what you're seeing this year is an increase, is that position funded for the full year.

Although it was covered in the review of revenues, I would direct your attention to page 10, we consistently collect or have collected over \$1 million in ambulance revenues. If there are any questions, please stop me, I'll try to continue.

Page 19, the Income Tax Division. Our staff is always available to provide assistance in filing your return. New for 2009 we instituted e-filing and it has been well received by the residents. Also in 2010 we're cooperating with Cuyahoga County Department of Jobs and Family Services by providing the facility to process federal and state income tax returns for those families and individuals who qualify for the earned income tax credit. In doing so, we can assure that these residents also file their City of Euclid returns. They are out in the lobby this evening. They do encourage appointments, but they also take walk-ins so you may see people walking in from time to time, to have their tax returns processed.

Last year we conducted an Amnesty program that netted a little more than \$500,000 in additional collections. Tax office is composed of 12 full time and 3 part time employees. Salaries and wages reflect relatively the same level as in 2009 except for a retirement that occurred last year. The Dept. budget, I think this is important to note, the department budget is still below what we were paying CCA in 2005. In 2004, our charge to collect income tax by CCA was a total of \$592,000. In 2005 our cost was \$588,000. As you can see we're collecting \$2-\$3 million more a year and our cost to collect is still below what CCA was charging then. Part of the charge whether it is the Regional Income Tax Agency or whether it is Central Collection Agency, a part of the charge is based on the number of transactions and the dollars collected. So assuming we would have collected \$2-\$3 million more, that charge would have been even higher. Our major objective is to improve collections, but more importantly provide better service to our residents. We will always be searching for ways to improve the way we collect our income tax. If there are no questions, I would like to move onto page 27.

As you know we are self-insured and this area accounts for half of the insurance administrator's salary. In addition to management of healthcare contracts, she monitors our worker's compensation claims, all of our liability claims in concert with the Law Dept. There are no significant changes in that cost center for this year.

On that same page is our Information Systems section. There are three positions covered in that area. In addition to maintaining the financial system, this group runs reports and processes accounts payable and payroll checks. They provide website support, implement all new technology and provide support for existing technology. They assist me in maintaining all voice and data communications within the 16 buildings scattered throughout the city. There are no significant changes to that budget for this year.

Page 30 – Non-Departmental. This area covers expenses that are not related to any particular department and we consider them citywide expenses. Unless there are some questions, I don't want to spend much more time on it. Most of the accounts are self-explanatory, they are for utilities, office supplies, unemployment compensation, election expense and that kind of a thing. Occasionally we get questions, what is the amount for Other Professional Services. That tends to be one that we really don't describe discreetly the way the other ones are. The biggest number in that are bank service charges. Last year, for all of our bank accounts and for all of our banking that charge was \$82,000. There are a few other things in here. Cuyahoga County Soil and Water Conservation, they perform inspections for us and those inspections are charged here. We had an audit that was done by Honeywell. In order to ensure that we received the savings that were guaranteed to us as a result of the Honeywell project, they require that we pay them \$6,000 a year to perform an audit. That has come out of here and just various other and assorted things. All of the rest of the line items should be self-explanatory. If there are some questions, I'll be glad to answer them.

Councilwoman Minarik – On page 31, the Refunds/Reimbursements. Why is it jumping from \$48,000 to \$225,000 budget?

Director Johnson – I'll defer to Director Pietravoia.

Director Pietravoia – That line item reflects the Incentive Grant Agreements that we've entered into over the past few years. There are a total of four that are active right now. It is part of the financial incentives that we've offered to local companies, both to either keep them here or attract new jobs to the community. That total would reflect the amount we estimated to pay out in this calendar year on those several grants.

Councilwoman Jones – Under the Election tax, I know it was maybe a year or two ago when we had an election for one of the charter amendments and we were supposed to get some reimbursement because the wordage on the ballot wasn't correct, did we ever receive that?

Director Frey – No, we didn't receive a refund. We don't pay for the election costs in a non-municipal election. If it is a countywide or state or federal election, we don't have, I don't believe a share of the election cost, it is only in the municipal elections or special elections that would only have our issues that we would be charged. No, we did not get a refund from the Board of Elections or the County. That comes through out tax settlement.

Councilwoman Jones – I thought there was some type of compensation that either some deduction off our next election fees that we would pay for that.

Director Frey – Not that I recall and I'm certain we did not receive any kind of a refund from the Board.

Director Johnson – There was a big controversy about it, a lot of discussion about it, because all communities were shocked at the increase in the cost of the elections.

Councilwoman Jones – This wasn't just the increase, it was one of the Charter amendments that was on the ballot, the wording wasn't correct so it wasn't counted at all. I know at one of the council meetings after that, there was some discussion about going to the Board of Elections to find out if we would receive some, maybe a discounted rate on the next election that we had.

Director Frey – I know that I sent the letter to the Board of Elections. I can tell you that we did not receive any type of funds from the Board. Cuyahoga County did not pay the City of Euclid anything as a result of that messed up ballot issue.

Councilman Gilliam – Director Frey, just a quick question on the election expense. I know that we don't have any municipal elections this year, and this is just a proposed budget of \$33,000, was there an expectation that the City of Euclid may have a special election such as a Charter Review amendment or anything of that nature? Or is that just proposed in there for possibilities that may not be foreseen at this time?

Director Frey – Not to my knowledge do we have any expectation of a special election. That's not solely within our control, there could be an initiative referendum that is put before the city that requires us to have special election. We're not contemplating that, none as a result of any of the Charter issues. In fact those Charter issues will be on the May 4th primary ballot. There is no expectation of a special election. I don't know Director Johnson maybe able to address it, I'm not sure the timing on those County charges. The \$33,000 maybe 2009 municipal election that gets paid in 2010. There maybe a lag there, I don't know how that gets charged to the city.

Director Johnson – It is a year behind. The 2009 election, will be billed for this year.

Councilman Langman – Back on page 19, the tax administration, just to clarify the Other Professional Services, what is that for again, please?

Director Johnson – I don't know that I can clearly itemize that. I'm drawing a blank. I'll get back to you.

Councilman Langman – Is that maybe the individual we hired, Oscar Knicely?

Director Johnson – I doubt very seriously, I wouldn't want to give you an incorrect answer. As hard as I try to memorize every line item in here.

Councilman Langman – There are some people who write things down on their hand.

Mayor Cervenik – Yes, I've got one right here.

Director Johnson – I'll have somebody go through that and get back to you.

Councilman Langman – While the administration is figuring that out, did I hear you correctly saying that we're collecting each year or overall, \$2 million more than we would have under CCA?

Director Johnson – When we were with CCA, we were collecting about \$19-\$20 million a year. Now we're collecting \$22-\$23-\$24 million, yes.

President Holzheimer Gail – Do you believe that's because our personal attention to the delinquencies?

Director Johnson – I believe so. We can see what the economy is now and we're still collecting more now than we were then. I don't think its solely income bracket creep.

Councilman Langman – I'd have to look back at some of those figures because it does seem a little high only because a lot of what we collect is withholding and so forth. So any progress on my first question?

Director Johnson – They're working on it.

Councilman Langman – I know it has been a long day for everybody, but I thought we did have an individual helping us with some of the more difficult delinquencies. Where would that expense be?

Director Johnson – We are no longer using Mr. Knicely, if that's who you are referring to.

Councilman Langman – I thought we had brought somebody on, maybe it was for the ambulance charges to help collect.

Director Johnson – We are using an outside firm, Weltman, Weinberg. We do refer delinquencies to them, but that is not.

Councilman Langman – I don't want to keep us here to long, but when we have the answer, please chime in. Thank you.

Councilman Wojtila – The non-departmental costs on page 31.

Director Johnson – I do have a partial answer. A big majority of that number is the lock box service that we use. We use National City Bank, soon to be PNC, they perform the lock box service for us and last year it was \$33,000. You are correct the Weltman Weinberg fees are about \$17,000 for last year for collections.

Councilman Langman – So that Other Professional Service is the lock box and the law firm that we use.

Director Johnson – Yes, we also have an off-site storage facility where we store records and it is in a secure area. We do pay for, I don't recall exactly what that amount is, but we do use a secure area to off-site store the records. We also use a skip search firm called Lexus/Nexus that we use that service to track down people that we don't have a current address on.

Councilman Langman – Internally we use that service.

Director Johnson – It is an online service and they charge us \$500 a month, some number like that. We also use a service to shred documents. A lot of the documents that they have in the income tax area, we can't throw in the regular trash, so we use a firm because of the volume of shredding, to shred.

Councilman Langman – Since 2007 when that expense was about \$18,000, because we've added these other services for good reasons, now the budget is projected to be \$70,000.

Director Johnson – Right.

Councilman Wojtila – My question is on our healthcare costs, where is that, I think it would be under the non-departmental administration?

President Holzheimer Gail – Next page 32.

Director Johnson – What you see on page 32 is the General Fund portion of our total healthcare cost. If you're interested in healthcare cost in total in the Appendix Section there is a spreadsheet in Appendix B-1 & B-2. B-1 shows the total and B-2 shows the budgeted totals across each fund by fund.

That was the next item I was going to get to, medical health insurance so I'm glad you asked that question. The next section page 50, Vital Statistics. We have one person in this area that provides copies of all birth certificates and death certificates for those that lived or were born in Euclid and reports this activity to the State Department of Vital Statistics. The State officials are in the process or automating that process statewide to make all certificates available from anywhere in the State. This person also serves as a back up to the Council Clerk.

Finally on page 57, transfers out. You can see that has changed quite dramatically from year to year. It is all based on what's needed in some of the other funds in order to ensure that they're going to be balanced for the year. We limit that to only what's absolutely necessary. If there are any questions on transfers out, I'll be glad to answer them.

Councilman Langman – I notice there isn't any for Street & Sewer, sometimes we do, sometimes we don't, that's a good thing. I trust that's from the measures we took a little earlier to consolidate departments and staff, would that be a fair statement?

Mayor Cervenik – That's part of it yes. Some is revenue. Some is changes that are made throughout the year. Reduction in overtime as we discussed about leaf pick-up. I think we'll hit on that a little more when Director Smith gives his presentation.

Councilman Langman – I do want to go back and ask the Law Director a question, I know it is touchy and not making a moral judgment or anything but, Law Director Frey, I did send you a question about what Cleveland Clinic is doing and some of the other hospitals; they do not hire smokers any longer. As a municipality do we have that right to make that kind of decision or not? I'm looking at our long term healthcare expenditures, smoking does have a negative impact on health.

Director Frey- I couldn't agree more, I think there's no debate that smoking has an impact. I don't know the answer to the question. It is a matter that we will research thoroughly. Obviously private entities have far more freedom in setting work restrictions than public entities do and we'll have to look and see whether we have either there's precedent in other governmental entities making that decision. I'd like to think there are and their experience can serve as a guide, but I don't have an answer tonight yet.

Mayor Cervenik – As long as we're talking about healthcare, I know a resident had mentioned last week about a eligibility dependency audit on our healthcare plan. That has been in the works. The actual audit itself should begin within the next 30 days. The payment will be based upon savings and I think it is capped at \$21,000 total cost, so that will help to make sure that only those who are eligible are enlisted in our healthcare plan.

President Holzheimer Gail – Welcome Councilman O'Neill. Any other questions on Non-Departmental or Finance? Seeing none.

CS&ED

Director Pietravoia – I did have a couple of handouts if I could have our Sgt.-at-Arms. I just wanted to recognize Asst. Director Bob Gliha who is here with us tonight from our department. Bob as most of you know has been an integral part of our department for many years and has always been a big part of the budget process as well.

My presentation tonight is a little abbreviated from previous years it just covers two pages, actually one and a half in the budget book. Before getting into that I wanted to explain a little bit as to why we're down to one and a half pages and that's the handouts that are being past out to you this evening, starting with the organizational chart for the department. As part of the Mayor's efficiency initiative we looked at several departments and how we might reorganize to be more efficient in how we deliver services and as a result of that process over about the last year and a half we implemented three major changes and that resulted in the organizational chart that you see before you this evening.

Those being shifting the Housing Division under the Law Dept. under the supervision of Asst. Director Kelley Sweeney. More recently shifting the Building Division to Public Service under the supervision of Asst. Director Lee Bock. In particular that allowed some efficiencies by combining the inspectors in Engineering and the Building Inspectors. There was a lot of cross-over, sometimes two and three trips from those inspectors. We're able to do this much more efficiently now that they're in the same department sharing workloads.

The third major change was the shift of Senior Programs as a direct report to the Mayor's Office. All these changes combined, particularly the first two, housing and building allowed us to eliminate one of the two assistant director positions in our department by reclassifying it. The position wasn't eliminated it was reclassified and that was Asst. Director Beno who has now been reclassified to Planning & Zoning Commissioner. There was also a commensurate reduction in salary along with the reduction in responsibilities with the shift of those divisions outside the department.

What we have left in the organizational chart is a lean and mean department, we're down to 7 professionals, two support staff and then our Weatherization and Rehab crew under the Block grant column. What the chart illustrates are the three major areas that our department is now responsible for, that being shown in blue, Community Development, Economic Development and Planning & Zoning. Then the functional areas that come under each of those. Then you can see how our remaining staff is allocated under those functions.

The organizational changes have had several positive budget implications. We'll start on page 29 in the budget book. Actually before we refer to that page itself, I wanted to note on the Chart we color coded it so that only three positions remain that are funded out of the general fund in our department. The majority are 100% block grant, which are the positions shown in blue. The ones in red, the Director, Planning & Zoning Commissioner and Planning & Zoning Coordinator are partially funded by General Fund and the remainder is block grant. With the receipt of the Neighborhood Stabilization Grant program, we were able to put one full time staff member, Marty Castelletti, funded through NSP now. At the end of last year and going into 2010 our funding half one of the housing inspectors with the NSP program as well. That has helped to relieve the General Fund in the Housing division as well.

Back to pages 29 & 53 which are the two that are the general fund portions of our budget. When you look at those two combined it is a little over \$200,000 coming out of the General Fund, supporting our department. That's actually a reduction from 2008 which was at the highest level in recent years of \$283,000, so we're down about \$80,000, which is a 28% reduction. Large portion of that was a combination of being able to shift staff to grant funding and also the change in the Asst. Director position, the reclassification and the savings associated with that. All of that combined reflects that \$80,000 in savings.

On page 29 specifically Councilman Van Ho, who hope is well enough to be watching at home, had a couple of questions so I wanted to respond to those tonight. The first question related to the salary line item which shows an increase of \$7,000. The explanation for that is in the past when the Building was part of the department, Commissioner Beno's salary was 50/50 split between Building and this sub-department of Planning & Zoning. Now that that's not part of our department, Commissioner Beno is 75% out of this sub-department and 25% out of Block Grant. The reduction in salary, shifting part to grant, still resulted in a slight increase since half his salary is no longer covered by building. That was the reason for the increase in the salary line item.

While we're on that subject of shifting the grants, I just wanted to mention that the shifts that have taken place, the percentage associated with each are the Neighborhood Development Manager, Marty Castelletti, running the housing programs is 100% NSP. The Director's position is 12% Block Grant. Director's secretary is 100% block grant. Planning & Zoning Commissioner, as I mentioned is 25% Block Grant and the Zoning Coordinator is 50% Block Grant.

I present these as temporary shifts and I say temporary for a couple of reasons. First of all there's a fluctuation in the amount of grants that we receive each year and there are also cap limitations on how much we can spend on staff and administration. We have to make sure and trust me, Asst. Director Gliha makes absolutely sure that we don't exceed those administrative caps. We are within those caps in the proposed budget that you see before you tonight. My hope is that as the economy improves over time we'll be able to shift those positions back to general fund, hopefully

100% as they were in the past and that would allow us to spend those dollars on actual projects. We still have significant amount going towards projects, but our goal has always been to put as many dollars as we receive toward actual projects. I do see this as a temporary shift to the grant funding.

The second question that Councilman Van Ho had was also on page 29, question about the overtime. You'll see the overtime is budgeted at \$1400, it was budgeted at \$800 in 2009. This covers Brandon Hughes who is our Zoning Coordinator. He serves as the official secretary to both the Planning & Zoning Commission and the Architectural Review Board. All their meetings are in the evening, so those do tend to bring him, they not only tend to but they in fact, every month bring him over the 40 hours. The position that he is in, is a position that not only qualifies but we're obligated to pay overtime for anything over 40 hours.

How we came to that figure, we estimated that figure before the 2009 figures were available. If you look at 07 and 08, we took an average of those two years, which was just under \$1400, so that's how we came to that figure. The reason the actual was lower in 09, with the 39 hour work week, the first hour in those evening meetings is not overtime, it is straight pay. Whether we reflect that in the salary line item or overtime, that hour does need to be paid. It would be covered either by the salary line item or overtime going into 2010. We do expect to have a significant number of meetings this year, probably a number of special meetings as well because of the new schools. We've already had one special work session with Architectural Review Board, expect to have more. Bluestone Business Park, the Turbine at Lincoln Electric, these are all things that are going to require probably additional meetings beyond our regular monthly meetings. My recommendation although I understand Councilman Van Ho's concern in seeing that number go up, in the big scheme of things it is relatively small number and I think we are going to need those dollars for those overtime meetings so I would recommend that we keep it where it is at.

President Holzheimer Gail – Are we not able to do flexible time? Or is because of that classification of position?

Director Pietravoia – We did discuss that and we would be able to do flexible, I believe we would be, I'd have to confirm that with the Law Director and our Human Resources Manager. We discussed that, the trade off there would be that the reduction in hours during the normal work week, would be time taken away from the other duties that Brandon has which are the zoning inspection and the enforcement on the zoning side. We're finally getting back to a point to where we were when John Hayes was here in trying to be a little more pro-active in citing and getting those things taken care of. I see Councilwoman Scarniench nodding because she has brought a lot of things to our attention as have a number of other council members. I would say we could do it if we wanted to have a small savings there but it would be at the expense of not being able to do as much in the pro-active and inspection side.

Councilwoman Jones – Director Pietravoia, just piggy-backing on that question. For the meetings that we know are scheduled once a month, is it possible to do a flex time for that to at least decrease this overtime cost by some? For the other special meetings that may come up, there maybe overtime for that. At least we know, once a month the Planning & Zoning meetings are already scheduled.

Director Pietravoia – We could approach it as a compromise where the regularly scheduled meetings we stay on a 40 hour week, so we reduce the hours on a normal work day to make sure that the evening meeting doesn't go over 40 hours. I would still suggest for those couple of weeks a month, it would be at the expense of the ability to do more field work and inspections in those two weeks, by reducing the hours. We can do whatever Council asks us to. I would recommend that we keep the overtime in place and allow the extra hours for the field work and inspections. I would certainly consider it if council felt strongly about it.

Councilwoman Scarniench – I wouldn't want to change that. I don't know how much anybody else has used Brandon as much as I do. If he wasn't there, if he was coming in later in the day, there's a lot of things that I really believe would not get done. I like it just the way it is for me, I don't know how everybody else feels. But I don't think that amount of money is that big of a deal right now because it is valuable what he does and it is cleaning up our business areas very well, I like it very much.

Councilman Gilliam – I agree with Councilwoman Scarniench. I know that there are labor laws depending on the classification and anybody who works over 40 hours they're demanded overtime, part of their contract or part of the laws of the State of Ohio. When I look at the overall picture I think \$1400 is a nominal cost to play the role that Brandon does play in the community and I feel

that while other council may have different feelings on it, I'm in support of this. I don't personally think that \$1400 is really going to sway any type of huge swing in our general fund. I think the services are necessary and I see Brandon out quite a bit. I think the individual is well worth it and \$1400 is \$110 a month basically. I'm in support of that, thank you.

Director Pietravoia – I will make it a point to follow up with Councilman Van Ho. I think once he hears, if he hasn't heard the explanation tonight, I think he'll agree it is reasonable and if he doesn't then we can reconsider it.

President Holzheimer Gail – I think the bigger issue is if we're trying to limit overtime across the board that we do it across the board. It is a discussion for another night.

Director Pietravoia – I do agree with you and I understand the bigger picture, I just think it is important that we understand the trade off that's involved when that happens.

The final page that I have to cover is page 53 which is the administration part of the department. Overall that has remained, as you can see from the numbers, has remained relatively stable, similar to last year, just showing a slight reduction. Again we've been able to continue the savings on the General Fund side because of the shift of both the department secretary and part of the Director's salary to block grant.

If there are no questions on that I wanted to just talk a little bit about our focus for our work program in 2010. It is not really a particularly a line item or budget page and then that will wrap up our presentation.

Several major areas that we'll continue to work on in 2010, one in particular is important at any point in time but particularly now with the economy; that is our focus on business retention, expansion and attraction. We're looking at some ways that we can do more even with our small staff and we're looking at partnering with a group called Wirenet, which is an industrial retention organization based in Cleveland. They have a very fine tuned annual visit and survey program that they conduct that we're looking at doing here, especially in our industrial sector that will help us get a better handle on what some of the needs are of our existing companies, who's thinking about growing, who's shrinking, what problems are they facing. So that we're better positioned to make sure we're addressing and aware of their needs, especially if they're planning to grow and looking for more space.

Several major economic development projects that we'll continue to coordinate and special studies, Phase 3 of the Lakefront Project with JJR. Councilman Langman had asked about this the other evening. We expect to have a draft of their work program for Phase 3 tomorrow morning if Mr. Stangland comes through. I was hopeful we would have it on for Tuesday. I'm a little concerned that as late as it is coming, we might have to defer to March 1st. It is something that we will be spending a lot of time on and effort in 2010.

Implementation of the Downtown Plan. Coordinating with Director Smith and Engineering with the grant that we received from NOACA which will be doing the design work for all the downtown improvements. Working with Shore Cultural Centre on the Strategic Plan, hopefully we'll see that adopted soon by Council. We are starting next week with the Cleveland Fellow that's going to be joining us for 10 weeks, Cassandra Washington. She will be part time in our office and part time at Shore. That's just one example of how we'll continue to assist and we've also been trying to refer leads that we get that might fit with the space that's available at Shore.

Bluestone Business Park will be coming before Council probably in February or March for the street dedication. Then it is big time marketing and helping them to actually get, if not a first tenant, a spec building and to go after tenants for that park.

On the energy side, I'm going to work with my colleague Director Frey who has really been very helpful in guiding us through the solar panel project, for example for city hall. We're looking at with First Suburbs and the City of Cleveland doing a solar special improvement district that would cover all the member communities. We'll be working with Lincoln to actually install the turbine this year and all the things associated with that. Most importantly trying to attract some renewable energy manufacturers to the community.

We've been talking with Councilwoman Jones in particular and also Madeline Scarniench and now Councilman Gilliam to try to get initiated this year a study of the Euclid Avenue Corridor and we hope to schedule a meeting soon. We didn't get the NOACA funding but we want to look at some other potential sources of funding for that.

On the major economic development side, Euclid Square Mall. We believe with the Expo Center and with Bluestone on the other side that we're going to see renewed interest in that property. We're going to step up our efforts as well to try to attract some users there.

Just other major initiatives, things that we'll be going on whether we like it or not in 2010, the Census. Our office is the major lead in coordinating the census. We are working with

assistance from Director Frey on the County Land bank, we have to do a memorandum of understanding with the County. That's drafted and we'll be bringing that to Council very shortly. At the same time we'll be updating our local procedures for our local land bank, it is something Councilman Langman has been asking about for some time and other members as well. We're finally there and we should be seeing that first quarter of this year.

We will continue the zoning code updates. Certainly all the efforts related to foreclosure prevention and a major push on the purchase rehab program. We finally are through most of the obstacles, asbestos removal, lead paint assessments. Every time we turn around there's another regulation we have to meet from the federal government but we're finally through most of that and we just started discussions in earnest with EDCOR to ask them to expand their programs and capacity to help us with this. They are showing interest, no commitment yet, but we hope within a month to have commitment from them so we can really accomplish more in 2010.

The grant side which is the other chart that I handed out. I think it is important, when you see it all at one time, it is a little more telling. If you look at that chart, one of the major functions our office has performed and continues to perform is to go after both grants and capital dollars for development related projects. Even I didn't realize until we put it all on one chart, going back to 2005, if you knock that out, just in the past 3 years, we will be drawing down over \$10 million in special grants or capital dollars associated with all the major economic development projects that we're pursuing. If all of that had to be paid for by local funding from the community, it would either stretch our debt capacity or certainly we don't have general fund dollars to do it. I feel very strongly that we have to continue those efforts and very proud of our accomplishments to date.

On the bottom of the chart, these are our standing federal grants that we'll be administering in this calendar year, \$4 million because of the big bump there in the Neighborhood Stabilization program. That includes our annual million dollar grant from Block Grant and about \$225,000 that we receive every year from the HOME program.

On summary I just want to say that even though we're a small department now I think we'll be able to accomplish even more, especially in the development and planning side now that we're able to focus our efforts there. I know that Randy and Lee will be telling me and Director Frey has already told me and the Mayor, there was a lot of administrative time tied up in the other divisions. It is just the nature of those divisions, it takes a lot of time and attention and it was taking away from particularly my time and others in the department to being able to focus on these core areas. We haven't had a full year yet with the new organization, but the transition is pretty much complete. We're still assisting Lee in particular in the building side, but we expect that to diminish and that will give us 100% of our effort in those three core areas.

I want to thank Council for your support. We couldn't have done all of this, especially on the grant side, everything we do without your support on the legislative side. I want to thank the rest of our staff that are not with us tonight, they work very hard and put in a lot of extra hours, just like most of our city departments. I want to thank them and am very proud of the work they've done for the department.

President Holzheimer Gail – Thank you Director Pietravoia and thank you for the charts. It is a much easier way to understand with the color coding of where they're funded from and I like to see the functional areas and the breakdown of the different departments, so I appreciate that and the summary of the work and the grants.

Councilwoman Scarniench – Director Pietravoia have we heard anything yet about Cleveland Trencher? Do we know how much longer we have to look at that building or can we go after some Brownfield money to get rid of it?

Director Pietravoia – We do have a strategy that we started pursuing on Cleveland Trencher. We're hopeful, don't have any commitment yet but we're hopeful with the capacity of the County Land Bank that they maybe able to assist us with that property. Our major challenge there is there were a number of law suits before the clean up of the property even started and that got complicated further after they started the clean up and everything is at a standstill right now. We're hoping with the expertise and capacity of the County Land Bank they'll be able to help us with that property.

Councilwoman Scarniench – You mentioned the Census and that's a big issue. I know it doesn't affect us right now and it won't affect us next year because probably 2011. If our population goes down do you really believe that we will lose our Block Grants or do you think possibility that we might be grandfathered?

Director Pietravoia – I'm going to let Asst. Director Gliha comment on that. We talk about this a lot. I'll just say briefly that I believe there would be pressure from all over the country for those cities that are in similar situations to either be grandfathered or to change the rules to reduce the benchmark to be under fifty, so that we would continue to get some sort of funding.

Asst. Director Gliha – We have initiated talks with the Columbus HUD office on that matter and they have been talking to Central too about grandfathering such cities as the City of Euclid because Cleveland Heights is projected even less than us and Lakewood is on the bubble.

But even more importantly, above and beyond the Block Grant, there's the police grants, there's all the other transportation grants, any type of federal grant is somewhat based on population. A prime example would be our energy grant that we received \$196,000 while that was based on a 2007 estimate of the census that had us at about 48,000, so we were under the 50,000. Lakewood received 3-4 times that amount because they were just over 50,000. It goes even far above the block grant itself. It is very important we all promote the census, that we make sure we get everybody feeling comfortable, it is going to be a much easier census form to fill out this year.

I think I've told the story before, it goes back 10 years ago, we were in the same circumstance. Then, Regional Planning Commission and the feds were projecting Euclid at about 48,500-49,000. We came in at almost 53,000 because we all worked together to make everybody feel comfortable about filling out the form. We do have a committee formed and we are working towards that and any help we can get from all of you and anyone in the public would be really appreciated.

Councilwoman Scarniench – Are we going to have a newsletter that goes out that is going to tell this seeing that we have no newspaper to inform people about this and that's going to be the only way for us to let everybody know how important it is?

Mayor Cervenik – We've actually postponed the sending out of our newsletter that we hoped would go out this week or next week. One, to inform the residents of any major changes that come before us through this budget hearing and we have a very extensive article concerning the census. Also the census committee will have the ability to send out notices and public information programs, we'll be running it on our website, doing it on our ECTV, probably staging a few events. We'll be working with the property owners, especially the larger apartment owners. There always seems to be hesitancy on the part of apartment tenants to completely fill out those census, especially if they have one extra person or two extra people in that apartment. Well their landlord is not going to find out about it, nor is our housing department. I don't encourage overcrowding, but in this instance, please, when our residents get those census, put down the number of people that are in that home, for the many reasons the Director and Deputy Director talked about this evening. That's going to be a big priority for all of us to get everybody counted.

Director Pietravoia – I wanted to recognize Brian Iorio joined us, I didn't realize he was here, and he's heading up the Census effort. At the request of Councilwoman Jones, we did provide some information in council's mailboxes for pick up this evening, some more detailed information on the Census.

Councilwoman Jones – I just wanted to explain, I am on the committee for the Census Count. I just wanted to explain some other initiatives that are going on to get the word out. Neighborhood Association, there have been communications to each one of the neighborhood associations and Kristal Skovira that works out of the southeast mini-station is already getting requests from different organizations and groups to have a speaker come to their group and talk about the census and the importance of having people counted. We are getting the word out and starting to get the word out, but there are so many people that may not hear about it, that it is up to everybody to do their part in passing the word on. At the Expo Center this weekend, there will be some census participation or a booth or something there with some additional information that will be past out as well.

Director Pietravoia – They have a traveling exhibit and the Expo Managers have agreed to have it displayed at the show that's going to be at the Expo Center this week.

Councilman Gilliam – On the committee, has there been any reaching out to the school board, considering that they're a major part of this community and receive revenue from our city as well for them to collaborate with parents from their particular area?

Asst. Director Gliha – I believe there are school people involved in the committee and we will be working with the schools. Ten years ago, once again, we provided flyers to all the schools to give to the children to bring home to their parents. We tried to work with the various school organizations, PTA's. We had articles or handouts in all the church bulletins. As the Mayor said, we met with all the apartment managers and got permission to put flyers into each unit. It is a community organization and it is a community group that's working towards this.

Councilwoman Jones – On the committee there is a representation from different organizations, there's somebody from the school board, there's somebody that represents the larger apartment complexes and properties. There's somebody from, like Kristal represents the neighborhood associations and getting the word out there. We do have some representation on the committee that's helping to get the word out. There is somebody from the school board. There is somebody from the faith based organizations that will contact the churches and the organizations to get the word out through their congregations as well. Some of the churches have already offered to put the information in their church bulletins every week, so that word is getting out.

Councilman O'Neill – I've said it in the past and I think it is very important to restate it, how important the Community Development people are to the City of Euclid. They really are the future of the city. Their efforts are generally not seen for a couple of years, but they work tirelessly behind the scenes. I just want to comment on the \$1400 overtime. I suspect that Brandon puts in time, overtime that he does not ask for. They are very hard working people. I'm glad that the department is more streamlined so Frank can focus in on getting new business into the City; what we drastically need, we need the income tax. In the past I have commented on what a great job they do and I think it is appropriate again to publicly thank them for their efforts in the city.

Councilwoman Minarik – Director Pietravoia, on page 3, we were told the other night, under the capital projects funds, correct me if I'm wrong, but I thought we were told that the funds, the sidewalk repairs, the public building construction and the four TIF funds would be used to pay down the JJR estimated costs for 2010. If that's true, if those six funds total \$653,000. My question is, since we're going into Phase III, is that what you anticipate JJR is going to be charging?

Director Pietravoia – To clarify the brief comments that were made the other evening about those funds, were to include actual land acquisition and other improvements as well, to fund improvements, not just the fee for JJR. The estimate we have and we'll be confirming this tomorrow or by the end of the week that the Phase III work will total about \$150,000 from JJR in consulting fees.

Councilman Langman – No pressure, but you're probably the most important gentleman in the room this evening because as my colleague Councilman O'Neill said, you're going to help us get out of this bind by growing our economy. I'm very glad that the consolidations have taken place, but I do have a question generally. How much time does the staff actually have in going out and recruiting, developing prospects, or businesses to actually move into the city? Or are all of your efforts in the departments partnering with Fogg or other entities in the region?

Director Pietravoia – I think you touched on the end of your comments, Councilman Langman, our ability to be most effective is by partnering with Team NEO, with the County. We receive daily leads through the State and through the other agencies on companies that are looking for either a specific building or a property with certain characteristics. We respond to all those leads. Our ability as a small staff to be aware of those things, without those agencies bringing them to our attention, would be pretty limited. I think we're most effective by partnering with those other organizations and we do spend a percentage of our time, but as you look at all the things that we're still doing and the major projects that I outlined going into 2010 that we're going to be spending time on, we don't have a dedicated staff that would do just that work. If we did, we could have someone spending 100% of their time. I would say that there are at least 4 of us, Asst. Director Gliha, myself, Jim Sonnhalter and Brian actually gets involved as well, he keeps our commercial space report up to date and we use that in trying to attract business and direct them to properties available here in the community. So, there are four of us that are spending some percentage of our time on business attraction.

Councilman Langman – Would it be possible to see a list of the various entities that the department is working with? There's always more out there that may have a little different slant on things and given our position, I don't think there's any lead that we should pass up if in fact we can forward it on to you.

My other question is, I know that some communities, their Chamber of Commerce, they're actively involved in business development, retail development, Beachwood jumps out as an example. I know Director I believe you're on the Board of our Chamber of Commerce. Would it be possible to move them towards that direction to assist your efforts in bringing whatever business into the city? Again, I know Beachwood, they're a little bit different circumstances, but any organization that can help us attract businesses I think will be worthwhile to pursue.

Director Pietravoia – We do already partner with the Chamber. There's a lot of room for growth, I would agree with you. For example the Chamber has partnered and attended with us on some of the annual visits that we do along with the Mayor and other members of the administration. So they've been at the table and very visible. They've also tried to recruit membership when those companies are not already members. So we are partnering in that capacity.

The struggle for the Chamber in the past year, partly has been economy as well, trying to keep members paying their membership dues. They have not been able to afford a full time staff person. So I think until they, and we are building up those reserves again, hopefully to a point where they will be able to get a full time staff person. I think we can do more with them once that occurs, but at this point that would be fairly limited due to the part time staffing capacity.

President Holzheimer Gail – While these are all very interesting questions and discussions and do impact our budget, let's try to rein ourselves in and get back to the budget. Any additional questions for the Development Department?

Councilman Wojtila – A real budget question. Where is the Commissioners salary for ARB, Planning & Zoning?

Director Pietravoia – That is reflected in the salary line item under Planning & Zoning, on page 29. That sub-department does include both Commission and ARB.

Director Johnson – Before we go to Director Smith, I just wanted to announce that if someone can't find their keys, I have them. Someone left their keys in the restroom.

President Holzheimer Gail – Thank you Director Pietravoia and Mr. Gliha, we appreciate your being here and discussion. It would be worth at a future committee meeting having some of the discussions about how we look at recruiting and how we look at working with the Chamber. I don't want to diminish those discussions and questions, but do want to keep us on track for the budget.

Councilman Gilliam moved to suspend the hour and a half time limit. Councilwoman Scarniench seconded. Yeas: Unanimous.

SERVICE DEPARTMENT

Director Smith – My staff will join me up front; Asst. Director Lee Bock, Supt. of Public Buildings and Lands Denny Valencic; Supt. of Motor Maintenance Mike Spisak; Supt. of Streets & Sewers Scott Reese.

I would like to draw your attention to page 5 of the budget packet. Within the organizational chart you will note the various departments under the direction of Public Service, with the exception of the Waste Water Treatment operations, I will briefly review the proposed budget and changes for each.

The most significant change occurring in 2010 was the elimination of the Traffic Maintenance Dept. The elimination of this department had been a topic of discussion for several years. As a means to improve efficiency, coupled with the expectation of reduced traffic signal maintenance requirements, it was determined the timing was appropriate to consolidate our traffic maintenance duties. These daily duties will be absorbed by the following departments: Streets & Sewers, Public Buildings & Lands, Parks & Recreation. Also funds have been established in order to provide for technical assistance pertaining to the control or hardware.

Other changes include the reduction of our work force in several departments. Two individuals within Motor Maintenance; one individual within Public Buildings and Lands; one individual within Building Inspection have had their respective positions eliminated.

Although these are trying times, I would like to compliment my staff and crew for maintaining a positive attitude and for stepping up to the challenges before us. We will continue to perform to the best of our ability and for the benefit of all Euclid residents.

At this time I would like to turn to page 22 of the budget. The Public Buildings & Lands Dept. consists of 10 employees. These individuals are responsible for the maintenance and repairs of approximately 50 buildings and structures within the city. They also provide assistance to other

departments when called upon. The substantial changes within this budget is as follows: Salaries & Wages. A new custodian position was inadvertently included within this line item. The 2010 proposed budget should be in the amount of \$453,368 which results in a \$21,251 decrease over the 2009 budget and represents a negative 4.48% change.

Under line item, Temporary Employees, an individual is used to fill a void when a custodian requiring an extended leave of absence. We do not anticipate this need in 2010, hence the \$13,405 deduction.

Under the retirement and separation pay line item, there are no anticipated retirements in 2010. The remaining employee benefits will require a slight adjustment based upon the removal of the new custodian position along with other personnel changes. Based upon the changes highlighted, the sub-department total for 2010 proposed budget, should be in the approximate amount of \$692,730; representing a \$32,394 decrease over the 2009 actual and a negative 4.45% change.

The Public Service Dept. follows thereafter on page 23. The structure and fund distribution has been modified from that of 2009. Currently 50% of my salary and benefits and 50% of the salary and benefits of Asst. Director Bock, in addition to one secretarial position comprise this department. Our daily activities are anything but routine. We respond to our residents when they call or e-mail with questions or complaints. We do our best to address comments or concerns from council. We coordinate and communicate with other governmental entities such as the Solid Waste District, Soil & Water Conservation, the EPA, the Cleveland Water Dept. We solicit bids for goods and services and we provide the guidance and direction to the departments under our supervision. This is just a snapshot of our daily functions and by no means is all inclusive.

Based upon the revised department structure, the salaries and wages were increased to \$122,346. An increase of \$32,856 representing a 36.71% increase in 2010. The retirement and separation pay and contract savings program has been reduced 100%. These 2009 expenditures were a result of the retirement of the former Director. Even with the restructuring adjustment, the overall net increase of the 2010 Public Service budget is in the amount of \$8,469.

Moving to page 24 brings us to the Engineering Dept. Currently this division employees three individuals. They are responsible for performing various inspection services. Examples of these duties include foundation waterproofing, sewer repairs, roof replacement and sidewalk repair inspections. In addition they monitor a paving and crack sealing programs and will assist in resolving garbage collection complaints. Asst. Director Bock formerly worked in this department. The predominant decreases within the individual line items are associated with the transfer of Mr. Bock to another position. You will note an overall decrease of \$7,192 in the 2010 budget as compared to that of 2009.

Next on page 25 is Motor Maintenance Dept. Currently 11 individuals within this division service, repair and maintain the city's fleet of vehicles and equipment. To date our inventory includes: 103 trucks, 100 cars, 341 various pieces of equipment. As a result of the lay offs, you will note a decrease of \$69,086 in salaries and wages line item for 2010. The associated employee benefits also reflect the appropriate decreases. One scheduled retirement pay and a separation pay for the two individuals have been accounted for. In order to maintain the pace associated with current technologies, our training funds were increased by \$1,088. Our Professional Services line item was also increased by \$2,839. The purpose of this adjustment was to cover the increase in costs associated with mandatory inspections regarding our bucket truck, underground storage tanks, overhead cranes and vehicle lifts. A slight increase was also requested under vehicle services. Once again the escalation of outside costs necessitated this increase. This category represents service calls for work that we do not have the necessary equipment in house to perform. The vehicle and equipment parts line item remains a concern, however it will be maintained closely as we progress through the year.

Including this department, you will note an overall decrease of \$78,313 in comparison to 2009. At this time, prior to moving forward, I would answer questions on these departments, since they're coupled together.

President Holzheimer Gail – Thank you, that was a very thorough review. This is his first budget cycle, congratulations.

Councilwoman Scarniench – Now that we have eliminated Street Maintenance, will Streets Dept. be doing like the Christmas lighting or is that going to be picked up by the Parks Dept.?

Director Smith – Some of those factors are yet to be decided which department it will fall under, whether it be Supt. Reese, or Supt. Valencic. Ironically the Parks Dept. will be addressing the lights. The holiday decorations along Lake Shore, Shore Center Drive and the point, the decorative lights and trees along Lake Shore Blvd., the installation and removal of the American flag and fans

on Lake Shore Blvd., the seasonal banners on Euclid Ave., Lake Shore and Shore Center Drive, and perhaps one or two other items.

Councilwoman Scarniench – Parks will be doing all of that. Now the traffic lights themselves, the maintenance of them, now who will, Streets be picking that up when we have problems with those, which we always do?

Director Smith – Some of that will be addressed a little later on, but essentially the daily maintenance activities will be addressed by either one of those departments. In addition, you will notice a line item increase under the Traffic Maintenance Dept. funds that will account for the technical service that will be required for the cabinet hardware.

Councilwoman Scarniench – So we're going to hire an outside contractor to do this?

Director Smith – We will retain an outside contractor if and when we need that service. As you're aware and I'm going to get to that a little later on in my report, several of our lights, in 2001, 46 of our traffic signals were upgraded. In 2004 they were converted over to LED's. In 2009 the remaining 20 signals were replaced as part of the signal project. Essentially now, because of those programs, because of those upgrades, much of the maintenance activity is expected to drop.

Councilwoman Scarniench – Is that totally finished, the signalization project? We've always been told that as soon as it is all done, then we'll be able to get all the lights where they need to be because we still have a lot of people who complain about the lights and the timing of them. I've always been told that we have to wait until it is all finished, is that done now?

Director Smith – The answer to that question is two-fold. With regards to the timing situations, I'm aware of several and I have them on my desk to deal with. Part of the contract will deal with that particular service. There have been some issues in the past with making appropriate adjustments, from a know how standpoint, but that will be addressed. From the completion standpoint, we had performed our in-house inspection in order to develop a punch list that was provided to ODOT. That list was quite sizable because we wanted to be certain that once they were turned over, the signals were turned over to us that they were ready to go and we didn't have any immediate repairs. That certainly has extended the process and we have recently been advised by ODOT that the contractor will be in touch with us to talk about some negotiations because the list was so extensive, but that has yet to be seen.

Councilwoman Minarik – Director Smith, I know that the Streets & Sewers workers are paid out of a different fund, is that the Peterson Fund, the County tax? It is not out of the General Fund, correct? Isn't it set up a number of years ago. My question is, is it possible, do you know what fund it is?

Director Johnson – All of those employees are paid either out of the Street Construction Maintenance and Repair fund, or the Creeks and Sewer fund.

Councilwoman Minarik – Is there anyway that Engineering and your salary, the Asst. Director, and your secretary and then the three people in Engineering, is there any way that those could also come out of those funds? That we could move those into those funds because they deal with Streets & Sewers?

Director Smith – I believe those adjustments have recently been made and I'm going to touch on those a little further on.

Councilwoman Minarik – So they will not be paid out of the general fund, is what I'm asking?

Director Smith – They are not.

Mayor Cervenik – One of the reasons they're not is we have to be careful that we don't deplete the fund balance from the revenue sources from those funds, the gas tax, the highway tax and that. As you can see if you go to page 3, the ending balances are not all that healthy. When we transfer something over, one we need a good purpose for doing that and the work has to be done just in those departments. Second part is, we do have to be concerned about the cash balance. On page 3.

Councilwoman Minarik – What fund?

Director Johnson – Special Revenue funds, the Street Construction Maintenance and Repair fund. The other fund would be under Enterprise Funds which would be Creeks & Sewers.

Councilwoman Minarik – I see what you're saying, there's not enough money there to cover.

President Holzheimer Gail – There has been times when we have actually transferred from the General Fund to Streets fund.

Director Johnson – The Creeks & Sewers, the funding is limited to \$75,000 transfer from Waste Water and the Two Mil Sewer Levy. The two mil sewer levy is limited by House Bill 920 reduction factors also. The two mil sewer levy generates the same amount of money that it did when it was instituted.

Councilwoman Minarik – If H.B. 920 were removed, then the Streets & Sewers would raise more money, significantly more in that department?

Director Johnson – Yes.

Councilwoman Minarik – Do you have an idea? It would all depend on the millage, I understand, never mind. Thanks.

Councilman O'Neill – To Director Smith or Supt. Spisak. I just have a quick question, page 25 Training. It has been bumped up which I totally support. I just wonder if that's enough money to train our in-house personnel to the levels of emergency vehicle maintenance tech, so that we can fix and repair as much of our emergency equipment in-house; savings to not have to farm that equipment out?

Director Smith – I'll defer to Supt. Spisak but the Supt. has spent a lot of hours in my office discussing that subject matter. We were grateful for the \$1,088 increase, just because as things do change, they need to stay on top of it. That has been an ongoing issue and I'd offer the floor if you'd like to offer any other comments.

Supt. Spisak – It is not by any means enough money. It costs to send one tech to Columbus to be certified on emergency vehicle apparatus such as a complicated ladder truck about \$1200-\$1300 a person. I'm doing some training now because of limited finance, I'm buying DVD's and holding classes in my shop. Once a mechanic comes into Motor Maintenance from the outside, he doesn't get the training that he normally gets with automotive service excellence where they go to school, 6-7 times a year. All the training they rely on, with the technology that's changing, they get with the limited amount of money that we have.

Councilman O'Neill – In your estimate, by training one of our techs in-house, what percentage of cost savings do you think there is by the ability to fix that apparatus, car, ambulance, fire truck in house, the down time, the turn around, to get that vehicle back in service. What percentage, amount of money, do you think that saves the City by doing it in-house?

Supt. Spisak – I couldn't even venture to guess. We're not saving that much money. We need to get the people out and get the hands on from teachers, like we do in dealerships.

Councilman O'Neill – I guess maybe you misunderstood what I was saying. If we had our people trained in-house, and more money was budgeted toward the training, the payback is not immediate but it is down the road, where we have these techs trained in-house so there's less time that the Fire or Police car is down, and it is fixed in-house so there's a cost savings there. My point is, I just wonder if this is enough money and I suspect it is not, like you said, to train our in-house technicians to the level that we can stay on top of the new apparatus that are coming, the technical changes that are associated with fire apparatus and EMS units.

Supt. Spisak – That's correct, if I was budgeted \$20,000 for training, I could use it well.

Director Smith – Next on page 46 is the Building Inspection Dept. One full time and one part-time individual comprise this Division. Responsibilities include HVAC, electrical, plumbing and roof inspections for both residential and commercial structures. The salaries and wages have been reduced by \$50,462. This amount reflects a lay off in addition to other personnel adjustments

completed in 2009. The associated employee benefits have also been adjusted accordingly. One position eliminated in 2009 was that of the Building Commissioner. The function of this individual was to perform reviews, complete inspections, issue occupancy permits. Based upon no other individual within the city having the appropriate credentials, it was necessary to contract this service out. You will note under Technical Service Building Plan Review and Inspection, the line item directly below, that this has been adjusted for in this budget.

Also one of the other changes was the Cuyahoga Soil and Water Conservation District increase fees associated with Storm Water reviews and inspections. The EPA has increased their delegated responsibilities and the cost associated with same are being passed along. This additional increase is shown within line item SCWCD assessment. Lastly the Building Code assessment, 3% fees have been increased to the anticipated amounts. This fee is paid to the State of Ohio building department and covers a 19 month period. Lastly I would draw your attention to the Department sub-total budget indicating a \$41,573 decrease.

Councilman Langman – Who is actually doing the plan reviews now, what firm or entity?

Director Smith – At this point in time we're under contract with CT Consultants.

Councilman Langman – Thank you.

Councilman Wojtala – The Cuyahoga Soil & Water Conservation District, are those passed through to the applicant or whoever is doing the project? Are we able to pass that through and do we?

Director Smith – Some fees are passed along, but I'm not clear if these particular fees are for the site reviews and the site inspections.

Asst. Director Bock – A lot of the fees are passed on but there are certain ones that we can't pass on and that's why we carry money in there to cover those. Some of the larger projects, such as the former PMX site, the Bluestone, also our Expo Center, a lot of the initiating fees that went on with consultations with CT, have to be paid for. That money has to come out of somewhere and that's why we budget this. Cuyahoga Soil & Water, some city projects, such as PMX and that, also demands reviews. A lot of them are passed on, the ones that aren't we have to budget for.

Director Smith – Page 68-69, Traffic Engineering Dept. As we had discussed earlier this department had been eliminated and the daily functions distributed accordingly. I did touch base that the substantial completion of the Euclid signal project had impacted this decision. It is difficult to estimate the remaining life of our traffic signals, however I do remain confident that the required maintenance will be greatly reduced for many years into the future. The funds associated with the position eliminations have been adjusted. The professional service fees have been increased by \$21,787 in order to cover the expense associated with technical repairs and modifications regarding the signal hardware. The traffic sign line item has been increased to allow for the purchase of improved grade signs, which extend visibility and life. The Street and Traffic Lighting line item has been difficult to estimate in recent times due to the sporadic energy costs. It is anticipated this \$33,000 line item will be amended to reflect the anticipated cost savings based upon our newly installed LED traffic light signals. Please note \$132,056 decrease in the 2010 budget.

Continuing onto page 70, forwards us to the Streets & Sewers Dept. This division is divided into two funds, the 220 Paved Streets, 512 Creeks & Sewers fund. Within the 220 fund, 17 of the 28 employees are accounted for. Their duties include, snow and ice removal, street repair maintenance, sidewalk repairs and leaf collection to name a few. Under the salaries and wages line item a correction is necessary. In 2009 an employee was terminated and it remained my intention to fill the vacant position. Recently the position has been filled and results in a \$37,502 addition to the 2010 proposed budget. The listed \$13,692 increase over 2009 is attributed to the transfer of a portion of Supt. Reese's pay into this fund.

It is my intention to utilize a second shift during leaf collection season. Therefore, the shift differential pay line item has been increased \$982. Furthermore, I anticipate limiting overtime for this purpose, hence a \$21,049 decrease over that of 2009. One retirement from an individual classified within this fund is anticipated to retire and it is reflected accordingly.

Two accounts of experience of substantial reductions, namely the vehicle equipment parts, in the amount of \$20,207 and the other supplies line item in the amount of \$24,647. These categories will be closely monitored as we progress through the year.

Also within the 220 fund is 50% of the wages and benefits for Mr. Bock and myself. This amount is reflected within the 2010 proposed budget on page 71 under the salaries and wages. Based upon these highlighted comments, in addition to the other minor adjustments, the overall 220

expenditures will reflect a \$73,430 decrease from that of 2009, representing a negative 3.6% change.

The 512 fund is illustrated on pages 100 & 101. Within this fund the remaining 11 employees of the Streets & Sewers Dept. are accounted for. Their duties include sewer repairs, leaf collection, sewer line cleaning, sewer back up assistance to our residents, manhole repairs to name a few. Under the salaries and wages line item, a \$34,830 decrease has been shown to reflect the transfer of Supt. Reese. The overtime pay line item has also been reduced by \$23,635 as it is my intention to limit overtime regarding this item. One retirement from an individual classified within this fund is anticipated and reflected accordingly. The remaining significant items is within the gasoline line item. This reduction is a direct reflection on limited overtime. The overall 512 fund expenditures will reflect a \$48,821 decrease from 2009 representing a negative 5.9% change.

My last item is shown upon page 59. These expenditures are associated with revenue generated for the sole purpose of performing snow and ice control and pavement maintenance upon state routes within the city limits. The amount of materials required consumes the available funds, therefore no personnel costs have been included in the 2010 budget.

That completes my review and I would certainly like to thank Council for your patience during my initial time here. It certainly has been a pleasure and I appreciate the opportunity. I'd be glad to answer any questions that you may have for myself or the Dept. heads. Thank you.

Councilman Langman – Just a comment, Director Smith, I think you've picked it up rather quickly, so many thanks for that. To the gentlemen up here tonight, I know in my years on Council they've always responded very promptly and quickly and gentlemen, I thank you very much for that.

President Holzheimer Gail – Very thorough job, no questions. Thank you gentlemen.

Mayor Cervenik – That concludes our presentations tonight. I know it does say discussion but with some of the changes we're working on and suggestions and having not heard the Police budget until the 22nd as well as we still don't have a resolution other than some communication today but nothing concrete on the Jail, we should probably hold our final discussion until that time. Basically we're done this evening.

There is one thing I want to mention. You all received notice and you may have seen on the news that the Western Reserve Council on Aging had to suspend delivering meals to senior centers. Over 60,000 meals, the vendor they used, there was some type of contamination found. All of our past meals are fine, nobody should be sick. But, although some senior centers are closing their meals until further notice, we're going to have meals tomorrow. Tomorrow we're cooking hot dogs, potato salad and beans. I'm sure there's some type of dessert. I'm not sure what's on the menu for Friday, but we will keep our lunch program going. We should know Friday or very early next week the resolution, basically Western Reserve is going out to find a new vendor and that program should be picked up in no time. The seniors will have their daily lunch and social a couple hours. You're welcome to join us if you'd like.

President Holzheimer Gail – We do have a resident here. Is there a question about anything we've talked about tonight? Everyone okay with holding discussion? With that, I'll take a motion to adjourn.

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

Meeting adjourned.