

EXECUTIVE & FINANCE COMMITTEE MEETING
OCTOBER 25, 2010

Chairwoman Holzheimer Gail called an Executive & Finance Committee Meeting for Monday, October 25, 2010 at 6:30 PM in the Euclid Municipal Center Council Chamber.

AGENDA

Ord. (125-10) An emergency ordinance setting the benefits and compensation to be paid City of Euclid personnel, other than employees of a collective bargaining unit, and rescinding Ordinance No. 129-2005 and all amendments thereto, and all other legislative enactments or administrative directives inconsistent hereto, and enacting in lieu thereof the within ordinance to be known and cited as the 2010 CONSOLIDATED COMPENSATION ORDINANCE. (Sponsored by Mayor Cervenik)

GENERAL FUND BUDGET UPDATE

Members Present: Gilliam, Scarniench, Jones, Minarik, Wojtila, Langman,
Holzheimer Gail
Excused: O'Neill, Van Ho

Councilwoman Scarniench moved to excuse Councilman O'Neill and Councilman Van Ho.
Councilwoman Minarik seconded. Yeas: Unanimous.

Others Present: Mayor Cervenik, Law Director Frey, Finance Director Brett, Recreation Director Will, Fire Chief Cosgriff, Police Capt. Brooks, Ms. Linker, Clerk of Council Cahill.

President Holzheimer Gail – We have two items on the agenda, one is a continued discussion of the consolidated compensation ordinance and then a General Fund Budget update.

Ord. (125-10)

Director Frey – We have a proposal in front of you that would amend the consolidated compensation ordinance, some in significant ways as far as the impact on present and future employees and other changes that are more administrative in nature and better defined, some of the events that occur in the life of an employee. Let me go through. I know we've gone through some of this, so some of it may be a bit repetitive, to go through some of the changes or highlights that are in the ordinance in the area of cost savings. Some of these cost savings, I just want to say will not necessarily reduce our current expenditures. They may have an impact on the longer term on expense control. They maybe in the situation, the first one I'll mention, the reduction of a personal day and reduction of birthday as a holiday, they really will have no financial impact because or very minimal financial impact in the non-union employee sector because those employees are not typically replaced if they are on that personal day or the holiday, but it will increase the hours worked as a result.

Others will have more immediate impact as are proposed. None of these are going to rock the house, if you will because we are less than 100 employees that get covered full time employees that get covered by the compensation ordinance. There are many part time employees, seasonal employees and so forth, but not a great deal of full time employees that get covered here.

The first as I just mentioned is the elimination of one personal day and the employee's birthday from the list of paid time off. It would still leave three personal days in addition to the vacation time and the holidays that the city recognizes. But it would reduce by two the number of paid days off.

Secondly, would be to cap longevity at current rates. If I'm right, anybody who is still receiving longevity, any non-union employee still receiving longevity has been here just about 15 years or more. At the 15 year mark I think the longevity rate is 6.5% and I believe it goes to 8% at 20 years. What we are proposing is for those individuals receiving longevity, whatever their percentage rate is as of January 1, 2011, it will not change. If they are at 6.5% they will stay there. That would really be the category that would impact.

Next was capping vacation for new hires at 4 weeks, they would never earn more than 4 weeks of vacation. Currently you can earn up to six weeks of vacation, we would cap that at 4. We would also freeze the vacation rate for any employee who earns 4 weeks or more, current employees. Those employees would not ever progress to the 5 or the six weeks of vacation.

We had some positions where we provided a uniform allowance. We would stop that. If any non-union employee was required to and needed a uniform for their job we would provide the uniform, we would not also provide an allowance to go with that. That would be a savings, again some of these are fairly modest, but we were trying to be pretty comprehensive when we went through this.

New hires, and I always use myself as an example. I started on the 29th of December and I had 4 personal days on the 29th of December. It is only going to come with the very first year of employment, but we would pro-rate the number of personal days in that first year of employment or the year that one was employed depending on when they came on board would be the number of personal days they would have available for that year.

The worker's compensation language. We have in most of the collective bargaining units provision that allows us to do a salary continuation if that works to our advantage and the employee agrees, it saves us worker comp premiums. We've included that in the compensation ordinance, that's the good news. The bad news is there's some discussion and it has not been finalized yet, but the compensation scheme may change, worker's comp scheme may change to make that not a beneficial thing for us in which case we wouldn't be obligated to do it, we just wanted to make sure we had the option if it was in our best interest from an expense control.

Then finally we wanted to make sure any employee, not finally but any employee who was required to work on a holiday, the Director approve that before that employee worked. So it wasn't the employee's election to work the holiday to receive holiday pay, that would have to be at the direction of whatever the Chief or Director certifying that employee was necessary. An example of that will be our recycling because we will follow the schedule for the garbage collection, there will be a number of holidays that we recognize that our recycling crew will also have to work. We'll have to work out how that is handled.

Bereavement leave we are recommending changing the bereavement leave for the grandparents of your spouse. Grandparents in-law for shorthand, to include them in the group of family members that entitle an employee to three days of bereavement leave. Right now we provide just a single day and frankly we have found that is an issue across the employment board where we think we are better served to provide bereavement leave for that family group. If they're your spouses grandparents, in all likelihood you're going to be intimately involved in that situation. So, changing that to three days.

We wanted to clarify that we would pro-rate vacation pay outs for retiring and laid off employees. We do it but never really memorialized it in the compensation ordinance so we wanted to be clear that was the way to handle that was pro-rating those vacation pay outs.

One of the things I asked us to do because of our experiences in the recent past is to provide in the ordinance that we had the authority to pro-rate elected officials compensation. We had the situation where we had extended terms for members of council and we had to pay the council members and should have paid the council members and we did it, this would specifically provide that authorization to pay either a shorter period or a longer period depending on the length of that council person's term.

Finally and this is important, we have not changed the pay grade since 2005. In our analysis in looking at SERB data for Cleveland, the Cleveland area, the pay increases over that period of time were about 14%, they were 13.9% for that period of time. We are recommending to adjust the pay grades by 12%. We have not adjusted these pay grades that are with the comp ordinance, we did not do it the last time, we haven't done them since before 2005, we haven't adjusted them. I'm not sure when the last time we made those adjustments but we are proposing to change the minimum and maximum on each grade by 12%. We will still have some employees that are above grade and we have to talk about that as part of the budgeting process. We will probably have a fair number of employees that are below grade, unless we make some adjustments. Those are a budget issue, not necessarily the comp ordinance. We tried to be conservative in that number but understand the fact that the longer we go without looking at the pay grades, the less connection to the reality of the pay that will occur.

There are also some administrative changes. City Council does not have authority over the compensation for the municipal court employees, they are under separate appointing authority. In the past we had the municipal court employees covered under the compensation ordinance. The reality is, that's at the discretion of the Judge. So we've removed those references. I have every reason to believe the Judge is going to continue to use the compensation ordinance as the basis for the compensation of court employees, but they work a shorter work week than City Hall employees and other non-union employees generally but we removed the court from the comp ordinance.

We had a couple of situations, we just decided we'd put this in the comp ordinance that we will not process a pay out for a retirement until we get confirmation from PERS that the person has in fact retired. So there's no chance somebody is going to get paid out and then they really didn't retire through the compensation system. It really is just a matter for us for internal clarification.

We added the Charter Review Commission to the non-described positions. The nine charter members and we established a per meeting rate of pay for them. We did not have any language in the earlier version of the comp ordinance so we had separate legislation authorizing a per meeting pay for members of the Charter commission.

Tried to clear up confusion regarding exempt which is non-overtime, seasonal and temporary employees. These are more administrative purposes for us than compensation issues. Provide that the Mayor can return an individual to a prior position during the probation period of the assimilation of the new position isn't working well. Then we just tried to tighten up the job classifications and titles on Exhibit A to the ordinance, removing the part-time components. So if the job is doing these things, that's the job, if it is full time or part time, is really a different, budgeted hours.

That's a summary of the changes and we think this is a good step. Again, we're not expecting that this is going to result in some tremendous windfall to the city. But I want to recognize the fact that some employees, those with 15 but not 20 years will be capped on the longevity at their current rates. For those employees who have been here for 15 years at 4 weeks of vacation but not move beyond that. That has some impact to those employees and to the budget because as you're aware in the CONSAVE program, once you get to 25 years of PERS time, you can start to put some of your vacation time into your every other week pay to boost your final annual salary if you will for pension purposes. Here there will be less weeks available for people to do that. There are some longer term savings on that. Again we continue the approach of making a distinction between people, recent hires and trying to cut some of the paid time for those individuals. I'll be glad to answer questions.

Councilwoman Scarniench – First I want to say I'm sorry I didn't get these questions to you earlier Director but it has been a crazy weekend and I knew by the time I got this done, it was going to be to late so I just waited for now. Most of them are kind of easy things. On page 2, now you mentioned about exempt, explain that to me because that wasn't in there before, 5.3; you've added the word exempt. What exactly does that mean?

Director Frey – I'm an exempt employee. I am not entitled to overtime compensation under the Fair Labor Standards Act. That's really what an exempt person is. It is a manager. It is somebody how has discretionary authority. If there is a question about whether a person is exempt or not, the Fair Labor Standards Act typically favors finding them as none exempt employees. Employers typically want to have that person classified as exempt. But it really falls into either a professional or supervisory role or some type of a discretionary position.

Councilwoman Scarniench – The salaried employee would be the one, that's what it is, pretty much?

Director Frey – We use the salary term a lot. Exempt would mean they would not be eligible to receive over time compensation.

Councilwoman Scarniench – Page 3, 8.1, I just want to make sure, 32 is still the number for full time? Anything below 32 is part-time and receives no benefits?

Director Frey – No, we just talked about pro-rated vacation time for permanent part time employees.

Councilwoman Scarniench – But they get no medical benefits.

Director Frey – They do get sick time, they earn sick time and they would earn a pro-rated vacation.

Councilwoman Scarniench – Page 4, I'm glad Charter Review is in there now. I see that Architectural Review and Planning and Zoning are both the same. Why are we paying so much more to Civil Service when most of the time their meetings get cancelled? To me it is like we're paying people for whatever, can you explain why those are different?

Director Frey – First of all our last ordinance we had an error, we never paid Planning & Zoning more than the \$125 but we were wrong with the amount that was in the 2005 comp ordinance. The reason civil service is paid twice the amount, well not quite but, they meet twice a month, where the other groups are meeting just monthly. That's up to the city council to make that determination. We didn't change those rates in here for the boards and commissions with the exception of adding \$50 per meeting for the Charter Review members.

Councilwoman Scarniench – I believe Architectural Review was getting the \$211, that's the one that you switched down.

Director Frey – They were not getting the higher rate. I apologize, Architectural Review was in error, they were not ever receiving that; we had it printed wrong.

Councilwoman Scarniench – Civil Service is supposed to meet twice a month. Do you know off hand in the last year how many times they have actually met?

Director Frey – I don't know.

Councilwoman Scarniench – Can somebody find that out because I would be curious. Every time you turn around, cancelled, cancelled, cancelled. I would really like to know that.

Director Frey – I served on Civil Service and we met pretty regularly to the twice a month but times were also different. Right now we have not been doing much hiring. Civil Service is most active when we're hiring and promoting and we have been doing neither until now.

Councilwoman Scarniench – Sometimes do they meet more than twice a month?

Director Frey – We did.

Councilwoman Scarniench – Page 5, 12.3. Is that correct or is something missing? In the previous one it also had in there the unearned sick time. Did we take that out of the 12.3; it just said advancement of holidays is prohibited. Before it also had in there unearned sick time. Is that the way we want it or is that a mistake?

Director Frey – I'm looking at that. It is clearly very different from the former 12.3. Section 4 in the old one said, advancement of unearned sick time and holidays is prohibited. I'm not sure to be quite candid with you why the advancement of sick time is not still included. We have had some exceptions to that but generally speaking we do not advance. If somebody is out of sick time, they would use some other compensation such as personal time or vacation.

Councilwoman Scarniench – Should it still be there?

President Holzheimer Gail – It is actually in Section 14.11, advancement of unearned sick time is prohibited.

Councilwoman Scarniench – Page 6 and everybody knows how I feel. I've always said that six weeks was too much. I would like to see us put back in the 5th week but make it at 20 years. If we went down to anybody that was hired prior to 2000, they would be allowed to at least go to that. I would feel more comfortable with that. We keep cutting those folks because those are the only ones we can cut. Four weeks just doesn't seem right to me for somebody who has been here 20 years. I don't know how anybody else feels about that, but I would like to have that in.

President Holzheimer Gail – May I ask a clarifying question about that? Are you talking about only current employees who have been here and have that or even new hires?

Councilwoman Scarniench – Current employees who have been here since 2000 can move to five weeks at 20 years.

President Holzheimer Gail – But new hires?

Councilwoman Scarniench – Not changing anything after that. It is just those folks who have been here for that amount of time and give them that one extra week. Again, we're not talking about a lot of people but I think that would just make it a little bit easier. New hires is a totally different thing.

Also page 6, 13.6. The Chiefs get to put away three years, is that by law? Everybody else can hold two years of their vacation and such, why is it that the Chiefs get three?

Director Frey – In the collective bargaining agreements, the members of those two bargaining units can roll in the last three years of their time. We've tried to in other codified ordinance sections tie the compensation for the Chief and the Assistant to the benefits to the members in those units.

Councilwoman Scarniench – So when we get them to change that, then we can change this, okay, got it. Page 9, it would be 19.2 where we refer to the \$500 each month for the car allowance. Are we leaving that in? I would like to see us take that out. As far as I'm concerned over a two year period we could probably buy four vehicles that were very gas economically efficient that Directors could use while they're working. Going back and forth doing other things, I know you get to write that off on your taxes. That's a question, can we remove that?

Director Frey – I will tell you that the Chiefs and the Assistants do have city vehicles so they are not getting a car allowance. No other Director has a car, nor do any of the Directors get car allowances.

Councilwoman Scarniench – We should actually remove that from here?

Director Frey – If you'd ask me, I'd love to see the Directors get a car allowance, but we don't right now. That's one of the budget reductions that was made. I don't think it has ever been more than half of the maximum allowed that I remember, maybe it was early on. It has been half and then nothing.

President Holzheimer Gail – The important word here and I don't know if this was a change, may be paid. It is not that they will get it.

Councilwoman Scarniench – When you're talking \$500 a month, I'd love to have \$500 a month to pay for my car and stuff like that. I'm thinking in the long run if we had a couple of vehicles that we purchased through capital money that are sitting here when they've got to go do something there's a car go take it kind of a thing. Just something to think about.

Mayor Cervenik- That can be stricken if you so desire. Any Director, let alone any employee that incurs travel expense, vehicle expense during the duties for the City of Euclid will be reimbursed the Internal Revenue Service rate. There are a few and that's why a few people do have cars where the miles they put on their personal cars could be more than the IRS rate over a year's time, where the allowance would make more sense. How it works is if we pay the allowed IRS reimbursement, there is no income or deduction to that employee, it is basically a wash. We will continue that practice of reimbursing people for mileage on a personal car. We do have one pool car here that is used when people are going out of town, seminars, driving long distances and that has helped cut costs tremendously as well. If there's no real purpose for it being in here, it can be removed.

Councilwoman Scarniench – Great, thank you. Last thing. Since we cut the non-union employees down to 39 hours, can you tell me how much money that has actually saved us?

Mayor Cervenik – It is almost a 6% reduction. In the general fund portion, I will be explaining to you that it is my intention in presenting the 2011 budget, is that all of our non-union employees are returned to 40 hours and receive a small raise as well. All of the unions will be back to their normal raises of at least 3%, some a little less than that but that's because they received some raises last year or this year. The total expense in the general fund, if we were to give a 2% as well as going back to 40 hours is somewhere in the neighborhood of \$170,000. I think it has actually gone down because we've experienced a number of retirements and some of those will not be replaced. That's the total sum of going to 40 and adding a 2% raise to it.

Councilwoman Scarniench – That will be in our budget.

Mayor Cervenik – On a \$38 million budget, as you can see, it is not a lot. These people have been working for over two years now.

Councilwoman Scarniench – It means a lot to them. I'm glad to hear that.

Mayor Cervenik- We're losing some good employees because they're going to other places where they can elevate their income.

Councilwoman Scarniench – Mayor, were you in here when I brought up about the 5 weeks, I don't think you were?

Mayor Cervenik – Yes, I just heard about the five weeks.

Councilwoman Scarniench – Would you consider doing that?

Mayor Cervenik – If City Council desires to do that.

Councilwoman Scarniench – I put it out there so hopefully somebody will chime in. Okay, that's it for me, thank you.

Councilwoman Minarik – I re-read the minutes Director Frey and going back to this sick time. I'm very pleased with all the compromises that were put here because as you said Mayor at the last meeting, there's no monetary impact to workers today, it is all long term these changes. Is that how you put it pretty much?

Director Frey – Yes, there are some immediate impacts, the caps on longevity would be immediate.

Councilwoman Minarik – But we're not impacting the wages that they're earning. The question I have on the sick days states how many days they can have. We've made the adjustment that new hires are maxed out at retirement at 240 hours.

Director Frey – 240 hours, 30 days.

Councilwoman Minarik – Is there a way, I know the Cleveland Clinic does it, when an employee gets bumped to a higher wage, they figure in what that balance is of days due them at them wage, can you do that?

Director Frey – The council person Langman asked similar question earlier today, so we spent some time trying to research it. The State code is clear that in the State code the payment is going to be at the current rate, so everything is at the current rate. If an employee retires, they're paid out for whatever accumulated sick hours at their current rate. The council person and I were talking before the meeting about converting sick hours into dollars at the conclusion of each year. I don't know that we have the authority to do that and I promised him I would follow up and check on that. I guess that's kind of where you're going so that your bank of sick time would not be in hours but in dollars so that if it went in at a rate during your first year's of service but drew it out later in your career, it would be coming out at that rate of pay, where it went in at a lower rate. Obviously what that would do is reduce the effective number of hours that you had if you used them later on. I'm not sure that we're equipped to do that and I'm not sure we're permitted to do that under the State code and I'll need to follow up on that.

Councilwoman Minarik – In response to the five week vacation, I honestly think 4 weeks is fine as is and part of the reason is that these city employees are being paid with taxpayer dollars. Social Security has just announced it has is not increasing social security distribution for the third year in a row. Which means people on fixed incomes have not had any increase in three years. My brother who is a federal government employee, has been for over 25 years now, has worked for the Congressional Budget office, he now works for the EEOC down in Atlanta, he's maxed out at 4 weeks. I don't think it is to much to ask when we've seen we had a 9.3% unemployment rate in this city and our revenues are declining and the taxpayers are paying for this, I think 4 weeks max is typical of most government workers. I would like to keep that in there. Other than that I'm pretty much fine with everything. Thank you.

Councilman Wojtila – Director Frey, did I understand you right, the one and a quarter percent, how is that regulated by State code? The one and a quarter days on sick time.

Director Frey – The code sets the rate of sick time that an employee earns. I think it is 15 days in a year. That's by State code for all state, local government employees.

Councilman Wojtila – For government employees.

Director Frey – Has no effect on private sector positions. In fact most private sectors don't use sick time at all, they use paid time off. It is a combination of vacation and holiday and sick time, I guess.

Councilman Wojtila – Under health benefit, I think at the last committee meeting that we had on this, I had asked a question about that and I think the answer is it is really not covered in here under than who is eligible for it.

Councilman Wojtila – Yes.

Director Frey – You have to be 32 hours. You have to be a full time employee.

Councilman Wojtila – Let me direct you to Section 23. Under 23.2, it says the employee shall be liable for payment of any contributory, does that mean premiums?

Director Frey – The monthly contribution, the office co-pays. The Mayor has established what those rates are. We actually memorialized that in here that it is the Mayor's role to establish the employee monthly contribution, the co-pays for prescription and office and so forth. That has historically happened. We're memorializing the fact that it is the Mayor's authority to establish. That really becomes a budgeting issue. It is only full time which is 32 hours or above that is eligible.

Councilman Langman – Law Director Frey, these seems pretty solid, I'm happy with the way it reads. One question though, have we undertaken and maybe Ms. Linker you can jump in too, have we undertaken the harmonization of the job title, actual duties performed with the pay grades?

Ms. Linker – We have not done that to my knowledge for about 10 years. We have discussed the necessity of doing that, both evaluating position and descriptions themselves and updating them. Then do an internal equity study which would set them against each other internally to make sure that we're on track and also doing external benchmarking. The last time we did it, my understanding was we had a professional consultant come in and handle that for and with us and that was about 10 years ago. We did some research and the cost of such an endeavor in checking with a local consultant who has done a lot of work in this area, is probably between \$20,000-\$25,000 and would take us 3-6 months to do just our non-union population which is 80-85 positions. If we want to budget for that, in my mind it would be an excellent thing to do, but it is costly. That does not include the cost of each of our employees participating in that process, which would take 2-3 hours per employee to participate on their side. That would be the cost of doing it.

Councilman Langman – For the average resident that might be watching, what's the actual benefit of going through the exercise?

Ms. Linker – Internal and external compensation equity to ensure that positions are being paid adequately. Over time as we've done cuts and expanded job responsibilities, the job descriptions may not, 10 years later, fully represent the full breadth of duties and requirements and the job. Also there are federal and other regulations such as the ADA, FLSA, which should be checked periodically to make sure we're fully compliant. So there would be both an equity issue as well as a regulatory compliance issue to doing it periodically.

Councilman Langman – Ideally how often should such an exercise be done?

Ms. Linker – I would say once we do it, were we to undertake it for example in 2011, part of what I would recommend would be to put in place a process that allows us to self-regulate annually so we don't become radically out of compliance. Then I would say if we do a good job on, we're disciplined on our interim checks, I would say maybe 8-10 years later barring some sort of dramatic change that we need to comply with that would be adequate.

Director Frey – We do get some data from the Mayors and Managers Association so you can check. As Ms. Linker has mentioned, we've merged and pushed jobs together. Finding that right match outside is sometimes difficult now and so this process, I went through this at Cuyahoga County where they were trying to measure both internal equity and external equity and it is a time consuming process but it is a healthy one to undertake. I just want to add though that as positions have become vacant that we've determined to fill, we've tried to look at the content of the job description to make sure it is up to date, if it needs to go back then to Civil Service because we've now pushed these two positions together, we've done that to try to make sure that when we go out to advertise to hire, that we're actually accurately representing what the person is going to have to do. We are trying to do some corrective action if you will internally but as I said with our ranges it has been a good number of years since those have been adjusted. Clearly if you don't go through the same exercise periodically with an internal and external equity evaluation, you're going to get out of whack. I agree it is something that is due at this point.

Councilman Langman – It sounds like we're not too far out as far as the timeframe of doing it. I guess my final question, let's say we go through the exercise and job titles and descriptions are better harmonized, new duties are incorporated, would that mean then for some employees they might get a higher level within the pay grade, maybe jump up?

Director Frey – Typically what you would expect to see is that there will be a large number of people that need a wage adjustment, forget annual increases or no annual increases, but they're just out of whack, internal equity and external equity.

Councilman Langman – I know sometimes in the private sector after you go through that they give you a handshake and say thanks for shouldering the extra.

Director Frey – That then becomes the budget question.

Councilman Langman – My final question, does the State provide any assistance to municipalities to undertake such exercises?

Ms. Linker – I'm not aware of any assistance that's provided, no.

President Holzheimer Gail – Director Frey, you indicated that you would like to adjust the wage ranges, you have not done that yet, correct?

Director Frey – Exhibit B shows the 12% adjustment to the minimum and maximum.

Councilman Wojtila – I know you mentioned earlier your thoughts behind that and you threw out an acronym of SERB?

Director Frey – SERB, State Employee Relations Board does wage surveys based on collective bargaining agreements and so forth for the different areas. We've pulled their data and over the period from 2005 through 2009 in the Cleveland area, the wages went up a total of 13.9%. I'm guessing adding 2010, you would find that percentage didn't grow much. I doubt there were too many increases in 2010 unless it was an earlier bargained agreement. We know that our wage range has not been adjusted for a considerable period of time. Carol, do you know when the last time we adjusted it? I don't think we adjusted it in 2005 is my recollection, so I don't know when it was because now we're getting past the time that I've been here. But, that's where the universe that we're working in is 13.9%, these are government employees under the State Employee Relation Board data. We are making that adjustment in our comp ordinance.

Councilman Wojtila – I appreciate that and I understand it but if you look at the range, there's quite a wide range.

Director Frey – Yes, that's part of our problem. We think that those ranges are too wide.

Councilman Wojtila – I would agree.

Director Frey – I think that's part of what Council person Langman's questions will get to is we will be able to better focus those ranges. I will agree anyhow that I think those ranges are awfully wide.

President Holzheimer Gail – Do you have any idea how many employees in this current new ranges are out of range? I remember you had the number earlier, it was a pretty small number.

Director Frey – It was a small number. There would be probably a bigger number that would be below the minimum than would be above the maximum by probably a 2 to 1 ratio would be my guess.

President Holzheimer Gail – If we were to pass this with the ordinance does not mean that everybody automatically gets a pay raise, or gets an adjustment, the Mayor has the authority to set the compensation rate above or below the range.

Director Frey – Yes and plus there's the budget process. We can't do what we don't budget.

Councilwoman Minarik – Just to follow up on the wage thing. As I understand it, we approve the 12%, that doesn't automatically mean everybody jumps.

Director Frey – That's correct.

Councilwoman Minarik – The second part is, we approve this because every job has its grade level and every grade has its minimum and maximum. If wages increase say 2% a year or 3%, do they ever get to the max and what happens?

Director Frey – They could and that's part of what we talked about today when we were reviewing this that we need to have some follow up conversation, what happens to the individual that hits the top of the range. Yes the Mayor has the discretion to bust the range if you will, but that it seems to me out to require some exceptional circumstance.

Councilwoman Minarik – Otherwise, they're going to max out.

Director Frey – That does happen, that people have maxed out.

Councilwoman Minarik – Then they are stuck there unless they get a promotion.

Director Frey – Or the job content changes. That's part of what we think this whole review and analysis needs to tell us. Maybe our ranges are too wide, maybe our ranges are too low, they maybe both of those things. Maybe they're too high in certain jobs because maybe technology has changed and this is something we went through when I was with the County Prosecutor's office and we went through that exercise and it can be a little painful. You get this outside independent analysis of the content to the job and where it fits in the public sector marketplace, where it fits compared to the private sector so that Council, the administration can make those kinds of determinations.

Councilwoman Minarik – In the private sector they don't have this minimum maximum caps.

Director Frey – I would disagree. I know my prior life they sure did in private sector had minimums and maximums.

Councilwoman Minarik – Even accounting for cost of living increases they still set those caps.

Director Frey – Yes, at least again in my experience that was the case.

Ms. Linker – Typically if you don't wait 5 or 6 or 7 years to move your ranges, what happens is your ranges adjust 2-3% per year in line with market condition and therefore that allows 2-3% for those at the top. While you do get capped at the top, the good news is you're making more than the anyone else can make at that job and you're being paid as high as you can. Your next raise is the allowance for however much the range moves is what your universe of promotional or raise may be until you change jobs.

Councilwoman Jones – Director Frey, some of my questions have been answered already but going back to the pay grades, so someone falls below the range that they're in now, is there a maximum increase percentage that they receive when they get their evaluation and they're due for a raise, so they're not taking a big leap or whatever it is to get to the next pay rate?

Director Frey – That would be up to that Director I would think how that would happen, would be that Director would make that recommendation to the Mayor, there's a position that needs to adjust to get it to the minimum of the range or close to the minimum range. Ultimately those kinds of individualized decisions will be made, but they have to be reflected then in the budget. I know that has happened where people have been way out of whack with the range and have had an adjustment to get them closer or you do it in several steps. We actually did it in one of the bargaining units where, for whatever reason, the pay rate was just way below the comparable positions in other units and other communities. So we did both a step increase to the base rate and a percentage increase during the term of the contract to make those kinds of adjustments. Again, that shows up when you look then at this year versus last year budget for personnel and you see that percentage increase is high. Well what causes that and it would be something like this. Depending on the size of the department, if it is one person in a large department of 20 people, maybe it is not quite so obvious. But, if it is one person in a department of three, it might be pretty dramatic.

Councilwoman Jones – My other question is, if someone is below the pay grade and it is not recommended that they get an adjustment to put them in the range that they should be, is there a maximum percentage increase that they would receive to get to that point? Or is it a number of years to go through to get to that point, if it is not recommended that they get to that next pay grade?

Ms. Linker- I would suggest that if and when we undertake the consultant coming in, depending on how the ranges are set, I think these are all questions, we could use policy just around those questions. How do you handle those range movements, what happens when someone falls way below or is over? As part of that discussion that would be instructive for us to have some guidelines as to how that is handled. We don't have a firm policy today, it is more discretionary. It doesn't happen that often because we don't do a lot of hiring. The other issue that comes up is if you don't move that person and your offer salary is now the minimum of the new range, you can end up offering a job at a higher rate than someone who has been here a couple of years. You do need to contemplate all of those procedural issues as part of this review and put those in place, you try to work along those same set of guidelines.

Councilwoman Jones – My other comment is on the vacation time. I would like to see some adjustment made so that it is not effective as of 2011 that all employees receive the maximum of 4 weeks. Maybe starting, for those employees hired in 2006 would give the first five years the same rate and then those employees, we mentioned that it was a small number of employees that are over that, that currently get that five weeks vacation now, they would still get that and as they fall off new employees under that timeframe would no longer get to that point.

Director Frey, did you say how many employees would be affected by that if we take it from the 5 or 6 weeks to the 4 weeks? How many employees?

Director Frey – I don't know that answer. I don't know how many employees that impacts. We are not suggesting here that we reduce anybody's current vacation time. So if somebody is right now receiving 5 weeks, they would continue to receive 5 weeks, they wouldn't go to six. Anybody who is at six weeks would stay six weeks. Anybody who is at 4 weeks would not ever elevate to five or six weeks. We were essentially freezing the vacation rate for current employees at what it is today once they get to four weeks it is frozen. We didn't change the rate at which you get to four weeks at all. It was the two weeks, the three weeks, the four weeks, went at the same intervals they do today, it is what we are doing is just freezing anybody at 4 weeks and above at what they are today. Anybody less than 4 weeks would never go beyond that.

Councilwoman Jones – Thank you for that explanation.

Director Frey – Ms. Linker is telling me, we have 35 employees, and I don't know how old this information is, it maybe off a little bit. But 35 employees receiving 6 weeks; 10 employees at 5 weeks; 11 employees were at 4 weeks and 18 at 3 and 18 at 2. Those 18, 18 and 11 would never go past 4 weeks of vacation, nobody hired after would go past 4 weeks of vacation. That was the scheme we contemplated that 45 employees who are above 4 weeks would remain at their current rate of vacation. I hope that makes sense from an explanation.

Councilman Langman – Mayor, perhaps you recall, about 10 years ago, how many non-union employees, full time did we have, do you recall?

Mayor Cervenik – I can tell you that approximately 7 years ago, beginning of 2004 until now we've probably had a reduction of 50. I don't know what the number was at the beginning, but it has been reduced considerably.

Councilman Langman – My point is that you've had tremendous job consolidation, responsibility consolidation. So I think the analysis would be quite beneficial to incorporate the consolidated duties and I think that would really benefit our current non-union employees. I would tend to go that route than do what Councilwoman Scarniench had suggested. I think the analysis and the adjustment would incorporate that and perhaps lift up within or bump up to a new pay grade. Given the fact that probably everyone of our non-union employees is doing much more than 7 or 10 years ago. Thank you.

Councilman Wojtila – With respect to vacation, the current ordinance allows for unused vacation time to be compensated. Is that used frequently?

Director Frey – In the current time, no. Right now the city's policy is vacation has to be used, you can't carry more than two years of vacation. If you do have more than two years of vacation then you lose that amount of vacation and there are some employees at their anniversary date who will have lost vacation time because they accumulated and carried more than two weeks. That amount, more than two weeks will fall off.

Mayor Cervenik – I have upon request of either a Director or an employee, if they have due cause for not being able to take their vacation off, that I have allowed them 30-60-90 days in order to take that off, especially if they have a vacation planned, or if someone is getting ready to be married and they're going on their honeymoon, their anniversary date is October and they're getting married in November, I have allowed that and I do have the authority to do that. We don't have the finances any longer to really pay anybody for unused vacation time. There are people here, let's not even go to vacation time, all the non-union workers have been getting paid just 39 hours a week and I can guaranty you that there are very few of them that have not worked at least 40-42-44 hours a week anyhow and only getting paid 39. As we have cut staff and as we've consolidated positions, it would be totally unfair, as long as they can work it out this year to get that vacation taken. I can send you my standard email that they must make arrangements in 2011 to take all the vacation because the courtesy will not be extended again. It is very few people but on occasion it happens and they have pretty good reasons why they can't take that full 6 weeks or 5 weeks vacation.

Director Frey – Just to amplify a bit, once an employee has 25 years in PERS in our compensation ordinance, they are allowed to incorporate some or all of their vacation into pay. The effect of that is to boost in theory the final year's average salary for pension purposes. So an employee who is 25 years with PERS can regulate and make sure they don't ever go over that two years worth of accumulated vacation by exercising their prerogative under what we call CONSAVE, but it is a vacation incorporation that's provided for in the code and we've adopted that in our compensation ordinance and it is in all of the collective bargaining agreements. It's current year's vacation can be incorporated, I couldn't, I'm not eligible anyhow, but I couldn't incorporate 2009's vacation and 2010's vacation into 2010's pay. The most I could incorporate is what vacation I earned in 2010 into 2010's pay.

Councilman Wojtila – It looks like Section 14.8, the first indented paragraph could probably come out.

Director Frey – On the sick time payout?

Councilman Wojtila – Yes, that's a specific condition for somebody retiring, hired before December 31st but retired before January 1 of 2005. That could probably come out.

Director Frey – Probably could. There are a number of employees obviously who fit that definition and now the maximum amount of sick time payout on retirement is 240 hours for anybody hired after January 1, 2005, anybody who is on staff prior to that time falls under this schedule that's above it. You're right, it probably could come out.

Councilman Gilliam – Just a quick question regarding sick leave again. Maybe I overlooked it, but I know in some governmental organizations, you have individuals who for some reason have taken on sickness and they've had to use sick, vacation, personal and due to extenuating circumstances they may exhaust their time. I didn't read in here, maybe I just didn't read it thoroughly but I'm being honest with, I do not see in here where there's a possibility of other employees donating time?

Director Frey – We don't have it in here. You didn't miss it, it is not in there.

Councilman Gilliam – I scanned it and I'm impatient when I read a lot of stuff like this, but the bottom line is.....

Director Frey – There's a lot here to read.

Councilman Gilliam – Exactly and to interpret. So I was just curious in stating that there's no such policy here about donating time to fellow employees in times of need.

Director Frey – We've looked at it, it clearly has a present cost to have that. There is a compassion level and I understand that. I don't think any of us are oblivious to that, but there's a present cost to those kinds of programs. There's a need to be very, very careful in how you establish who is eligible, who can donate, how those donations occur. We just have not come to a policy that we thought was workable for us. We'll continue to look at that. We've had the request to have that policy, we've had the request for leave donation, we just have not gotten to that. Quite honestly, we have not come to a policy that we felt made sense for this organization. You have to look at it again taking into the differences of rates of pay, in the donor and the donee; you have to look at what's a qualifying event to allow somebody to use leave donation. We have to look at the fact that there's a present cost to having that. That part calculating because a person has exhausted all their leave, sometimes those exhausting all of their leave is because they've not managed their leave very well. Sometimes there a genuine reason for it that has nothing to do with poor personal management, has everything to do with some personal tragedy or illness. But it is trying to figure out how you recognize the later and don't reward the former. We haven't figured out how to do that yet. We'll continue to look at that.

President Holzheimer Gail – Are there any members of the audience that would like to ask a question or make comments on the compensation ordinance before we move on?

Director Frey – I just would like to tell you that this was a collection of city employees who worked on this compensation ordinance. We spent many, many hours with Audrey Molnar and Carol Keller, from Finance; Roseanne Evangelista; Ms. Linker, myself, Jack Johnson. There are a lot of people who went through section by section trying to craft an agreement. Ultimately what we presented to you, different somewhat from what we as a committee put together. We recognize that there were probably some other things that needed to come out. I wanted to publicly thank those individuals for their contributions in trying to craft what we think is a workable compensation ordinance. The law clerks who spent, I don't know how many revisions we went through and then trying to, meeting once or twice a month, remember what revisions we made and tracking those changes. It was, I've not seen us ever spend so much time on a single piece of legislation as we did on this. I know that there was a question of an amendment or two here, but I wanted to thank those individuals for all of their time.

Councilwoman Minarik – What's the next step? Can we move to send this to Council? Are we going to leave this for more discussion? This is the second meeting we've had.

President Holzheimer Gail – In my opinion I think we're ready to send it back to Council. There is the question of vacation time and we can amend that on the floor if we can come to an agreement, perhaps there's a compromise in the middle. I don't here that there's strong opinion one way or the other tonight. So rather than take all the time to do that one issue tonight, I think we can continue to talk about that and try to resolve it before the next meeting, if that's alright with Councilwoman Scarniench. Unless she wants to make an amendment now?

Councilwoman Scarniench – I don't have a problem with that. I would like to see this, the new piece with the little corrections and the things that we did talk about. I don't have a problem with sending this to council.

President Holzheimer Gail – Unless there's more information people want, this is the second full meeting we've had on it. I don't know if we've had another discussion in addition to that. It is council's pleasure.

Councilman Wojtila – I'm comfortable with most of the changes and I'm comfortable with the way the vacation is written now in the version that we have. I would prefer not to increase the exhibit B ranges 12% until we do a further study of that. That's how I'd prefer to see it. I don't know how you folks feel about it. I would like to approve the changes but I'd also like to hold on that right now.

President Holzheimer Gail – I do think it is important to do the next step of having all the positions looked at. I think that's an important piece and I think the wage ranges will change because of that process. If we can commit to doing that process in a timely manner, I know you indicated it will take several months to do that. I assume that will create changes in the ranges, so if we know that's coming, I would be willing to wait as well.

Councilwoman Scarniench – Can that be taken out of capital money to pay for that?

Director Frey – No. We would have to expense it in 2011 and obviously we will go out for proposals if that's the indication, we'll go out for proposals, we'll evaluate those proposals and figure if there's a way to get a better, we need to get the right product. That's the critical step that we get the right product. There's no sense in doing this half-way and having a half-way result. We need to do it properly and get a good result. We'll figure out, we think it is going to be \$20,000-\$25,000 based on the conversation Ms. Linker had with a consulting group that does government wage analysis. But we'll see through the proposal process if there's a way to pair that down. I think it is critical that if we do it, we do it right. We'll put that in our 2011 budget plan.

President Holzheimer Gail – I asked this earlier, but just to clarify. If we change the ranges now, that would not impact anyone's compensation at this point anyway.

Director Frey – Changing them or not changing them is not going to impact anybody's compensation now.

Councilman Gilliam – If these were changed to this range, I've been a government employee for quite a few years and these actually seem normal to me, unfortunately. I think if we were to change them now, only new hires would be affected by this. I just did a quick study, if you look at grade 5, even a person who was getting 3% at 12.75, it would take them about 5 years to surpass the starting level at 14.6. I don't know if a study is going to make us more economically efficient or not. It would take an individual being a competent worker over a continued period of time to go from 12.75 to 19.26. Hopefully we're able to evaluate those workers and they are valued workers and they would earn that grade as length of service came in. It takes an extraordinary amount of time to go, even at 3%, to go from 12.75 to 19.26. It is a long way to go. If we have good workers that are able to accept those grades and are willing to work. These numbers aren't guaranteed. I've seen ranges where there were no raises that particular year and that particular wage stayed the same. We're looking at the possibility of increasing wages every year, that's not always feasible in government employment. While this is wide range and you say it is a little bit, how do you say, maybe there is some inequity involved, I've worked in government in New Jersey and also government here, and these ranges are, they're expansive but they're kind of normal. It takes a consecutive increases for anyone to advance to a high level. At that point, that's based upon the ability for government to a lot those raises. This doesn't guaranty that they're going to get to 19.26, depends on the length of service and the stability of the government. The only thing that I could see being a difficult situation is for some employees who are very efficient at level 5, making over 14.60 after 4-5 years and you've got a top notch person coming in at 6 making less than level 5. That happens with these particular issues. I feel that, maybe paying for a study, I'm not saying I'm for it now, but I'm comfortable with this because it is going to take individual effort, continued employment and the condition set by the government as far as our fiscal policy to determine whether anybody ever reaches these top tier levels. That's just my personal opinion.

Councilman Langman – Just to clarify, I think the study is going to be more than just looking at the pay ranges per se. If they administration is committed to engaging in that process, then I'm okay in recommending that we send this back to Council with a recommendation for passage.

President Holzheimer Gail – We could have legislation authorizing the RFP at the same time, correct?

Director Frey – Sure.

President Holzheimer Gail – That will take some time and we could put it as part of next year's budget. That way we're already moving forward. It is important because we've lost a lot of positions. The reality of the positions today are dramatically different than they were ten years ago. It is, as Councilman Langman just said, much more than just the pay range, it is making sure we're recognizing the work and the true duties that our employees are doing.

Councilwoman Minarik – I don't have a problem doing the study of the grades and what they entail because the technology has also increased too. What people have put in education wise to understand what is needed should be compensated. My question is, based on what Councilman Wojtila said, if we send this to Council with recommendation for passage, that will include the 12% increases in the wages; but that's not going to impact anyone anyway, correct?

Director Frey – It is not going to cause anybody's rate to change without separate action. There will have to be a status to be completed and processed in payroll to make that adjustment. That could happen with or without the change in the ranges.

Councilwoman Minarik – So Councilman Wojtila's fear is unfounded for the moment?

Director Frey – I understand his point of not wanting to seemingly authorize a 12% change, but it is not going to impact anybody's hourly rate.

Councilwoman Minarik – Then I'll second the motion.

Councilman Wojtila – Point of clarification, there's not a fear that I have. My position is that I would want this to come back to Council without the 12% increase with it the way it is currently in the compensation ordinance. I would support that. I don't think I would support it with the 12% increase. I'd prefer it come back without the 12% increase.

Director Frey – That would require a second to a motion to amend.

President Holzheimer Gail – I didn't acknowledge any of the motions yet. Do you want to amend it to go back to the rates before the 12% was added?

Councilman Wojtila – I was just going to make that motion.

President Holzheimer Gail – Just to make sure everyone is clear, Exhibit B that we have as part of this includes a 12% increase from what our current ordinance wage range. The amendment is to go back to what it currently was before the 12% increase. That has been seconded by Councilwoman Scarniench. Any questions on that amendment?

Councilwoman Scarniench – The whole purpose of that is, once we've done this study, then we can actually put an accurate number to where we want it to be.

President Holzheimer Gail – My assumption is that it would cause another change, so why change them twice. Question on the amendment?

Councilwoman Jones – So if we send this back to Council without the 12% increase and this compensation passes and we go and do the evaluation, I don't know how long it takes to do the evaluation of that capacity, Law Director Frey do you have an idea?

Director Frey – We think 3-6 months.

Councilwoman Jones – It could be sometime in the second quarter of next year that we would be looking at this again.

Director Frey – In all likelihood it would come back to City Council with an updated consolidated compensation ordinance in the Fall of next year.

President Holzheimer Gail – That does not mean we would not go ahead. The Mayor had already indicated he's looking to go back to 40 hours and increase 2%. We can do all of that without changing this. In reality it does not impact anyone's current payment compensation.

Roll Call on amendment to go back to the original amounts of the wage ranges.

Yeas: Scarniench, Jones, Minarik, Wojtila, Langman, Holzheimer Gail

Nay: Gilliam

Amendment passes.

President Holzheimer Gail – Councilman Langman made a motion to send this back to Council with a recommendation for passage. Councilwoman Minarik seconded.

Roll Call: Yeas: Gilliam, Scarniench, Jones, Minarik, Wojtila, Langman, Holzheimer Gail.
To Full Council with a recommendation for passage.

President Holzheimer Gail – Thank you to all the staff. I know Director Frey had said that already but we do want to thank all of the staff who helped work on this. Council has spent a little bit of time, everyone put in so we appreciate that.

BUDGET UPDATE

Director Brett – Most of you have received the update through September 30, 2010. A number of Council people sent me requests for information. The reason I was a little bit late was because I was sending Mr. Gilliam two year's of data that he requested through the end of September 30th, so I'm blaming him. I think I've got all the councilmen covered with their records request except for one person and I will get back to them, or I can answer their questions tonight. I think it was Councilman Langman who had a number of questions regarding that and I guess that is probably the best way to approach this at this point is to go through and take any questions that you might have and I can discuss Mr. Langman's first as he got his in relatively early. Councilwoman Minarik, I think I've answered all of your questions? Okay. I'd be open for comments as well.

President Holzheimer Gail – Do you want them to ask you the questions? Or you have them?

Mayor Cervenik – Councilman Langman had sent a number of question late last night, I was sleeping or I would have tried to answer some of them. Lighting assessment, when will we actually see those proceeds? It shows zero right now. We'll be issuing that revenue anticipation bond December 1st. That's when those proceeds will come in, I think it is \$885,835 in that range. That will be coming in.

Admissions Tax, will we make the budget expectations? We're going to be close. There's a couple of shows that were in this month. We're probably going to be a little short but making a wild guess for our first year Expo Center, I think we'll be within \$5,000-\$6,000 of the Admission tax. I think we budgeted \$50,000.

Inheritance Tax. This is a tough one to project. Will we make projections? Don't think so. We projected \$1.130; we have collected \$436,000 as of September 30th. In October we received \$194,000. We've got about \$500,000 to go. Director Brett I believe we have one more payment due, we don't know how much that is. I don't believe we will make projections on inheritance tax.

Any other unusual fourth quarter quirks in revenue, receipts that we can expect? I hope we have some very big quirks in our revenue from income taxes compared to what happened last year. I hope the exact opposite. I do have preliminary numbers. For this month as of 7:00 this morning, we had actually collected \$1.632 million, so we're within \$52,000 of projections for October. That's a very good sign because September through December of last year, we took over a \$1.2 million hit over our projections. I do need to commend the tax department. Their in-house collections and a lot of that is delinquencies, some of it is just people sending checks here, paying their taxes. But for the month they have collected through Friday, \$383,000, they've collected in-house. It should also be noted that it took us about two years to really pull the trigger and be ready to go in opening up our own Tax Dept. But their budget is approximately \$570,000 or so. That is less today than what we paid CCA our last year that we used CCA. CCA basically collected the money, put it in the bank and did nothing with delinquencies. The trend for our income tax right now is on the good side, could be a lot better but at least we're not falling below.

Medical claims, they're very favorable as to last year. This can change. I don't think it will drastically. We're right about where we were last year on medical claims.

Overtime for safety forces. Outside of the godforsaken jail, overtime is doing very well. The jail we have experienced a supervisor, actually they are called commanders, who has been out, a corporal has been out and the contract requires for a corporal to be on duty and we've experienced a good amount of overtime in that department.

Then I can roll right into Councilman Gilliam's question about the jail as well. The public safety charges are at about 55% of anticipated revenue. The problem there is, we had budgeted \$700,000 of County prisoners to-date; we only have approximately \$385,000. A lot of it is we just haven't had a room at the inn to bring in some of the Cuyahoga County prisoners that we wished we could. On the other hand we are ahead already by \$8,000 through September of housing Bureau of Prison Prisoners. As we will talk during budget hearings about finally what we're ready to do with the Jail. I think the Bureau of Prison income will make everybody understand why we need to do a dormitory style jail.

Current staffing levels, how much will it cost the general fund for normal operations next year? If Council approves what I will be suggesting bringing the non-unions back to 40 and the 2% raise, that will be approximately \$171,000. Carol Keller is still working on all of the position worksheets for budget hearings so we don't have that final number yet.

Councilman Langman – Will it be in the traditional range?

Mayor Cervenik – The average raise in the non-unions is somewhat less than 3%, pretty close to 3% would be the norm. Next year again we have to start bargaining with our 10 unions. I think I got everything on your list. I've mentioned the revenue for public safety. Welfare charges, senior meals, they're down from what we budgeted but if you look, they're pretty close to last year's. We budget a little high, it is very hard to tell. A lot of that is donations and things are tough out there so the donations for meals and that, maybe they're putting in the minimum instead of putting in a little more. The senior trips have been down and some activities have been down and that's partially because for awhile there we had reduced the staffing. Luckily through, Ms. Linker is gone right now, but through her efforts, we have three now, we had as many as four senior grant workers that worked 20 hours a week that have really made a difference over there. When we go through budget hearings we're going to examine and bring to City Council forward some of the problems we're having with maintaining a lower staff level for the seniors. You've probably heard some of the complaints as well because I know I have. They're good people and we have to help them out here.

Rents and Royalties. We're at 35%. I did email back about that. What happened is there was a 3 month period where we didn't know who was going to run the Center or even if Council was going to continue to rent the center because of damage that was being done. Neither the former operator or the current operator were directly responsible. We basically didn't accept any of the rentals and people that are getting married, they don't call up on Friday, well they do for the weddings I do, but for the big ones, they want months out in advance. We lost a lot of that in 2010. We firmly believe by the performance of Tizzano and I can't pronounce the name of his company, but Mangia Bene, I'm Slovenian. The projections we'll be back to where we were two years ago when we first started doing that.

Civil law. \$45,000 left but I believe Director Frey stated we expended another \$11,000?

Director Frey – We have an outstanding invoice going through the payable process for about \$11,000 in one of the cases where it is pending. We will manage that budget to get us through the balance of this year.

Mayor Cervenik – We also had a question on worker's comp, non-departmental. Yes, we added \$113,000 to the budget because they informed us after budget hearings what are actual worker's compensation costs were going to be and that has been expended, it has been sent to worker's comp. It is not something we do on a monthly basis. We do expect, I believe worker's comp is reducing across the board for government entities a 5% reduction and because of some of the steps we have taken and some cases we've been working on that are starting to turn to our benefit, we do expect a significant drop in our worker's comp cost for 2011.

Self insurance liability. We spent 95% of this money. Director Frey?

Director Frey – It is a budget area that is always a concern because we don't carry a reserve. We tried to estimate this year's expenses in December or in January for the calendar year. That would be an area we may well need to come back for an amendment. We'll try if we have any cases that come to settlement to structure those settlements but we will not be paying those out in 2010 because to do so will require us to have a budget amendment. We do have some cases that have a potential for a judgment against the city and we are managing the litigation on those either internally or with outside firms and we will continue to be careful with those funds.

Mayor Cervenik – I think that answered all of those questions. On a couple of other items of concern, and there's really nothing we can do at all about this one and that's the interest income. My apologies but that was very much over estimated in the budget, it never should have been put that high. I believe we are going to end up somewhere close to \$200,000, luckily we're making that shortfall up in some other areas. As far as trash collections go, I believe we collected, I just ran this to take us through today, I believe trash collections we collected an additional \$151,000 through October 25th. We will be sending out to those delinquents as I mentioned at the Council meeting one final billing explaining to them the importance and seriousness of needing to pay those fees. I really do think we are going to come close to our projection, we maybe a little bit below on the trash fees, but we're going to be very close.

As I mentioned at the last council meeting, through September 30th we are about a million dollars down, a million one is spending versus 2009. The revenues are about \$100,000 over, which means that in actuality in that moment in time we spent \$1.3 million less than we brought in, which is a good thing under the circumstances. When we go through budgets, I'm going to explain to you that okay it was a good thing, it is a very tough thing. If we see that the tax revenues are raising up, there are a few positions that we would really like to fill. Some of you have asked me, as far as inspectors and that as well. Certainly not going to go hog wild, we've got a long way to go to get out of this recession, but there maybe a few positions added to make sure we can continue to do

things well. All in all where we stand right now compared to last year, last year we spent \$124,000 less than we brought in and then that doesn't include what happened to our income tax revenues in October, November, December. October we're probably going to be \$150,000 ahead of projections for October, which will bring us to about \$340,000 ahead for the year. Again, November and December are tough months. November we have our utilities remit and that bounces up and down and very difficult. In December is the final installment by our corporations on the net profits tax as well as our residents paying their estimated payments before the end of the year. That's a tough month. I'm hoping for a good November and December but we'll wait and see. October I was very pleased with. All in all we're actually ahead of where I thought we were going to be, which makes me happy but we're very aware of what is going on in the community and the world and we've got a long way to go.

Director Brett – I've prepared a number of reports for various questions asked by Council members. On inheritance tax I have it broken down by month and as we've said, we're \$500,000 short on that particular one but I've also got the report from last year which shows that we did receive a payment in November. That doesn't guaranty that we'll get a payment in November this year and you can never tell with inheritance, it depends on who dies. The one in November last year as an example was \$201,000. It is not likely we'll make up, again you can't tell and we may not get one at all. It looks like we receive about five months or six months that we get a disbursement. This year we've only received four. Again it is a very volatile revenue source.

With admission taxes again not every month do we get receipts. We're at \$39,000 on the admission tax but we budgeted, estimated \$50,000. In February we brought in \$23,000, with two months to go it is not impossible that we could make the estimate that we went for.

As far as overtime, I've got a report here and rather than go through that I can discuss that with anybody afterwards, I can show you where obviously some of the departments are high, other ones are lower. Looking at overall, if you use 10 twelfths or 82%, we're doing pretty well on that but that can be somewhat deceptive because of the holidays in the last two months of the year where there's a large concentration of overtime, you might see spikes in overtime. I've got that there, on some of them you're already at 100% but others are 71%, 74. It pretty much runs the gambit. I've got a report so you can see the overtime from all of those things.

On medical we budgeted \$297,000 and so far we've spent \$229,000. We've got a cushion there of \$61,000 on that fund. For the self insurance.

Mayor Cervenik – In non-departmental so far year to date through October 25th was \$1,700,000 this is for claims. Last year it was \$1.9. For administration it was \$287,000; year to date last year was \$304,000. Prescription drugs through October 25th is 591. Last year it was 617.

President Holzheimer Gail – I think the numbers are different. We have reports through September 30th, and I think that is where the confusion is coming and the numbers aren't matching.

Director Brett – I updated my numbers this morning which again comes into another area, Councilman Gilliam was worried about the 55% in public safety charges. As of this morning those were up to 80%, so those have picked up. Welfare charges are up to 68% as opposed to 59, so there isn't a significant rise there but the trips and the meals, especially the C1 and C2 have an interesting dichotomy as far as donations versus people who are paying for them. The donations are off this year as you might expect as our people actually coming in and purchasing them. But more so for the C1 meals. I don't know what the difference on those are.

As the Mayor explained rents and royalties are off but that's kind of a expected with the changes over there.

Civil Law, as Director Frey said, we have about \$43,000 but they expect another \$11,000 bill to go through.

Non Department Administration, we added that and it did go, that's a single payment. It is up to its limit but we don't expect any further payments for the rest of the year and the same with operating transfers out with the self-insurance liability. Once that monies transferred, we don't expect it to be transferred again.

I'm trying to think for Councilwoman Minarik, I've got the cash report, I've got a hard copy of what I sent you this morning. I've got the civil law and from the comprehensive financial report, 4-5 pages that do a very good job of giving a concise picture of the debt service. I sent you my worksheet which is a good way of not getting a concise picture of the debt service.

Councilman Wojtila – On page 26 under the Waste Collection, the second item is sub department 323, disposal services. It looks like something is wrong because under the percent used it has 100%. It looks like our year to date is \$1.6 million and we have budgeted \$2,088,000.

Mayor Cervenik – That's because we encumbered the full amount of that contract. That's done on a number of contracts that are specific value that we know of for the year and there's a payment each month. I would like to add that that amount, the total expense we hope before the end of the year will probably be about \$150,000 less. We've been working with J&J since we started our garbage fee and we've got a real good handle of a number of houses that are actually getting trash collection and we will be credited those amounts in November and December. That's actually going to help in our general fund balance as well. That's why that shows 100% income.

Councilman Wojtila – Looking at the first nine months on the monthly reports we get, one thing that stuck out is we're close to our projected income. If you compare this year with last year, as a city from income tax, we're still \$500,000 less than last year for the first 9 months of the year. Again we did a good job budgeting but it is helpful to keep that in context. Comparing to 2008 the first 9 months we're \$2.2 million less. We're not coming out of a recession any time soon, certainly not these first nine months. I don't see it coming.

Mayor Cervenik – You're correct in that the \$2.1 million you mentioned really happened for the most part in the last 4 months of last year. We budgeted about \$800,000 below or so what we collected last year after that drop off. As you know one of our larger companies that is famous for their bonuses had one of the smallest bonuses they ever had. We will be looking at that, hopefully we'll see some increase there. That will not be received until January 2011, but will help in our budgeting process. The key here is that September and October unlike last year did not drop, actually increased and we are ahead of collections for last year and we just have to hope that continues. You're right, we've got a long way to go and we're not out of anything yet.

Director Brett – The property taxes are ahead of what we anticipated which might be a bit illusory because usually those are set in relative stone. I think what we're seeing there is some of the delinquencies finally getting paid off which is probably a good sign. Or maybe it is that those homes are finally being sold and one of the things that need to be cleared up are the delinquent taxes but we're actually seeing more than we expected in property taxes with a couple more settlements on the rollback and the homestead still coming in.

Councilman Langman – Director Brett you had touched on the real estate taxes. Mayor getting back to the questions I sent to you, thank you for those answers. But with the 170 projected for the increases and restoring the 40 hours, I was looking for a total number with the other projected increases. So are we talking about the 850,000 all total when you factor in all the various increases that we're committed to for next year?

Mayor Cervenik – Until we go through the budget position worksheets and each director, especially on the safety forces includes the number of retirements we have, will say that's probably close of an increase because we did have a number of unanticipated retirements in 2010. So the increase should not be much more than that. We'll know better in probably two weeks. Carol has a lot on her plate right now, so it will probably be about two weeks and then we'll be able to internally do that. I would like to have budget hearings sometime in November.

Councilman Langman – Would it be possible, even though Director Pietravoia isn't here, to get a sense of new jobs we might be attracting into the city versus any we may have lost during the past year? Is there any way to quantify that to give us a better sense of the employment picture in the city?

Mayor Cervenik – We've had a number of companies, one you're very familiar with, increase their employment considerably. Most of our larger employers are holding their own. We've had more than some interest, we've had some very serious interest by a number of companies at Bluestone Business park. Certainly nothing that I go home and put my head on the pillow and say good it is coming in. But it is something I stay up all night worrying how we can make them come here. Some of the newest set of tax credits that are coming to Ohio and Cuyahoga County, might be \$570 million, those types of things may be just what it takes to get a company to move here versus Tennessee Valley or Arizona where we're competing with. So we're hoping, we're very confident some things are going to happen at Bluestone, as well as our existing companies.

Councilman Langman – I know the folks who work in my building are very happy because the hospital finally came through with a modest pay increase. I'm sure that will help us. Thank you.

Councilwoman Scarniench – Mayor I've just got a couple of revenue questions. On page 1, down at the bottom on licenses and permits, building permits and driveway permits, there's no money there, is it someplace else? I know we've also got building and driveways going on in the city.

Mayor Cervenik – It is somewhere else. If you go through this there are a lot of zeros. When you get your budget book this year, when we put 3-4 years in a row, you'll see a lot of zeros. Some of the accounting has been consolidated. If we had the spare time, we could probably try to eliminate some of those line items.

Councilwoman Scarniench – On page three, almost down to the bottom, it says rental inspections \$75. Is that some place else too because we know there's rental inspections going on?

Mayor Cervenik – That is budget \$75, I couldn't tell you. It is \$75, we're spending \$37 million, let me find out tomorrow.

Councilwoman Scarniench – I was just curious, it is like why is that there? On page 4, to the bottom, engineering services to residents and city inspection fees to residents, what are those because those are zeros too?

Director Brett – I think you're going to find mostly under building and engineering services, residential, which is Department 048.

Mayor Cervenik- As the Councilman is saying, we do have \$220 charged to 348-02 Building Officials Services to Resident. Probably should be in 348-01.

Councilwoman Scarniench – Just curious because they're there and it gives a perception that there's no money coming in.

Mayor Cervenik – We'll clean that up. We need to consolidate some things is really what it is.

Councilwoman Scarniench – Then eliminate the line item that doesn't work anymore.

Mayor Cervenik – We can except for in a prior year, when we get to the budget book, if there was a number in the prior year.

Councilwoman Scarniench – But once we get to the end of that we can get rid of it.

Mayor Cervenik – We will work on that.

Councilwoman Scarniench – Page 5 what other city property do we rent out that we get income from? We've got Shore on here and Lakefront Center. What else do we rent out?

Mayor Cervenik – Ice arena. I will have to find out for you. I can't think of anything else. Softball Hall of Fame and Polka Hall of Fame, there you go.

President Holzheimer Gail – Mayor, you would like to do budgets in November? Carol is shaking her head. I think the earlier the better.

Mayor Cervenik – About mid-November we'll be ready. It is about a three week process internally. We go through and have our battles in my office and push and pull and then we're ready to present it to council once we find a happy medium. It is important.

I do want to apologize, when the Director was talking about \$290,000 I thought you were asking a question about medical. But in actuality his \$297,000 is self insurance, that was the question Councilman Gilliam had. I misunderstood.

President Holzheimer Gail – Are there any questions from the audience about the budget, comments, questions? Seeing none, I appreciate the information and meeting. Thank you to all of the Chiefs and Directors who are here.

Councilwoman Minarik moved to adjourn, Councilwoman Scarniench seconded. Yeas: Unanimous.

Meeting adjourned.

