

**FINANCE COMMITTEE MEETING
BUDGET HEARING
6:00 P.M. MONDAY, FEBRUARY 23, 2009**

The Finance Committee met at City Hall on the above date. The meeting was called to order at 6:00 p.m.

Present: Councilwoman Drucker, Councilman Russo, Councilman Stolarsky, and Finance Director Weber

Also Present: Service Director Bandiera, City Engineer Busch, Human Resource Manager Cornhoff, Assistant Public Works Director Hromco, Councilman Kraus, Clerk of Council McConoughey, Mayor Patton, Councilman Pelunis, IT Director Pokorny, Councilman Scott, Water Reclamation Superintendent Solanics, Public Works Director Stanek, Councilman Suit and Assistant Finance Director Wendel

Councilwoman Drucker presided.

Mr. Weber reported there are a few changes in wage lines in a couple of departments. The Building Department wage lines will be reduced \$12,000, \$3,000 will be added to the wage lines in the Planning Department and \$25,000 will be added in Non-Departmental for the nuisance abatement. Councilwoman Drucker stated again that the \$400 CDL bonus that was requested by Senior Services will only apply to the full time employee only and not the part time employee. Mr. Weber responded there has been an error and confusion on section 244 where the CDL bonus is written. It seems Section 244 will be addressed at the next regular Finance Meeting. The error happened when the section was sent to be codified.

Because there has never been a need for a CDL to be held in the Senior Service Department, legislation did not include that department. At this time there is a new vehicle in the Senior Service Department that requires the person driving that vehicle to hold a CDL. This item will also be addressed at the next regular Finance Committee Meeting.

1. Clerk of Council- McConoughey

Ms. McConoughey stated her budget is straight forward and she would answer any questions that would be asked. Councilman Pelunis felt the postage line should be increased. Ms. McConoughey stated it was high last year because of the Coral Project and she lowered the postage and felt it did not need to be increased unless the Committee felt there was another project like the Coral Project. She kindly declined the request for the increase.

2. IT-Director Pokorny

Mr. Pokorny explained the Travel and School money request. There is specific training his staff needs and the request should accommodate that need. More than half of the total increase for the IT Department is in wages.

A \$1,500 increase is requested for employee training and \$1,009 for a pc in the department and a note book computer with software and a projector to be used as a loaner unit and for presentations.

3. Cable Television

Mr. Pokorny stated this budget shows a savings from last year. This is because of the change in running the Cable Commission. The Commission pay dropped to a minimum and the budget reflects money that wasn't spent. The largest increase will be in professional services, which includes two peg T1 lines, an internet 3meg line, the channel administrator, and CT preference settlement.

4. Human Resource-Manager Cornhoff

Mr. Cornhoff stated the largest increase is in professional services. This is due to the St. Vincent Occupational Random Drug and Alcohol Testing Program.

5. Public Works-Director Stanek

This budget is small. No major changes from last year.

Mr. Hromco presented a list of capital improvement projects which include the Memorial Park Improvements, the relocation of the temporary Fire Station Building, the new addition for the storage and utility building for the Solon Police Station and possible fire alarm and suppression system for several City buildings.

6. Engineering-City Engineer Busch

Mr. Busch reported an error. A \$17,000 increase to salary and wages due to longevity, a change of a part-time employee to full time, and full time Manager transferred from the Service Department to the Engineering Department. Mr. Busch explained why he kept line items in the budget the same as last year and what the money would be spent on.

Mr. Busch reviewed the Five Year Infrastructure Budget.

7. Service-Director Bandiera

Mr. Bandiera reviewed all the changes and gave explanations for all increases or decreases for each line item.

Mr. Bandiera reviewed the Beautification Budget. He requested to purchase some miscellaneous decorations and an additional 40 wreaths for the decorations of Aurora Road. These wreaths will match the wreaths that were purchased in 2008 for SOM Center. These wreaths replace the live tree decorations that were used in past years. The wreaths are not as labor intensive as the live tree decorations.

Mr. Bandiera requested to increase the Beautification Landscape line. This will enable the replacement of the flowers and plants that have died in the planters in the business district.

Mr. Bandiera stated the first auction, for the equipment that was approved by Council, on Gov Deals was completed. All the equipment sold produced a profit of \$16,000.

Mr. Bandiera reviewed the Five Year Service Department Vehicle Replacement Plan. He reported each vehicle, the year of the vehicle, and mileage.

8. Water Reclamation-Superintendent Solanics

Mr. Solanics stated there are a lot of buildings at the Water Reclamation Department that have not been painted in 15 years. The goal is to refurbish and clean-up the buildings. A majority of the work will be done in-house. Mr. Solanics reviewed the changes in the line items and gave explanations for the increases or decreases.

9. Mayor's Office-Mayor Patton

Mayor Patton stated most of his budget is for dues to organizations connected with city and mayor functions.

10. City Hall Maintenance

Mr. Weber stated this budget covers two full-time and one part-time custodial positions. There are some seasonal help. This budget is in line with last year.

11. Non-Departmental

This is a combination of several departments. Everything is consistent in this section. The Committee asked Mr. Weber to request a summary from the Board of Elections on the costs the City is charged.

12. Income Tax

The expenses are consistent. Last year the Income Tax was administered at 1.09%. After the administrative costs the money is distributed at 75% to the General Fund and 25% to the Infrastructure Fund.

13. Finance Department

There are two employees that are also secretaries to Council Committees. This attributes to the overtime expense. There is one employee that is a secretary to the Civil Service Commission, which is also included in this overtime line. Most of the Professional Services expense is bank fees. Mr. Weber stated if the City doesn't pay the bank fees then the City would not collect interest earnings on the sweep account. It is to the City's benefit to pay the bank fees. It would not be financially beneficial to switch banks. A new bank might offer a 6 month discount but after that time period the City would be back to the same position it is in at this time.

14. Law Director & Prosecutor

The Law Director expense is at \$140,000 cap. Last year it was amended, for that year only, to \$240,000. Councilwoman Drucker felt this expense should be kept at the \$140,000 and wait to see how the year proceeds.

15. Civil Service

Mr. Weber reported the wages for the secretary to the Civil Service Commission are not included in the Civil Service budget. The secretary's time has been charged to the department that she works in. That is one reason why the wages are higher in that department.

Mr. Weber requested that if the Committee accepts the budget and sends it to Council that the budget only be placed on first reading on March 2, 2009 and adopted on March 16, 2009. The budget must be adopted by March 31, 2009.

Councilwoman Drucker stated there are concerns about the economy and that the net profits for Solon were down. Councilwoman Drucker felt the Committee should wait to approve this budget to see what numbers for net profits are reported for February. By waiting, this may allow the Committee to be more confident in the approval of the budget. Mr. Weber stated the General Fund cash balance grew 1.2 million in 2008. He felt there is a good cash reserve balance if it is needed. Councilwoman Drucker stated once you start using reserves it reflects that your expenditures have exceeded your revenues. Mr. Weber said that in a city that is heavily dependent on income tax revenues it is very common to use reserves for the operating fund. The revenues fluctuate throughout the year. The danger is if you use the reserves year after year. Councilman Suit stated it is not common for Solon to use the reserves for operating expenditures. Councilman Pelunis agreed with Councilman Suit. Councilman Pelunis does not like the idea of having a deficit budget. Councilwoman Drucker stated the budget presented is not a deficit budget. There is 19.7 million in reserves. The budget would be an unbalanced budget. There is a drastic difference in an unbalanced budget verses a deficit budget. Councilwoman Drucker doesn't want an unbalanced budget. In the year 2010 there is an option to move an inside millage to the general fund. Councilman Russo stated the Service Director was very explicit in his presentation of his plan with exact percentages and reasons of increase and decrease of expenditures. Councilman Russo said he did not see that kind of explanation from departments in the first budget hearing meetings. He feels there are many areas that could be reduced. The essential city services that are needed to be provided verses some of the subsidies that are provided which are not essential should be reviewed. Councilman Russo said regardless if the budget is unbalanced or not the City sends out the wrong message if the expenditures are more than the income. Councilman

Russo stated he has heard criticism from residents that the City spends too much money on an on going basis. He feels residents want to see fiscal responsibility. Councilman Russo agrees that waiting and seeing the net profit figures for February will give the Committee a better light and possibly reflect the trend of what the year may hold. Councilman Russo is very concerned that net profits are down. Councilman Scott stated the administration usually is below budget and that is because of the cushion. The question is, should the cushion be removed and send a message. Councilman Scott is concerned with the earned interest funds that fund the police and fire pension fund. How good will the earned interest fund be in the future? Funding the police and fire pension will be another expense that will happen if the City loses the earned interest fund. Councilman Scott stated it is all in philosophy. Councilwoman Drucker stated in the past, if a request was absolutely necessary or an emergency a department has never been denied. She feels there is nothing wrong with asking the departments to hold the line to what it was last year. Should the City run into some unforeseen economic trouble next year it would be easier to cut back if the line was held back this year. Councilwoman Drucker does not want to send the message just because there is money at this time the City should spend all of it and not think twice about it. Councilman Scott said perhaps it would be easier to make the adjustment now and as the year progresses and shows positive income and add at that time. The other choice would be having to cut way back in the middle of the year. Councilman Stolarsky recognized the departments are trying to be creative to save. When purchase requests come before the Committees, that will be the opportunity to re-evaluate the necessity. Councilman Scott pointed out that Councilman Stolarsky was referring to capital expenses not operating expenses. There are some items that must be increased because of prior commitments. Councilwoman Drucker is concerned that the City will be placed in a position of having to cut back services and cut back personnel. She does not want these kinds of cuts to happen.

The Committee agreed to wait to see what the February net profit reflect before approving the budget. A special Finance Committee Meeting will be scheduled after the net profits reports are distributed.

The scheduled Budget Hearing Meeting of February 26, 2009 has been canceled.

The meeting adjourned at 8:35 p.m.

Respectfully submitted,

Barbara M. Janca
Secretary