

**CITY OF INDEPENDENCE  
FINANCE COMMITTEE MEETING  
MINUTES  
FEBRUARY 18, 2020 4:30 P.M.  
COUNCIL CAUCUS ROOM**

Present: Chairman Vice Mayor Dave Grendel  
Councilperson Kenn Synek  
Councilperson Dale Veverka

Also Present: Councilperson Tom Narduzzi  
Councilperson Chris Walchanowicz  
Councilperson Jim Trakas  
Finance Director Vern Blaze  
Law Director Gregory J. O'Brien  
Procurement Coordinator Dennis Zdolshek  
Human Resource Director Letitia Linker  
Fire Chief Steve Rega  
Finance Assistant Maggie Osysko

Chairman Vice Mayor Grendel called the Finance Committee meeting to order at 4:33 p.m.

Chairman Vice Mayor Grendel said the first item of housekeeping on the agenda is approval of the Finance Committee meeting, and it's from February 4, 2020.

**Moved by Veverka, seconded by Synek, to approve the Finance Committee Meeting Minutes of February 4, 2020. Voice Vote: 3 yes/0 no; motion carried.**

Chairman Vice Mayor Grendel said just to briefly touch, I talked to the Mayor about a half an hour or 45 minutes ago; and he requested that if we can allow Letitia to speak to us on Ordinance 2020-20 and 2020-21. If you recall, we put them on First Reading; and we referred them to Finance. The Mayor wanted us to get us started and have Letitia go over that with us. Letitia, I will give you the floor, and then the plan is that since we have some sort of time restraint on the annual appropriation, I thought we would start getting into discussing that. The Investment Policy and the Planned Capital Purchase, I know Vern has sent us some paperwork on that. I thought we would either touch upon that, or we will save that for next week. The main thing is we do want to get going; so making the best effort possible to approve the appropriation by the regular March meeting.

So, Letitia the floor is yours.

Human Resource Director Linker said thank you. This handout that I am giving you is attached to the legislation for the two compensation ordinances that as the Vice Mayor said, I just wanted to give you a quick background as to why this is being done at this time. The compensation

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ordinance does for the City two important things which are addressed in this legislation. One is that it defines the jobs that the City can hire into in a prospective period, in this case 2020 and 2021; and it also sets the available compensation ranges for those jobs.

In 2019 normally what the City has done in the past is to align the range maximum increases with the bargained contracts. So, for 2019 through 2021, those eventually became 2%, 2 ½% and 3%. That was what was approved, bargained and approved by Council for the three unions, 2% in 2019, 2 ½% in 2020 and 3% in 2021. So, in September of 2019 we had been waiting and waiting for the bargaining to conclude, and it was not yet in concluded; and we were withholding non-bargaining raises because we weren't done with bargaining, and then in September of last year as you may recall for those of you who were here, we decided to just put through 2019. When we finish bargaining, and we know what the 2020 and 2021 amounts that are bargained are, then we will come back to the table with the compensation ordinance for 2020 and 2021. So, that is what this represents. That's what the range maximum piece is, it just increases the range maximums by 2 ½% and 3%; and that's what you see on the dollar side.

On the job side, we have a new Administration, new Mayor; and the Mayor wanted to make a couple of changes which are highlighted in yellow. There are two sides to this, one is the exempt side. The exempt side is all on the front, and the non-exempt side has one job. So, I will just walk you through what the Mayor's thoughts are here. On the exempt side, in the Director section, under 7 the idea here is in 2019 the title of the IT Director was IT and Communication Director. The idea here is that you really need an IT Director strictly focused more on the infrastructure, on the IT side of the house; and the Mayor is proposing that over time we consider adding a Communications person that would be responsible for things like social media, communication with the public in all different regards, technical writing, website maintenance and all that kind of stuff. The writing portion, the communications piece, communicating with the residents, the community, would be broken off from the IT position; and that's the genesis for this possible title.

Councilperson Trakas said I don't want to interrupt you because I know you are going through with this. When you are talking about that Communications Director, that looked like what we paid Fahlgren to do; and they get how much for that, \$30,000 or \$40,000. This job is what?

Human Resource Director Linker said Fahlgren, and Jeremy would be the best person to speak more clearly to that. Fahlgren has historically been engaged to do the business communication piece on the economic development side of things and the business communication. We have not engaged them to talk to residents, to do website maintenance, to do social media, except as it relates to business communications and economic development communications. Jeremy is the primary contact there. That is certainly something we can explore, is using them to do a lot of this work.

Councilperson Trakas said I would rather hire somebody to do all, paying between \$60,000 and \$114,000; and when you get them getting \$35,000 for the same thing. I think we ought to be looking at what the head count is on that.

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Human Resource Director Linker said and what I will say, and I sent you a memo prior to the last Council meeting; the idea here is to put the jobs on the compensation ordinance, which then allows the flexibility to staff in that position if you choose to in the upcoming years. So, by putting the Communications Director on here doesn't mean we are going to hire one, it just means we could as that goes. Of course, you would see that through the budgeting process that I know you spend a lot of time on. You can see it in the budgeting process, how the Fahlgren contract evolves and that kind of thing. So, this is really just placeholder in the fact that we are thinking, Mayor Kurtz is thinking this would be a good thing to do to move in that direction.

Chairman Vice Mayor Grendel said I think it warrants a discussion because I would like to review it. It's really good what we have gotten out of that public relations firm. They designed that sign on Pleasant Valley.

Councilperson Narduzzi said it's upside down.

Councilperson Trakas asked there's a sign on Pleasant Valley?

Chairman Vice Mayor Grendel said we only see them a couple of times a year; so there's a disconnect there where if we had somebody here, they could do the bulk of the work that they do, somebody could meet with them on a constant basis and have access to. It would be interesting to see how much we paid them and how much we got out of them.

The Clerk said I thought it was \$60,000.

Chairman Vice Mayor Grendel said if we had a person here who was, it warrants a look at anyway. I am not advocating one or the other; but I can see where the Mayor is coming from and especially the Communications Director with all the Twitter and all of that.

Councilperson Trakas said it's an important job, I would just say we look at how much we want to spend on that.

Chairman Vice Mayor Grendel said it warrants a look see.

Councilperson Narduzzi said if you make that job a 6, it's still a good amount of money.

Human Resource Director Linker said it is, and that's another thing that those of you who have heard me speak on this before; one of the observations is that our ranges are very wide, and they overlap. So, if you look at paying somebody for example \$60,000, they could be in any one of a number of job categories and you could pay them that appropriate salary. It doesn't have to be that we hire a Communications Director. We could put that person in for example at a 5, an Administrative Specialist, and still pay them between \$51,000 and \$93,000.

Chairman Vice Mayor Grendel said because there seems to be not a lot of public relations using that kind of source of communication with Twitter.

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Councilperson Trakas said I think the future, what the Mayor is thinking about, the future is that this is where we are going to be able inform our residents. We realize that less and less people are reading the Spotlight and reading the newsletter. I think it's a good idea, a very good idea; I would just say that we should do this as a package. I would take a look at a different category.

Chairman Vice Mayor Grendel said and seeing whether it doesn't maybe belong in 7 or either a 6 or 5; but I think it's a position that warrants. I would rather keep it in house then ship it out.

Councilperson Trakas said and the residents need information too, and right now it's just sporadic, each party does. If you have one person managing all these things, you could have a consistent message across social media.

Chairman Vice Mayor Grendel said sure, and especially things that are coming up, messages that can get out.

Human Resource Director Linker said right, well and aligning the way we communicate with the way the schools communicate. There are a lot of things to be thought through with regard to how we communicate, what it is we communicate, the way it's actually written, the voice with which we speak. So, I think this is an emerging idea. I think Mayor Kurtz has some real energy behind this.

What I just want to mention again to remind you in terms of this design is that the positions that are on here, we kind of went away from having very, very specific titles to things a little more general. So, for example, we have an Administrative Specialist on here, that could be an Administrative Specialist in Finance, it could be an Administrative Specialist in the Mayor's office handling communications. So, we have tried to build in some durability and some flexibility so that you know the titles that are available and the salary ranges; and then again through the regular process by which we are engaging in contracts and budgeting and hosting our positions; we consulted and informed as to how this would be perceived. So, just because it's on here, it doesn't mean there will be staff. I certainly concur. For me, once someone comes to me and says I want to hire a this, the first thing we talk about is what's the job description. If the duties are Director level duties, we probably need to think about compensating at that level; but if it's more copywriting, strategizing, kind of marketing general support, then we wouldn't necessarily need to hire a Director level. We would hire somebody who is much more a Specialist.

Chairman Vice Mayor Grendel asked would we see the job descriptions then?

Human Resource Director Linker said we will be developing that as this idea takes hold. I think the idea is just to introduce this to you at this point and get your approval. It is a possibility. I will talk to the Mayor.

Councilperson Trakas asked what do you envision the Planning Director would do?

Human Resource Director Linker said so the Planning Director, the idea in talking with Mayor Kurtz, the idea here is the Planning Director is someone who ties together Building, Engineering,

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Leon, Planning & Zoning. They would be the consultant to ARB and Zoning. It's somebody who is coordinating the big picture strategy for the City in terms of ongoing development, both small and big but brings also a planning discipline. Right now we have some really good people.

Councilperson Narduzzi said not to interrupt, but there is a gentleman who lives in Independence who is actually in that position for Lakewood. He was going to run for Council and remember he didn't; but I remember he was in here one time.

Councilperson Trakas said he wanted to be on Planning.

Councilperson Narduzzi said he was liaison between the Planning Commission, their Mayor's office and the Zoning Board of Appeals. Lakewood is a much bigger community.

Human Resource Director Linker said that's kind of the idea. This person would be working with all, obviously with Council, with residents, with the various Boards and Commissions, also with their peers here within the City to tie things together in a way that we don't necessarily do today where we have Building and Engineering. This position again was part of Mayor Kurtz's vision for how to take things to the next level.

Chairman Vice Mayor Grendel said you know Jeff Markley, we call him our Planning.

Human Resource Director Linker said he's our Planner.

Chairman Vice Mayor Grendel asked now will this supersede or take over what he is doing?

Human Resource Director Linker said yet to be determined. Like we need to know if we had a Communications person, we would need to know what happens to Fahlgren. Similarly we would need to understand how the Planning function that we have right now. Planning is a specific skill set. A Planning Director could take a very different cast in terms of being a collaborative reporting expert that we would have with the City.

So, that's what those two jobs are.

Project Manager, going in at the Level 6 is just that. That is a person who would be given specific responsibility for running multiple projects; but could be someone working in Engineering. Could be someone again working out of the Mayor's office; but it would be a position that would manage projects on behalf of the City. They would schedule the contracts, the timing of things and communication and all that kind of stuff. Again, this is a visionary position. We don't have a concrete job description for this one; but that is a position that will again, most of this stuff was benchmarked from other communities. They may have some robust things that we don't have, and it's intriguing so the Mayor is asking for these positions to be added.

The Assistant Director is coming back from prior ordinances. We had Assistant Director. We have one in Community Services; so the Mayor is asking that Assistant Director come back as a title possibility for 2020 and 2021. Management Analyst, Administrative Specialist, those are

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all; Management Analyst is coming back from a prior ordinance in 2016. The Executive Assistant to the Mayor and the Clerk of Council are being moved up a level. The Mayor intends to use his Executive Assistant quite differently and in a stronger way; so his request is that we move that position up, and you know what our Clerk of Council does. So, that's the last change on that side.

If you flip it over, the only position on the non-exempt side that we would like to add, and this is probably almost the most pressing need that we have right now is to put in a Help Desk Coordinator position. We lost Kyle. We have not yet replaced him. We have Ryan, but we are in need of kind of a front line tech support person who could help with project oriented work, doing some things behind the scenes; but also just being the primary interface, my computer doesn't work. My screen went black. Can I get a new phone? This person would be the support.

Councilperson Walchanowicz asked so he would work with Ryan?

Human Resource Director Linker said yes, this person would work with Ryan.

Councilperson Walchanowicz said because he is stressing that he needs help.

Human Resource Director Linker said right now he's the only person we have.

So, this is a different position. I just want to be clear for those of you who know where we were. Kyle was the IT Director, and Ryan was called Systems Analyst. This position that we are talking about is a non-exempt position that is Help Desk person. This person is going to be less focused on infrastructure and putting in new switches, figuring out what we need to with fiber optic cable. This person is really going to be primarily hands on, and we definitely need that. When we had two very capable people in Ryan and Kyle, the fact that we also get to take all these calls from people like me who are like hey my screen is blue, what do I do? It was a real distraction for them.

Councilperson Trakas said in my opinion, I would look at what like the State and the County pays these types of people. I think this is too low because I think you will get somebody, and then they will leave after three months; and then you will get another person. These jobs get a lot of money. I remember like \$65.00 or \$75.00 an hour, and it always shocked me; but now it's the only way you can keep these people. They are very much in demand. So, you might be able to get someone out of school, but we won't keep them at a rate this low. I think you should consider, just look at competitive situations around by what these types of folks make; but if you are going to actually be a hands on Help Desk person, not just taking notes; but I mean actually helping people, I think you would have to take a look at something.

Human Resource Director Linker said we may be on the low side. We are retaining, on the flip side of the exempt positions, we are retaining the job titled in the Level 4 category, Information Systems Administrator. If we get somebody who has much more capability, and we need to pay in that range; and we build the job around that. The thing is, I absolutely 100% agree, I have done quite a bit of recruiting in this space in the past. What I can tell you from my experience is that the person who is doing the Help Desk, talking to me, talking to you, resolving complaints

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here and there, is good at that. If it's somebody who has much more capability, that is going to start to feel like a distraction for them. They are going to really want to be doing something else. So, it's a little bit dicey. We just want to build on flexibility on the Help Desk side to be able to hire somebody at that entry level who really is doing the service side of it; and it may be, you are right Jim, rather than getting someone more seasoned, we get someone who is a little more green and grow them into bigger things because that's kind of appropriate. The first thing we need is your blessing to allow us the opportunity to hire; and then we will post it and do what we do, find candidates and see who we can hire. We do have two options there.

Councilperson Trakas said this is the type of thing where it would be nice to work with one of the colleges around here to say hey we want to have a pipeline of people who can come in through this and do some recruiting and do some good work that way because once they get in the work world, they are not going to come back and work for these types of wages. Those are good wages to me, but for that industry it's not.

Councilperson Narduzzi said so when we had Jim Gibbs here, and then Kyle, what was Kyle?

Human Resource Director Linker said Kyle came in as the same Systems Administrator job that Ryan was in.

Councilperson Narduzzi asked we had a Director? Jim was the Director.

Human Resource Director Linker said Jim was the Director, and Kyle was the exact Level 4 Information Systems Administrator person.

Councilperson Narduzzi asked so did we wipe that job out?

Human Resource Director Linker said no, when Kyle got the big job, then Ryan moved into the second job. We just had never had this.

Councilperson Narduzzi said so Ryan is not a Director.

Human Resource Director Linker said Ryan is I think Interim Director right now. He is Interim Director; he technically is in that IT Systems Administrator job. That is obviously for the Mayor to say from his perspective.

Councilperson Walchanowicz asked is he being paid as Interim?

Human Resource Director Linker said he is being paid very close to what Kyle made as Director. So, he is not undercompensated in his work. When he was named Interim, his salary reflected, he is very close to what we were paying Kyle prior to his departure.

Councilperson Walchanowicz asked not other people, other cities?

Councilperson Trakas said we did a survey. Dr. Asseff encouraged us to do a survey; and I think we were very much in the top ten.

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Human Resource Director Linker said right. With all these jobs, when we have to write a description or as we go to market to Councilperson Trakas' point, we will absolutely benchmark the heck out of it because if we find that we can't get qualified candidates where we are then we will be back. We will either come back for a change on the ordinance, or we will make some adjustment there. Before we popped these on there, just in getting for the new positions that are on here; I did go out to a variety of communities and very quickly got a lot of information back. So, I think we are in the ballpark, but when it comes to the person that we pop in, that's where recruiting is different from just putting together a structure.

Councilperson Trakas said we have so many different software packages here. It's hard. So, when you work usually you have a couple of software packages. This City has dozens and dozens of software packages.

Human Resource Director Linker said and we have some big upgrades, like we have to go to Windows 10. We have some big projects coming up. I don't mean to spoil the surprise, but we have some big projects coming up too where we are going to need an all hands.

Councilperson Trakas said we are jumping into 2013.

Chairman Vice Mayor Grendel said that's right, Jim Gibbs went on to Solon, and then Kyle went on to Macedonia. So, we have trained two who have gone on to bigger and better things.

Human Resource Director Linker said and actually I have talked with Jim Gibbs about his structure in Solon, and actually that has been informative to us as well as to how this structure might happen.

Chairman Vice Mayor Grendel said because Jim was probably here the longest, and he brought us out from the dark ages to modern times and did a great job. Kyle built upon that.

Councilperson Synek asked by simply creating this position, does it afford the Administration the opportunity to fill it on a part-time basis or would you have to create a separate line item?

Human Resource Director Linker said so one of the changes, good question. One of the changes that we talked about last time was, we combined all of our part-time and full-time on one schedule. We also combined the temp seasonal pay rates on one schedule; and that was because prior to that we had different ordinances governing different things. So, we had a part-time ordinance that was (inaudible) the full-time ordinance; this combines everything into one. So, yes to answer your question; you can have a part-time anything. You can have a part-time Director. You can have a part-time Specialist.

Councilperson Synek asked wouldn't their salary be like, 20 hours a week of work would put them in 50% of whatever this is?

Human Resource Director Linker said typically exempt salaries are presented in an annual format, but when it comes down to it, every exempt person is paid on an hourly basis. So, yes if

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we had somebody in an exempt role that we paid for part-time work, we would pay them on an hourly basis. The difference on exempt though is, and just to be technical, we would pay them for example \$20,000 for a year, not by the hour.

Chairman Vice Mayor Grendel asked so this, we are looking to approve this before the descriptions, job descriptions are complete?

Human Resource Director Linker said the Mayor is looking for flexibility so that in the course of the next couple of years we can pull this forward. I have not gone so far as to create job descriptions for any of this yet.

Chairman Vice Mayor Grendel said it feels like we should have the job descriptions first and then decide which category to put them in.

Human Resource Director Linker said I do have job descriptions that are kind of mock ups, but so maybe I am not answering the right question. I do have the job description for example from another community for a Communications Director which we could then customize to fit our needs; however, we are not ready, the Mayor is not at a point where he wants to say we are definitely going to hire this, and this is what it's going to look like and this is what it's going to be paid.

One of the difficulties in this whole process is that this process is the whole comp ordinance structure and process asks us to anticipate for the next couple of years where we think we might need to go. So, this is designed in more of a visioning.

Chairman Vice Mayor Grendel said but I think we can approve without these positions in it, and once we get job descriptions then we can put them in there. We have monthly meetings, and now we know what the description is for the Communications Director, we will be able to slot it in the proper, whether it be a 7 or 6 or a 5. We should know what the descriptions are first before we put them in. We are approving something there's not even been a job description for these.

Councilperson Trakas said I think you are totally right.

Human Resource Director Linker said so if I may, the alternative to this is that if we didn't add them in anticipatory fashion now, what we would need to do is come back every time; if it weren't on the agenda, what we would need to do is come back with the job description, legislation and say would you please legislate this.

Chairman Vice Mayor Grendel said I don't see anything wrong with that, not just to give carte blanche and say let's approve all these positions; we don't even know what the description is for them. To me I think we should work on it. Once we have those, I think, I don't know Tom if you agree.

Councilperson Narduzzi said we should know what we need this person for.

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Councilperson Trakas said or what they are going to do.

Chairman Vice Mayor Grendel said I am all for.

Councilperson Narduzzi asked why couldn't we have a job description for these positions?

Human Resource Director Linker said if that would be helpful to you, I can certainly get you.

Councilperson Narduzzi said then we can debate if we think we need that or not. I would like to know.

Human Resource Director Linker said if it would be helpful, I can give you job descriptions from like other communities customized to what I understand right now about the Mayor's vision. I need to talk with him about that. Then I can get you the description of this is what we think a Communications Director would be; but I will tell you that if we decide not to hire for 12 months, and things evolve, and we decide to change it, change it, and it becomes more of as Vern just said, it becomes more of a PR Specialist, and we really don't end up needing that job, we would never staff it as a Director if in fact what we end up needed is a Marketing Coordinator.

Councilperson Trakas said I think Mr. Chairman that your approach makes sense. So, we do budgets almost on a monthly basis, and I think that's your vision to still do very frequent basis. So, we are doing budgeting on a regular basis. We are also doing legislation on a monthly basis. I think it would make more prudent sense to do what the Vice Mayor suggested. So, don't do it on the fly. I think one of the things we found, we did a review of these four years ago; and we found that sometimes we were doing stuff on the fly and there was cross purpose and it created some problems at City Hall when people who had similar job titles, that there were different structures. So, do it right. If other communities are doing it, that's great; but let's tailor it to the way you and the Mayor want to see it done. I think there is a willingness to approve what you are coming and asking to do, but just throwing it in there and saying we can use other communities. Do it the right way, and we are going to be here every month. We will have the opportunity to review those.

Human Resource Director Linker asked so you would like to legislate; my understanding is.

Councilperson Trakas said let's get the increases in for the 2020.

Human Resource Director Linker said so the two positions then that I would say are truly new are the Planning Director and the Communications Director. I will get you a description of what the Help Desk Coordinator position looks like, non-exempt. Those are the only three new jobs. Everything else there is a job description, and Project Manager.

Law Director O'Brien said I think what Letitia is looking at me for, and I think she understands the direction to provide a foundation of what these jobs would be; but Council understands that the job description can be changed at any time by the Administration.

Councilperson Narduzzi said right.

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Councilperson Walchanowicz asked is there a priority to any of these happening sooner than later?

Human Resource Director Linker said yes, the Help Desk Coordinator as I described is the one that we really want to do now. The one on the back side, the non-exempt; and that I can get you. We have been working on that one, and I do have a mock up, I have a description of that to get you. The Project Manager, the Communications Director and Planning Director, are the three that are truly new, and if you prefer that we (inaudible) those and talk about those as the need arises with very specific job descriptions, if that's your direction. We can do that.

Then bringing back Assistant Director, we have job descriptions for the Assistant Directors. We have descriptions for the Management Analyst.

Councilperson Trakas asked what's the purpose of these Assistant Directors? What are the purpose of these Assistant Directors? What do the taxpayers get out of it?

Chairman Vice Mayor Grendel said the Mayor said we would have a person being trained so that if a Director leaves, the Assistant you can look at to see hopefully to move up to that position. At least that's what he was telling me.

Human Resource Director Linker said that's part of it. The Assistant Director, there was one in Rec as I understand; and then there was one in Community Services. There are two in particular, ones that I know both of those Directors are interested in bringing those folks back. There is real work to do on a daily basis in addition to being in a position as Dave described being an eventual replacement for the Director.

Councilperson Trakas asked so these individuals are going to have a new job, and you are going to have to fill another job? Or are we not going to fill another job and just give these people more responsibility? What's the vision here? Are we adding to the payroll here?

Human Resource Director Linker said I think that's to be determined as the position would be discussed administratively internally, and then eventually posted. If, and I here's what I would say about that, if we want to, for example, have an Assistant Director in Community Services; if the intent is that we would keep the staffing level flat, then what we would do is to post that internally just to people in the organization and say one of you is going to get that. We will then kind of backfill and move things around because we don't want to be adding staff. If the decision is that we want to add another person to the roster, then we would post the Assistant Director position and regardless of who got it, we would potentially backfill for where that person came from. It just depends on, and again, this is prospective; as you go through the budgeting process, as the Mayor talks with the Rec Director.

Councilperson Walchanowicz asked when is the big Windows 10 project supposed to start?

Human Resource Director Linker said I don't know. I probably spoke way out of school. I remember Kyle and Ryan both talking about that.

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Councilperson Walchanowicz said in the last 15 minutes I have heard of two IT Directors who left for more money; and now we are going to lay a lot on Ryan who is stressing about he needs help.

Councilperson Narduzzi said that's why she said we need this one.

Councilperson Walchanowicz said I understand that, but I think that price range needs to be fixed a lot sooner than later.

Several people began speaking at once.

Councilperson Walchanowicz said I am assuming that's going to help Ryan, but that's not going to work.

Finance Director Blaze said there's one in between though too at that lower level, and then they can move up into this.

Chairman Vice Mayor Grendel said there can be three people in that department.

Human Resource Director Linker said no, well no. I think we were hiring one. Kenn is doing the math here.

Councilperson Synek said \$60,000.

Human Resource Director Linker said the \$28.88 an hour is \$60,000 a year at the high side of the non-exempt position. So, that \$60,000 in a year, and that person would be eligible for overtime.

Chairman Vice Mayor Grendel asked so we are assuming we are going to have just two people in that department?

Human Resource Director Linker said at this moment, that's my understanding.

Chairman Vice Mayor Grendel said the Information System Administrator would be (inaudible).

Several people began speaking at once again.

Human Resource Director Linker said that position has not hugely helped us.

Chairman Vice Mayor Grendel asked what position was Ryan in before?

Human Resource Director Linker said Ryan was in that Information System Administrator position. He's within that range. That range for the Information System Administrator, this year when you pass this, it will be up to \$84,000 max. So, that's a big range, and people can make up to \$84,000 a year. You would have to bring one at the top, and then you would have to track them if you wanted to retain the people; you would have to begin to track them into other titles. If you are trying to retain somebody, as you run out of room in your range, also just from a

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development perspective you need to give them more projects, more authority, more things to do because that's what makes it fun for being here, especially if you are in the IT world.

Chairman Vice Mayor Grendel asked isn't Ryan being moved up to Information Technology Director?

Human Resource Director Linker said he is the Interim.

Councilperson Trakas said if you look, the Buckeye Institute does every year a survey of State employees. Every year the top 50 are IT people like this. They make more than the Governor, and then psychologists and medical doctors at State institutions. Those are the people who make the big bucks. So, we are going to be at the top of this. We are not hiring doctors, so these are the biggest people we have.

Finance Director Blaze said just PhDs.

Councilperson Trakas said exactly.

Chairman Vice Mayor Grendel said I could see us approving this then except for the three new positions.

Human Resource Director Linker said take the new positions off, and I will get you a description on the fourth, which is the Help Desk Coordinator position; and that way hopefully you will have enough to go on that you can feel like that's a solid position. I can get you a draft right now on that. If that's really all you need at this moment, I will continue to work with the Administration on those three newer positions and bring that back.

Chairman Vice Mayor Grendel said and if we could approve this in March; and then once those three and Council decides they are going to create those positions, we can add each one of those.

Human Resource Director Linker said you just have to legislate it and add it.

Councilperson Narduzzi said to see a job description.

Chairman Vice Mayor Grendel said in order to justify where they would stand in this.

Human Resource Director Linker said I absolutely respect your position that having a job description is a great thing; that's my whole job. So, I get that. I hope you understand the situation that we are kind of in. So, I am absolutely fine pushing this a little bit farther down the road just ask that as you get to the point when we are asking to add those positions, you have the job descriptions, you know exactly what it's for.

Chairman Vice Mayor Grendel said this way you would be creating too between the Administration and yourself and then Council can see what the finished product is.

Human Resource Director Linker said what the need is, right.

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Chairman Vice Mayor Grendel said you are the expert at it, for us to be involved with it, we would hold you back and everything. I would rather see you work on it and come up with a proposal that the Mayor approves; and then we can look at it and check with Finance as far as budgeting and everything too for that.

Human Resource Director Linker said perfect.

Chairman Vice Mayor Grendel asked any other comments from Council.

Resident Roger Lesh said one comment. When you make these comparable to other cities, hopefully they are the same size as we are for price wise and so forth.

Human Resource Director Linker said yes. I look at a lot of things when I am, size is certainly a factor for a lot of the positions. The financial position is a factor. There are a lot of things that we look at to make sure that when we are doing that benchmarking, we are looking at truly comparable and not kind of pie in the sky. Thank you.

Chairman Vice Mayor Grendel said thank you Letitia. So, will you let the Mayor know that is the direction we are going in. We definitely get these two ordinances approved in March minus the three new; and then this way as they come on board and everything, we can look at them one at a time.

Human Resource Director Linker said if there's anything else, please let me know.

Chairman Vice Mayor Grendel said thank you.

Now Vern as the City's Investment Policy, I know you did give us a little bit of an update. We got it yesterday.

Finance Director Blaze said I don't know if you want to go into that. If you are going to talk about that briefly, what I could pass out to you is just the changes, the material changes that were made to Page 3. What I am passing out now contains the original version that you had prior to yesterday; and then what I am passing out here today. The part that's highlighted in yellow, has been removed; and then the part that is underlined is the part that was in the draft version that was sent over to you yesterday evening. So, in summary it was just to try to encourage that section, Return on Investment, to not conflict at all with a statement made later in the policy about the intent of holding securities generally until their maturities. That way it's not considered a very actively managed account like some municipalities might be a little bit more aggressive with trading securities. The intent of ours is to be a little bit more conservative, and we buy CD's and other securities that have maturity dates. Our intent is to hold them until maturity. Really just use them for yield return purposes instead of attempting to trade them and sell them to capture potential capital gains on them.

If we are going to talk about that briefly, I know Councilperson Trakas you sent over an e-mail late this afternoon regarding an addition to the Investment Policy.

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Councilperson Trakas said I didn't give you a lot of time to look at it. If you wouldn't mind taking a look at what I sent over.

Finance Director Blaze said I did, and when we talk about the policy in greater detail, we could certainly talk about that more. I am totally amenable to what you are promulgating. That with what you wrote seems to be more focused on our borrowing and financial advisor who currently has been Matt Stuczynski. The Investment Policy is more concerned with our funds that happen to be managed and not borrowed. So, there are probably bigger communities that have multiple financial advisors, one advising you on the borrowing side like Matt does; and then somebody advising on the investment side. John hadn't really had anybody except some of the vendors that we use and invest money with kind of acting as informal investment advisors for us, giving us advice is only really routine the financial advisor on the borrowing side. So, it might be very good to have; I don't know if it belongs in our Investment Policy.

Councilperson Trakas said it makes sense. I agree with you. I will sit down with you, and we will try to see if we can draft something.

Finance Director Blaze said excellent.

Chairman Vice Mayor Grendel said and Vern I think you said this emanated from the gentleman you had I guess from Redtree Investments.

Finance Director Blaze said Ryan Nelson, I don't know if he ever came and made a proposal to you. I am assuming that the School Board had to approve them as the investment advisor. I really like them. Their investment products that they are focused on, collateralized promulgations; they are not actually commercial papers is what they focus on. Commercial paper yield rates right now are really not competitive so there's not a point reference to take money out of Independence Bank or Fifth Third that are getting higher rates and invest it with Redtree at lower rates; but Ryan and Redtree is the kind of organization that just tries to build long term relationships with their clients, so they were amenable to going through our policy and reviewing it because that's what they do for a living. Knowing that at some point in the future the market will change, and commercial paper rates will be higher than CD rates or something, and then maybe there will be an opportunity for us to bring them aboard and utilize their skill set. Right now they are acting just as hey we have a relationship with you, we would like to help you. That was his major suggestion besides the taking the capital o's to small o's; but that was it.

I said in the past, the Investment Policy is six or eight pages, whatever it is; but it boils down to really just saying look you are investing the public's funds; it's not your money. Treat it even with more care than you treat your own money. Your money you could lose for yourself, you only hurt yourself. Lose the public's money, and it has a much bigger ramification. So, use common sense. Use your discretion and be conservative is basically what those six to eight pages say.

Councilperson Trakas said it's well, well written.

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Chairman Vice Mayor Grendel said I don't think we have to discuss much further, but I think we have evolved this as it is. It's a living document, so if we need to tinker with it three months down the road.

Finance Director Blaze said it's just an ordinance. It can always be introduced and changed.

Chairman Vice Mayor Grendel said it's good that we looked at it after all those years because that 10% business is no longer. It became obsolete even a few years after the policy was implemented, and unless the committee sees a need.

Councilperson Synek said I have a couple of editorial things to share with you Vern. These are more editorial. So, Section XI – Authorizing Investment; that whole section is just boiler plate, copy and paste from the Ohio Revised Code Section 135.14. It's not until you get to the very end of Section XI where there is a paragraph that says "Ohio Revised Code 135.14(B)(17) authorizes the Treasurer . . ." That last paragraph, I think it would be better if you made that the first paragraph of XI because that's where it explains that this is a copy and paste from the Ohio Revised Code. That XI, if you read the second paragraph, it starts referring to nothing in the classification of eligible obligations set forth of Division B1 of this section; it's referring to the code section. It's the way you are reading it from top to bottom. You can't make that connection. So, an introductory paragraph that says this is basically what the Ohio Revised Code says would just make the document flow better.

Finance Director Blaze said thank you for that. That's a good point. I think the Law Director would have to opine on what I am about to say. It was advised to me when going through this revision process to actually not do that for this reason. If we reference XI as basically mirroring Ohio Revised Code 135.14, then every time that section was changed by the State, we would have to make sure we stayed on top of that change and updated our policy. This way we are just kind of saying it in reverse that as Ohio Revised Code 135.14 is changed, our policy automatically changes with it instead of us having to come back to legislative body to, hey they moved a comma around or something.

Councilperson Synek said that's fine if you are going to do that, but then these things like references to Division B1 and B27 of that sector have to change. It's referencing numbers that aren't anywhere in this document.

Finance Director Blaze said the Law Director and I could look at that and kind of clean that up to follow Ohio Revised Code 135.14, but not have those specific references in it.

Councilperson Synek said because it's referring to something that isn't, you can't link it in this document. I just point that out.

My other sort of editorial scrivener comments, on XII, Maturity and Liquidity Requirements where we have Maturity Guidelines, A; securities purchased on our behalf for the City shall have a final maturity of not more than, the Ohio Revised Code is now ten and not five. I don't know if we want to sort of stick with what's in the Ohio Revised Code, which is ORC 135.14(B)(3)(e)

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is ten years, not five. So, I wouldn't see why we would want to do something that's less than what the Ohio Revised Code allowed.

Finance Director Blaze said okay, we will look at that. I see where your referencing that (e), I believe that's 4(e) and it's bonds and other obligations of the State. So, we will make sure that we are comparing apples to apples there; and if we need to carve out a ten year section in there to match 4(e) we will, but I think the intent is with a lot of the more traditional investments that we have the CD's, the money markets and the money with Star Ohio, that the investment maturities are even less than the five. We could carve something out there so that we are not in conflict there.

Councilperson Synek said okay. On XIV, Letter K, it says mutual funds other than fixed income mutual funds and ETF's and money market funds. Now ORC 135.14(B)(5) permits something. There is some sort of conflict between the way that's written and ORC 135.14(B)(5), and I don't know if it's the ETF's or the fixed income part; but something about that line K doesn't match up perfectly with what's in the ORC. I would encourage you to look at that line in particular. I'm not going to dwell on that further here.

In ETF's in particular, we are saying those are permitted, and ETF's is kind of an emerging sort of investment. It's a little cutting edge, and I really wonder where the State comes down on investing in ETF's.

Finance Director Blaze said you are saying the State says they are permitted, or we are.

Councilperson Synek said the State statute is old enough that it didn't even recognize, anticipate ETF's; so I would just be leery of creating something in here.

Finance Director Blaze said right now in Section XIV we are saying that's not an approved investment unless we got prior approval of Council. So, we are agreeing with you I believe saying that ETF's are not an acceptable investment for the City.

Councilperson Synek said I hear what you are saying. I am a little confused as I read it because it says it's not permitted other than fixed income mutual funds and EFT's. It's like a double negative in there. Does that mean that it is permitted?

Finance Director Blaze said the following are not permitted unless authorized by statute in the State or with prior approval of Council, and it lists those and the ETF's. So, I just interpret it that it's a not permitted investment.

Councilperson Synek said okay. Again, I just encourage you to look at that to figure it out. Just a little scrivener thing, in XVI, the second line, should not be securities purchased by, you are missing a "d" on purchase.

Finance Director Blaze asked the first paragraph?

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Councilperson Synek said yes, securities with the exception of (inaudible) of deposit shall be held with a third party custodian and all securities purchased.

Finance Director Blaze said alright a “d” in there. Now we know which Council members are staying up late at night with nothing to do. I left that “d” off to see if anybody would catch it. So, you get the gold star.

Alright, I have a couple of your notes referenced. I will sit down, we can do a mocked up version; and it doesn’t seem like there’s a lot of further discussion needed. At the next meeting or the following meeting, we will have the final draft. I would like to put it on the March meeting agenda. Good, that kind of takes care of that one.

Chairman Vice Mayor Grendel said now the Planned Capital Purchase Program, I think the only thing open ended with that was the dollar amount I believe.

Finance Director Blaze said the dollar amount, and if Council is amenable to the ten years which matches the Ohio Revised Code; I believe Councilperson Synek thought might want to continue the discussion.

Councilperson Synek said I did kind of mention at the Caucus last time. I have some stuff that would be better if I could show it on the screen. If we had an IT Help Desk support person.

Several people began speaking at once.

Chairman Vice Mayor Grendel said unless we want to get into the appropriations now and save that. I do hope that we can meet next Tuesday again.

Councilperson Synek asked is there a cable?

The Clerk said I have the directions.

Councilperson Synek said if you don’t mind me messing with this while you are talking about this.

Chairman Vice Mayor Grendel said we could have somebody have it all set up for next week.

Councilperson Trakas asked the same time next week?

Chairman Vice Mayor Grendel said if we could meet at 4:30 p.m.

Several people began speaking at once again.

Councilperson Synek said 4:30 p.m. is not good for me. Is 5:00 p.m. too late for you all?

Councilperson Veverka said it’s okay for me.

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Councilperson Synek said if you don't mind. I moved a meeting, and I don't want to move it again. If you could do 5:00 p.m.

Chairman Vice Mayor Grendel said then 5:00 p.m. Maybe we could have pizza or something Debi that could take us through dinner.

Chairman Vice Mayor Grendel said we will set the Finance meeting for next Tuesday, February 25<sup>th</sup> at 5:00 p.m.

Councilperson Synek said if you want to start talking about the appropriations while I am messing with this, that's okay. I may not be able to get it to work.

Chairman Vice Mayor Grendel said we will go to 6:00 p.m. tonight.

Several people began speaking at once again.

Finance Director Blaze said what you have here, there's some complaints about the picture because they look the same. We can note that and change that; but to lead into the budget discussions. I know in the past as long as I have been with the City in various capacities, Council has always been obviously thoroughly involved in the budgetary process because the legislative body is the appropriating body that has the statute authority to appropriate funds; but those funds that can be appropriated are predicated on cash on hand and estimated revenue.

Historically, Council has always been brought into the discussion on just the appropriation and/or expense side, how the money is going to go out the door; but I am more comfortable before we talk about that is taking a step back and actually on a financial statement taking the step up to the top of the page and talking about where the money is coming from first because I have to think through things logically for it to work in my head before I could talk about the money going out the door, I have to be clear in my head where is the money coming from in the first place. So, that's what I wanted to do with you today in the time we have was to review, actually for the first time in the budgetary discussion like this, the revenue side of the budget before we talk maybe next week about the appropriations. We could talk about some of the money going out today if we have time too, except for those day-to-day expenses.

So, on the packet with the City Hall picture on the front, on Page 4 there is a spreadsheet that you had various version of; and I tried to insert the date on the bottom of them as I update them. Like Vice Mayor Grendel said earlier in the meeting, any of our policies are living, breathing documents. They could be amended at any time, that are constantly going to this 11 page document because it helps me to just to keep, as I said earlier, personalizing where the money is coming from and where it's going to.

The first four columns on that page show you the actual revenue that the City of Independence derived from all its main sources, and then the bottom line in all other revenue sources. It is just a catch all for the ones that are either non-major in title or non-major in dollar amount. I like that because you can see trends. You can see in the last four years what the actual revenue receipted into, each one of these other funds or groupings for the last four years. That will lead to the

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discussion we have which is the companion handout, the four page word document that goes with this which is related to the projected 2020 column, and again before we could appropriate the money; and that's allocating where it's going to be spent this year, we have to have a good comfort factor on where the money is going to come from. So, that's what that projected 2020 column represents, and I will just walk through in general going down, we don't have to go into a deep discussion on each; and for each row on here, there's more detail on this page to tell you exactly where we are coming up with our assumptions because projections, to make projections in a financial world you have to make assumptions. If the economy does this, then we project that. If interest rates do this, then we project that. If income tax goes up, then we could do that. So, there's always these if then statements, and so I wanted Council to be clear, both on the numbers side what we are projecting for revenue for 2020 as well as the assumptions behind those projections. So, obviously the granddaddy of all our income is the municipal income tax. It fell just a little bit from 2019 to 2018, for all practical purposes when you are talking a dollar amount that significant. It was flat. The collections that we received in January, and the advance we got in February are a positive, but then I never know; and I would defer to a tax accountant in the room, if people were accelerating income to the fourth quarter of 2019 for tax purposes. So, they ended up paying more municipal income tax in January, that they paid it in December to RITA; but then RITA pays it to us in January, and that's why our collections are high. We don't know some of the whys. The bottom line is I do like the previous Finance Director's budgeting process of not getting too aggressive with the revenue projections. I would rather come to Council over the course of the year to say hey ladies and gentlemen revenues are up a little bit more than we had anticipated; so it looks like we have some flexibility to do "x" if you so want to.

Rather than coming to you in the second, third or fourth quarter and saying we were too optimistic in our revenue projections, we are going to have to cut back. I personally would opt for the former, hey we are just going to estimate a little bit conservatively and that way we have hopefully more positive surprises than negative surprises. So, based on the first month of actual collections, based on the advance we received for February, based on the overall economic picture that we are seeing in the State and the Country leading into an election year here; we are comfortable at a \$34,000,000 revenue estimate on the income tax for 2020.

If anybody has any questions, anybody wants to challenge, hey it's too optimistic, hey it's too pessimistic, please let me know. This is just a draft document, but it's a starting point for discussions.

Second line TIF Pilots, you could see; they took a big jump from 2017 to 2018, and a little bit more from 2018 to 2019. Based on discussions with Maggie and Jeremy, based on the TIF districts that have been set up to the date and now there's a delay between setup and collections; the anticipation is for the TIF revenue to increase slightly again in 2020. So, that \$2,180,000 figure is directly from the Economic Development Director.

Property Tax Revenue, we got a little bump up after being flat there from 2017 to 2018 with a little bit more in 2018 and 2019. We believe that it has a lot to do with the County, the six year re-evaluation that occurred in 2017. So, there was a slight uptick in the City's overall tax duplicate; and I think that resulted in a little bit more revenue. So, we are seeing some new

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construction in the City so we are estimating just to be up a little bit more this year, just like it was up a little bit from 2019 to 2018, nothing significant, but just a flat to moderate increase really.

The Lodging Tax, it's a hard one for me to get my arms wrapped around, maybe with some more input from Economic Development and what they are talking too, and Jeremy if he's in the hotels talking to the General Managers there and seeing what their occupancy rates have been and what they are looking at for 2020. I can only go by what we are seeing. We did drop a little bit from \$1,400,000 in 2018 to \$1,330,000 in 2019. So, just assuming worst case that the trend continues a little bit more this year; we are just estimating a \$1,300,000 for the lodging tax for 2020.

There's a grouping that the Rec Department and Community Services take in money through a Fund 840. They do take in money through the General Fund as well; but this just separates what they take in through the 840. So, it's not all the money that Recreation and Community Services take in; but it's the money that comes in through the Fund 840. You can see that it's been fairly consistent. In 2016 it was actually a lot higher, but the last couple of years it has been fairly consistent between \$427,000 and \$437,000. So, we put \$425,000 estimate for 2020.

Interest, we borrowed some money, and had a lot of cash on hand through 2019; and so our total interest income really kicked up quite a bit. We are forecasting that down for two reasons; and I hope that's not even too optimistic of an estimate there at \$600,000. We are going to be depleting some of the cash on hand that we borrowed over the last couple of years to complete the \$32,000,000 plus or minus worth of projects that are in progress; and secondly interest rates are slightly decreasing a little bit. You see on the monthly sheet I provided you that the CD's that Independence Bank are redoing for us have dropped from 2% to 1.9% right now. The Star Ohio rates have dropped from around that 1.9% when I started, went to 1.8% and now they are in the mid 1.7% range. So, for those two reasons, we are forecasting the interest income to be down for 2020.

Fines and Waivers in the Court; again that's not all the money that Court takes in; they do take money in through some other funds, but this is the one that is the vast majority of the fines that the Court generates through the Mayor's Court. It's been fairly consistent outside of 2016, 2017, 2018 and 2019 in that low to mid \$300,000 range. So, we are estimating or projecting for 2020 for budgetary purposes \$325,000.

Grants, it's a line item, there are two line items called grants; but I know if Maggie was standing here she would say we probably get more money in grants, but since they are not called grants on the financial spreadsheets that we have, they are not listed here in grants. They are probably listed in all revenue sources. Things that were receipted into the accounts that had grants in their names, has stayed kind of consistent the last two years, 2018 and 2019 there. So, we are just estimating on the low end of those two numbers.

EMS billing, Chief Rega is here and maybe we give him 60 seconds to explain why that number has kind of been falling from 2017 which was the high water mark to 2018 at \$345,000 and then \$320,000 in 2019. So, any answer or you have no clue?

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Fire Chief Rega said I kind of noticed this at the beginning of last year; there have just been all kind of changes in healthcare and how they pay out for different things. Now we did, we are constantly looking at our billing rates and what we are billing. We try to keep up with everybody else in what we are charging; but what we are finding on the initial like in 2018 or so, we had a lot of private pay insurance money. So, in other words, a person walks in, gets a bill for medical services; and they get paid 100% on that. We are finding that companies are switching over to these healthcares that are either in that market, things like that where the costs are reduced substantially. So, instead of getting a 100% pay on that, we are now getting the standard \$300 instead of maybe a \$900 transport. So, we saw a lot of companies transitioning over the healthcare that was in network, managed a little better; and we saw a drop off. That's at least what our billing company has been telling us.

That coupled with changes in Medicare, and what they will cover and pay. That is constantly changing.

Finance Director Blaze said thank you, and what we used to not have medical billing at all; so our revenue line in that line was zero because it didn't exist. So, any revenue that we are getting in that fund is, not that fund but in that account, is more than we would have had if we did not have that.

Councilperson Narduzzi asked is our cost to collect that going down also?

Fire Chief Rega said it's a net cost. It's like a 7% amount that they get from that.

Councilperson Narduzzi asked but they are taking 7% of the net right?

Fire Chief Rega said yes.

Councilperson Narduzzi said so they are going down too.

Fire Chief Rega said yes, right. They are working pretty hard to get this. The company that we use is pretty open. They have online access to look at what our revenue is and write offs. You can get the reports any time; so it's pretty accessible.

Finance Director Blaze said so that's EMS billing.

All Levied Shared Taxes, it's a healthy amount. That's money we get through the State, Maggie through reimbursements, through people paying their license plates or motor vehicle taxes. It's money that basically flows through the State. A lot of it is based on the business activity population and so forth here in Independence. You can see it's been that \$600,000 range. It picked up a little bit to \$700,000 in 2019. So, our budget estimate for 2020 is just that \$700,000 even.

The next two lines, HIDTA and Strike Force, you aware of that, we are the pass through for that. So, that's why at the bottom I kind of show a figure net of those two figures to show what the actual revenue is to the City itself without those two entities whose funds are run through our

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books; but HIDTA has really kicked up in activity. We get 2% on that one, and over \$5,000,000 that is run through us; we are on track to get over \$100,000 to run that money through Fund 287 in 2020. The Strike Force I think our revenue is more predicated on how much money they get in these regional task force events.

Law Director O'Brien said compensation, plus the percentage is a lot higher.

Finance Director Blaze said so that one, we don't have as much history. They are building that Strike Force building right now that Council approved last year or the year before on Hinckley Parkway there in Cleveland off of I-176. That's the building the last time I talked to you, I encourage you to go see it once it's built because I think it sounds to me like such a phenomenal building there as far as who is going to be housed in there.

Special Assessments have been fairly low for 2016, 2017 and 2018 because we were just collecting on Oak Tree North special assessment; but in 2019 the special assessments for Rockside Woods Blvd. North kicked in. So, that's why we are forecasting a number for 2020 that's fairly similar to what was collected because generally you collect it, the dollar is certain there. I don't believe that number goes up or down with the value of the property because that's set to help amortize debt. The debt payment is fixed, and so is the special assessment revenue that we will get from that.

Deposits and Bonds, that could fluctuate a lot; and that's just predicated on the level of activity in Independence, both based on residential housing permits, remodels and the commercial building activity as well. It's listed as a revenue, but a lot of that money as a deposit and a bond says by definition goes back to the applicant once they satisfy certain requirements. A lot of times not all of the bond money, but somebody building a house and they have to put a landscaping grade bond up; and then they get the landscaping done. The Building Department goes out, certifies that it's done to the City's satisfaction. I am not sure if they get 100% of their bond back, if they get a certain percentage based on, and the City takes a cut; but that's there because it's cash we do receive, but I don't look at it as a true revenue source. It's more of a pass through type account; but it's cash in so I list it here.

The last one broken out is Police Pension Fund, and that's an actual line item within our ten mil limitation; so that number is fairly certain. It goes up a little bit with the duplicate; and since the duplicate went up from \$470,000,000 tax assessment to \$484,000,000, it went up a little bit in 2019. So, we are just forecasting a number for 2020 fairly close to that.

Then the All Other Revenue Sources, that's just every other revenue source, and there are dozens of them; and you can see that even in 2019 it added up to \$2,500,000. So, all of those combined don't even add up to 10% or one month of municipal income tax collections. It's not to be waived off, not to be dismissed, but there are probably 15, 18 or 20 different categories that are in there. This document would be so long to list each and every one of them if anybody ever wanted them, they are available in the financial reports you get each month. That's getting into the weeds that I don't know if you want to go to that level.

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So, 2019 we are at \$50,600,000 total, and you subtract out the HIDTA money and the Strike Force money; the City's revenues were just a little bit lower than they were in 2018 rounded to about \$44,000,000, and our initial projection for 2020 we are going with a number fairly close to that. Again, I would rather be surprised on the positive side than the negative side. So, if we know that, and we have a discussion with yourself and the Administration and it's chosen to appropriate more than what we appropriate in March; Maggie and I will have to fill out an amended Certificate of Estimate Resources with the County. It's just a legal way of saying that before Council can appropriate money, we have to tell the County that we believe our estimate is low. Here is the new estimate, and here is why. They certify it and send it back to us; and then Council is allowed to appropriate to that higher number.

There are a couple of other revenue sources of cash in. One Page 5 of the document with the City Hall picture on it, that is actually the money that the City has received through borrowing over the last four years. It looks high. It is but it isn't because a lot of these are on these one year notes that have to be renewed every year. So, we have to borrow the money in to pay it off. So, it goes on this page, and it goes out on another page. This year, the debt projections that Finance Director Veres and Financial Advisor Matt had put together for 2019/2020 because of the number of infrastructure projects that we were completing, the projection was we borrowed a net of \$4,000,000 in 2019; and the projection was to borrow another \$1,250,000 here in 2020. So, when I add that to the net amount of the one year bans that we would have to borrow to pay off, we would get \$16,500,000 from them, \$1,250,000 in additional borrowing if we go through with that, for total borrowing of \$17,750,000, which would be cash into the City.

We would skip Page 6 for now, that would be a discussion for next week, the big one as far as the expenses.

Money outgoing on Page 7, Debt Service Principal, John used to break it out; and you could see in 2016 and 2017 and pay out the City's debt out of the actual TIF funds. Then it kind of switched course in 2018 and created that TIF Projects Debt Service Fund, that 312 Fund, and all the debt for the TIF projects would be running through that fund. Then all the other debts run through the 311, the Non-TIF Project Debt Service Fund. So, that's why there is less rows built in for the 2020 appropriations because all that's being run through two different funds.

I have it down as \$16,500,000 on the bans; I don't have it in the TIF project. Later when Maggie and I sit down and allocate that \$16,500,000 for the TIF funds, it would probably get moved up. The bottom line is we are looking at paying total principal on \$19,600,000 in 2020. The nominal amounts up there from the \$2,800,000 down to the (inaudible), those are just being principal on existing debt. The \$16,500,000 on the bottom is the rollover of the one year bans that we have to pay off.

Just a little bit more and then I am done with the budget discussion for today.

Page 8, Debt Service Interest, it's a year by year of how much interest we have incurred. It went up a little bit in 2019 because we did borrow some more money; and we had the projections based on again the debt service schedule that was put in place by the previous Finance Director and the Financial Advisor for 2019 and 2020. For right now we are just using those exact

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figures, the figures in the projected 2020 column are taken directly from those two sources I just mentioned.

I will talk to Council at some point here about long term versus short term debt. We have a principal payment, we have an interest payment on our long term debt due in June. So, there's no hurry on that, but we would have a principal payment due on our long term debt in December of this year; and then our short term notes need to be rolled over in December. So, sometime by the middle of this year, late second quarter, early third quarter, we not only have to have the discussion, but then a decision whether we want to continue down the path that's been set where we have a significant portion of our debt in the short term one year notes or if we want to, I will use the word, take the more conservative approach and kind of take advantage of these historically low long term interest rates and lock that short term into long term. We may pay a little fraction of a percentage more than we are paying in short term now, but we would have that rate locked in for as long as we went out with that debt. So, that's a discussion. I am just giving you a prelude to that.

Page 9, Debt Issuance Costs, it's very nominal. If we don't do any changes, and all we do is make our principal payment on our long term debt in December; and then we have to roll over the bans, the short term notes. We incurred almost \$50,000 approximately in issuance costs this year, and that's the number we used to project for 2020 there for debt issuance costs, assuming we do the same.

Page 10, that's the money going out for all of the capital and infrastructure projects. I don't have it broken out by line yet; but I just plugged in the figure for the Five-Year Capital Improvement Plan that was approved for 2020 in December. It was that \$17,900,000 figure. So, that's the figure I am plugging in right now. It is our budget figure for capital infrastructure projects for 2020.

So, right there, and whatever that was 30 minutes, that's a nutshell of where the money is coming from on the revenue side, and from borrowings; and where it is going out as far as principal, interest and capital and infrastructure. Then I would say next Tuesday if we come around to this item on the agenda; we are going to talk about the 2020 budget. That's when we will go back to more detail in your thick packet, this Page 6 which is the line by line. Well, this one is department by department. We will have it in more detail of what's spent in each department. So, you have this to review. You can see 2016, 2017, 2018 and 2019 what was actually spent in each one of those departments and those funds the last four years; and then what we have in the temporary appropriations ordinance for 2020 so far. It will be that line that we are going to key in for discussion next week to see if the numbers that we have in the temporary appropriation ordinance are good as is, if they need amending up, amending down, that will be the purpose of next Tuesday's discussion. It will be basically that page in more detail because Maggie has prepared and is preparing a more detailed line by line sheet like this so you could see every single account within the Police Department, Fire Department. I don't know how you have done it the last few years. I know back when I served in your position and was involved with the Finance Committee, we would bring the document and lay it out and say okay here's Page 1, most of it's Police Department. Anybody have any questions on any of these expenditures and the budget amount? We are there to answer the questions. We are there to talk about where we

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are going appropriation wise. So, that will be a good discussion. That's the heart of the operating expenses for most years is the money that we spend on this page here.

As you can see, our revenues last year were \$44,000,000, and on this page alone accounted for \$33,000,000 of expenses from that \$43,000,000. So, it's a significant part of that. I always want Council to be very, very comfortable when you are out on the Council floor and you are voting on appropriation legislation.

Councilperson Trakas said we have spent quite an excellent amount of time on the coming in, and I was just curious for the next meeting if you had been working with the Administration with some of the different priorities that they have had that the Mayor had talked about; you might be able to explain how those might be incorporated into, that we haven't done before.

Finance Director Blaze said most definitely, and I think the big one is going to be with the Human Resource Director Linker's talk earlier about these positions. I have to get a good handle, and Council has to get a good handle, is the intent to fill those positions this year and if so when? Or wait until future years because obviously if they are going to be filled in 2020, they are going to have budget ramifications that we should account for now instead of later. So, that's the goal so that the Administration and the Finance Department is on the same page when we make a presentation to you. Then we propose, and you dispose.

Chairman Vice Mayor Grendel said and the Mayor plans on being here next week.

I think that takes us to our time. We will be meeting next week at 5:00 p.m.

Several people began speaking at once again.

Finance Director Blaze said we are going to incorporate a line in the document for next week that will kind of touch on that to say okay if we appropriated \$5,400,000 in the Police Department; but it started with an unencumbered balance of \$100,000, even though you appropriated \$5,400,000, technically the Police Department has \$5,500,000 to spend because they started out with \$100,000. So, we want to show that for the first time in the document for your review because my experience in the past, we never really knew what the starting balance was in each of these funds, and departments start the year out. That is spendable money, and I think Council should know what each department is starting out, not just hey here's what we want to appropriate. This will give you a truer picture of each department.

Chairman Vice Mayor Grendel said and we never go over because we always amend it if we have to. That's why we have an adjustment nearly every month.

Finance Director Blaze said it gets into the technical accounting jargon, but the amount appropriated can't exceed the cash on hand and the estimated revenue, which is why I thought it was important to start today's discussion at least 30 minutes in the entire time we will spend talking about this, talking about the revenue side so Council is aware where the money comes from. We touched a little bit upon where it goes now with capital projects and debt service.

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Next week will be, I will kind of call it the operating budget, it's the day-to-day operating expenses.

Chairman Vice Mayor Grendel said very good. Any other questions for Vern?

So, we will meet next week at 5:00 p.m. We will hope to go to 7:00 p.m. next week.

Finance Director Blaze said if there's a comfort factor next Tuesday, and if we need to meet the Tuesday before Planning Commission from 4:00 p.m. to 5:30 p.m.

Several people began speaking at once again.

Councilperson Synek asked can I ask if maybe you and Vern could put your heads together before our next meeting to sort of come up with a rough calendar of when our Finance Committee is going to meet over the next nine months or so. So, we are not kind of making these meetings up one week at a time.

Councilperson Narduzzi said good luck getting that.

Councilperson Synek said I know the tax budget is going to come up at some point, and then there's a six month or nine month review. Let's just agree on some basic principles, if we are going to meet in April and September or we are going to meet every other month. Just so I can have something, so we aren't making these up every week.

Chairman Vice Mayor Grendel said this is the first full year we have been working together. Truthfully, when John was here we pretty much, a lot of it was we reviewed it before Council Caucus.

Councilperson Synek said I would just appreciate if we could have a little better schedule.

Several people began speaking at once again.

Councilperson Synek said I need a schedule.

**Moved by Synek, seconded by Veverka to adjourn the Finance Committee Meeting of February 18, 2020. Voice Vote: 3 yes/0 no; motion carried.**

There being no further business to discuss, the Finance Committee Meeting was adjourned at 6:06 p.m.