

**CITY OF INDEPENDENCE  
FINANCE COMMITTEE MEETING  
MINUTES  
JUNE 25, 2019 4:30 P.M.  
COUNCIL CAUCUS ROOM**

Present: Chairman Vice Mayor Dave Grendel  
Councilperson Dale Veverka  
Councilperson Patricia Wisnieski

Also Present: Mayor Anthony Togliatti  
Councilperson Carl Asseff  
Councilperson Kathleen Kapusta  
Councilperson Jim Trakas  
Finance Director Gus Katsas  
Procurement Coordinator Dennis Zdolshek  
Fire Chief Steve Rega  
Police Chief Michael Kilbane (arrived at 4:51 p.m.)  
Finance Assistant Maggie Osysko

Chairman Vice Mayor Grendel called the Finance Committee meeting to order at 4:32 p.m.

Chairman Vice Mayor Grendel said very good. We are all here, and the first item of business is the approval of the Finance Minutes of February 26, 2019.

**Moved by Veverka, seconded by Wisnieski, to approve the Finance Committee Meeting Minutes of February 26, 2019. Voice Vote: 3 yes/0 no; motion carried.**

Chairman Vice Mayor Grendel said before we get into the agenda. Jim, you sent me an e-mail regarding I guess this Ordinance 2019-81. That is the one that was kept on First Reading. It's not part of our agenda, but that's the one where they extend the Hemlock Trail to near Elmwood Park, and I don't believe, the reason I didn't put it in is because I don't believe we have a consensus there that wants to move forward with that.

So, Mayor is it your preference just to keep and refer it back to Streets & Sidewalks to discuss it further?

Mayor Togliatti said yes, refer that to Streets & Sidewalks.

Chairman Vice Mayor Grendel said I think we all got the letter from Bob Wagner, and there are other issues that were brought up. There's a lot of things that need to be discussed before that. Jim wanted to know if it was going to be an item on our agenda today. Until we feel that there is a consensus, there is no use moving forward on that. It kind of just popped up at the Streets &

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Sidewalks meeting, and at that time we discussed it; but a lot of other issues have come up regarding that. Safety in my mind is the most prevalent one.

Mayor, should we go in the order of the agenda?

Mayor Togliatti said we could skip to Number 3 since we have our First Energy representatives here.

Chairman Vice Mayor Grendel said that's Ordinance 2019-60, and I believe that goes back to the May meeting; and it was on First Reading there.

Mayor Togliatti said we removed it from the agenda to continue both legal and financial research regarding both Tanko and First Energy's proposals, and we had some further discussions with Tanko. We are still researching some of the fees and implications of their process, but we felt that we should give First Energy the opportunity to present their proposal to the City.

Chairman Vice Mayor Grendel said very good. At this time gentlemen you have the floor to present.

Terry Killeen, Manager of Regional External Affairs for First Energy introduced himself.

Mr. Killeen said he is the liaison between the company and the municipalities. I have 8 folks who work with me throughout the Illuminating Company and Toledo Edison. Kevin Smalley would be here today, but he chose to take vacation this week. So, I am filling in for Kevin. With me today is Randy Coleman, and I will let him introduce himself.

Randy Coleman, Manager of Standards for First Energy introduced himself.

Mr. Killeen said we were afforded the opportunity to discuss what is known as our proposed experimental LED street lighting tariff. Right now with the Public Utilities Commission we do have experimental LED street lights, and after interviewing municipal folks throughout the last 18 months we have presented a revised one because this tariff expires at the end of the year. We presented this to the Commission just a couple of weeks ago; and it's up to them how quickly this can move through and be approved, but we wanted to share that with you. It does offer some additional advantages for municipalities cost wise and several different options. I apologize, I did not realize how popular this meeting was, so I don't have enough copies for everybody, but you are welcome to have all of my copies, and I will just share off of Randy there if you want to pass those around.

So, I thought it was good to have Randy here because Randy is the subject matter expert when it comes to distribution standards; and he would answer any questions you may have about some of the technical stuff that sometimes gets thrown my way about lumens and about wattages and that sort of thing. Even he goes into some detail about the pricing if you need to know that, but basically what we wanted to make sure was that you were aware of this proposed tariff that is with the Commission. Our hope is that once the Commission approves it, it will be immediately

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effective as opposed to waiting until the end of the year; but of course that is dependent upon the Commission. Randy, would you like to step through the details of that.

Mr. Coleman said so for those who have this, I want to just roll through the presentation. I am not going to read every word. I will give you the highlights of each section.

One question has to be experimental, does this mean that they could go away at any time? The issue is that we are currently under a freeze of new tariffs; but we are allowed to apply for and do experimental projects and tariffs like this. This has been in effective now for about 3 years in different forms as we continue to refine it. Once somebody is on a tariff like this, we don't see any reason that the Commission would pull that tariff away from us. So, once somebody goes into it, we don't really see a problem with that.

The LED's are extremely popular. In Pennsylvania we have probably put in about 90,000. I think we are knocking on the door of 100,000 by the end of next quarter. These things tend to, once they get kicked off in one community, they tend to roll and roll and roll beyond that. People kind of like the light because it's a white light. So, our experience with them has been, the failure rate is extremely low on these. It takes some time to get comfortable and understand the light size that you want to put in. I would encourage anybody who wants to put these in to do some playing around with some, have a few installed, make sure you are comfortable with it before you roll the whole thing out because the labor to put them in can be as expensive as the product itself. So, you really don't want to make any changes you don't have. That's just a general concept of LED's.

Our new tariff is, and I am going to jump out now to the second slide, it allows us to replace existing fixtures in the field with new LED lights at failure, and there is no charge for that. It also allows us to finance the conversion price to HID, HID is a general term for sodium vapor and mercury vapor. It allows us to spread that cost out over a five year period or to charge it all up front and do a mass project, depending on how your budgeting cycle is and how your experience works for you. It also allows us to do something, we don't know how this is going to go, we are playing with it in a couple of areas right now; but the capacity for cameras and dimming. There are a lot of concerns around that. There is a lot of interest in some areas about that, and it's a project that for us is really going to be, tell us what you want, tell us how you want to put it in. We have a couple of different manufacturers right now that we are working with to figure out what those costs and installations are so that all of the lights that we purchase have the capacity to adapt to those kinds of situations. Right now the sky is the limit on that stuff. Everything from environmental (inaudible) to cameras to microphones to video; you name it, you can put anything under the sun on that. Of course, the more you ask for, it's just like cars, the more it costs. So, that capability is out there, although it's not something we can price right now because we just don't know what some of it is going to be.

I am out on Slide 3 now. So, the current tariff right now, you have a mix of sodium vapor and mercury vapor lights. The new tariff, there are 3 general options; and those are the ones that I talked about, pay for it up front, finance it over time or at no cost to you as a current light fails in any form, the light bulb goes out, the fixture dies, we could replace it with an LED. We have already taken the cost of the truck to go out and figure out what's wrong with it is already

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embedded in that. So, we might as well replace it with an LED if that's the one you choose. That's why that is a lower cost.

Let's jump out to Slide 4 now. This just goes into that with a little more detail. I will leave that for you to look at yourself. It's what I just talked about.

Let's go to Slide 5, and Slide 5 just shows you those 3 options, and we do refer to these in the tariff about Option 1, Option 2 or Option 3. If you have any questions on that, that's how we refer to them.

We get into Slide 6, and now we are starting to get into the meat of what your current costs are right now. You are paying about \$17,800 a month for the fixtures, and you are purchasing a lighting service. So, you don't actually buy the fixtures. If anything happens to that fixture right now, we come out and replace the fixture, the bulb, the bracket, the wiring through it. We maintain all of that for that cost. So, it's more than just, there's a concept out there that once a fixture is in you never do anything with it; but we visit almost 30% of our lights a year in some form or another, and it could be anything from car/pole accidents to wind damage to the light bulb itself going out. Sodium vapor lights generally last about 5 ½ years, that's kind of their mid-point; and almost all of them fail by the 6 ½ year mark. Sometimes they will go a little bit longer, but it's pretty rare.

We will go out to Slide 7 now. These are monthly charges for the LED lights on a per unit basis. So, the fixture charge itself is just the cost of the capital that it takes to install that over the reasonable life of the fixtures themselves. The other charges are the various adders that go into a regulatory environment and the energy. So, you can see that those adder charges and the energy itself, it's really a minor piece of it. You are saving energy. There is a far lower carbon footprint on these. Your piece of it though really would be determining what size light you want in each location. We have tables that we can tell you how much light a sodium vapor light puts out now and how much an LED will put out in the future. There is another advantage, a lot of people talk about LED lights, and they maintain it's a fancy word that we engineers use, but it's called efficacy. It's the amount of light output over a period time, and we know that sodium vapor lights tend to drop over the life. At 70%, that's the point where engineer folks like me say it's all over, this light is done. LED lights tend to go well beyond the 10 year period before they even approach that 70% efficacy. So, not only do they not have bulbs that burn out; they tend to have a much more levelized output through their life. So, you can see the charges in that.

Are there any questions you have about the technology itself? That's where I am a lot better. I am not an accountant, I don't deal with money that much.

Councilperson Asseff asked how many sodium vapors or mercury vapors do we have, the average age, because you stated that if they burn out, you would replace it with an LED?

Mr. Coleman said let me have the last part of that question.

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Councilperson Asseff said if it burns out, you get a sodium vapor that goes or mercury vapor that goes; and you are going to replace it with an LED, and as I read this, unless I read it wrong, there's no cost for the replacement.

Mr. Coleman said that would be an option that the City would have.

Councilperson Asseff said so I am asking what's the average age of our sodium vapor and mercury vapors now? If the average age is 4 or 5 years, it makes one option a lot better than another option.

Mr. Coleman said I can't give you what the age is. I don't have that information, but I can tell you this that the bulbs themselves in a sodium vapor light, their maximum age is going to be about 6 ½ years. So, a bulb that was just replaced today, that fixture is going to need attention in 6 ½ years.

Councilperson Asseff said right, but I'm looking at the 50<sup>th</sup> percentile is that if 50% of our bulbs are already 4 years old, that means that we have 2 years left maybe on that group of bulbs.

Mr. Coleman said I think you are pretty safe to assume that we are going to visit probably 20% to 25% of your lights every year, if that helps.

Councilperson Asseff asked would you just replace those?

Mr. Coleman said if we go out to replace the bulb, or we go out to work on the fixture, and you were to sign up for that, then we would replace that entire thing with an LED. When we say at failure, we don't mean that the entire unit fails. The expensive part of putting in a street light straight up is the truck itself. You have a quarter of a million dollar piece of machinery to drive around to get in the spot; and it's really expensive.

Councilperson Asseff said I was looking at what would be these costs, unless if over the next 4 years 100% of our bulbs will be replaced.

Mr. Coleman said I can't tell you that.

Councilperson Asseff said you can't tell me that, but I am trying to run on a little bit with the numbers.

Mr. Killeen said what we presume with this when speaking with some municipal leaders, we are presuming with this, if someone is choosing that part of the tariff, and you don't have to choose one or the other; you could choose bits and pieces. You can say, in these neighborhoods we would like to do the replace on failure option. It doesn't cost us anything, and maybe in 5 or 6 years everything will be replaced at no cost to us; but in the business district, we want to replace all of those now. So, we want to replace these 200 lights to get that nice white look and have them all the same brightness. You could mix and match that way too.

Councilperson Wisnieski asked does the mercury bulb have the same, the 6 ½ roughly?

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Mr. Coleman said the mercury bulbs have a longer life. That's a very good question. The mercury bulbs, the mid-point on those is out around the 6 ½ to 7 year range. The mercuries just go on and on and on forever. They also consume 4 times as much energy as the LED's.

Councilperson Wisnieski asked do we have an inventory on what we have?

Mayor Togliatti said we do, yes.

Councilperson Wisnieski asked do we have a list?

Several people began speaking at once.

Chairman Vice Mayor Grendel asked are the majority sodium or are the majority mercury?

Mr. Coleman said it's heavier on high pressure sodium.

Mayor Togliatti said Page 6 gives you an accounting of.

Councilperson Wisnieski asked so these are all of ours?

Mayor Togliatti said correct.

Councilperson Trakas asked from your experience in other communities, how about the spacing of poles? This is a different type of light, do you need as many poles as perhaps we have? Is that something to consider for the future?

Mr. Coleman said that's a really insightful question. I don't get that very often. The interesting thing is sodium vapor light is different. If you take the shape of a sodium vapor light when you put it out, the very center of it is super hot, meaning you have a lot of light. It will fade off to the edges; but it has a wider arc than the LED's do. The LED's would be considerably more narrow, but the light under it is perfectly even, almost perfectly even. So, you lose the hot spots, but what you also lose is that wane effect on the end. You may find there are areas that you will want to fill in with a few more lights than you have right now. Most of the CEI poles are generally around 160 feet apart.

I live in Hudson, Ohio. So, if you drive into Hudson, when you first come up the hill a little bit, you can see what we call ladder effect where you have these dark bands in between. Those poles though are not as high so the lights aren't as high. The higher you get that light, the better off you are with these. That ladder effect, I have to tell you when you walk down the sidewalk or when you drive down the road, I never have noticed it. It wasn't until we got into this that I began to see that. So, I don't think you will see a significant change, but I can't tell you won't find areas that you will say I wish I had a 90 there or a 50 there or a 30.

Councilperson Trakas said thanks.

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Chairman Vice Mayor Grendel said I noticed on the chart you have light table that says Cobra and Colonial; what's the difference between those.

Mr. Coleman said so the Cobra head are the standard street lights that go out over the street on a pole. The Colonial fixtures are 4 flat sided fixtures, and they have the colonial look to them. The Acorn are the, some people call them the jelly jars; and the jelly jar ones are considerably more money than the other ones.

Mr. Killeen said so the Acorn and the Colonial you will find through the subdivision neighborhoods, underground type service on the posts.

Mayor Togliatti said in our initial presentation that Kevin Smalley provided for us, it was stated that there was quite a lag time between us placing the order and depositing all the money with First Energy. It could be as long as a year and a half until the final installation or the beginning of the installation. Can you speak a little bit about that timeframe and when payment would be required if we were to choose Option 1 to implement a rollout in certain areas all at once?

Mr. Killeen said I could speak to that. So, Option 1 if you were choosing to pre-pay and have this done. When we receive payment, that's when the work order is executed and delivered to the field because prior to that, that engineering work is done. We wouldn't expect payment until we work out the details of exactly what type of LED size you would like to have replaced in each specific type of high pressure sodium or mercury vapor. Once payment is received, then that job is released to the field, and then I make a personal commitment to you because I know it was a big concern about the lag time there. Kevin was just basically regurgitating what he was hearing from field supervision that it's going to take a year to get this done, and I apologize for any miscommunication there; but that lag time will not be a year. In fact, they are talking months to get that done. The critical path there will be during the engineering timeframe, once we are able to solidify exactly what type of lights you will be utilizing, we get those on order.

Mr. Coleman said so from a material standpoint, I have a guaranteed delivery of 5,000 units a month; and I can take that up to 15,000. It takes me 4 weeks to ramp up to 15,000, but we have manufacturing space at a certain company that might have 2 letters, and 1 starts with G. I don't want to give anybody a commercial. I was just down at the manufacturing center 3 weeks ago, and they gave me an extended commitment for 15,000 a month. So, I am not worried about the material, nor am I worried about their quality.

What none of us want to get into, me especially, and it will critically hurt (inaudible); we don't want to get into the situation like Detroit was into. Is anybody familiar with the Detroit situation? If you have a chance, google Detroit LED lights. We have gone with a little more expensive product. It's a utility grade, and we are very happy with it. I have about 5 years of experience with it in Pennsylvania. Everything you manufacture, you are going to have a certain amount of infant mortality. That is just the way it is. Humans make it, and sometimes humans make mistakes. We generally see less than one quarter of 1% fail. Now the industry is still saying that up to 1% can fail. Have you seen that?

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Councilperson Trakas said the headline says “Street lights going dark after a few years.” Detroit spent \$185,000,000 on new LED lights and already are burning out. I can go on.

Mr. Coleman said the issue there, sooner or later, if you are considering this, somebody is going to bring this up. So, I will get it out there. The issue there is that they used a polycarbonate film to hold those LED’s in place, and that polycarbonate film didn’t take the heat and the UV as expected. These lights have a flat glass plate, and like I said, we have 4 ½ years, we are coming up on 5 years of experience with them. We have been exceptionally happy with them. We continuously monitor what is going on with these lights. I will bet I haven’t seen more than 50 failure reports. So, as far as a utility grade product, I am real happy with them. I think anybody who goes with this would be happy with them too because I have to put my name on it at the end of the day.

Any other technical questions?

Procurement Coordinator Zdolshek asked how have you adjusted the monthly maintenance fee? I think currently at 1,000 fixtures, we pay \$13.00 a pole; and it’s \$15,000 a month which is \$150,000 a year. How will that be affected because the LED’s have a much longer life; you are talking typically 30% failure, that’s 300 fixtures a year.

Mr. Coleman said so when we file the tariff, what goes into the tariff is in the original sodium vapor tariff, what went into that was all the maintenance that is expected over the course of the tariff for that particular period, that one year period. So, it was built in there that you would always have about 25% of your lights that would need to have attention. In this tariff it’s 1% of the lights. Understanding that about a quarter of that is probably going to be infant mortalities and things like that. I hate to tell you this, but on Friday and Saturday night I typically see 50 to 75 car/pole accidents in Ohio, generally after 2:00 a.m. if you know what I am talking about. We still repair those as well. Somewhere that has to be paid for.

Procurement Coordinator Zdolshek said that doesn’t answer the question of what it is, what do you project the monthly tariff to be per pole, the maintenance and rental of the pole?

Mr. Coleman said this tariff, this price here, the price for, let’s go with probably the most common light that is out there, it’s a 50 watt Cobra head. That is a standard street light that I grew up. Those are \$9.12 a month. That’s everything for that light. It’s \$9.12 a month. There is no additional pole attachment.

Mayor Togliatti said and that 50 watt Cobra head would be equitable to.

Mr. Coleman said I knew some smart guy was going to ask me that. I actually looked up the lumens on that. So, a 50 watt, and I am not going to tell you it’s equivalent, I’m going to say they are 2 different light outputs; but a 50 watt Cobra head LED puts out 5,400 lumens. That puts it squarely between a 70 watt high pressure sodium vapor at 4,400 lumens and a 100 watt high pressure sodium vapor at 6,600 lumens. Most of the time you will see people replace 100 watt with a 50 watt, generally speaking. That’s not a recommendation.

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Did that answer your question?

Procurement Coordinator Zdolshek said yes.

Chairman Vice Mayor Grendel said I noticed on I-77 in the last couple of years they replaced the lights going north of the Cloverleaf area. Did they replace them with the LED's?

Mr. Coleman said (inaudible). Their primary driver is this, yes less on energy so that's a big deal to them. Their big deal is I don't want to be out on this main road replacing light bulbs, and you have a product out there that our warranty on it from the manufacturer is 10 years. We believe that these things probably have a 12 to 15 year life before we will have any major number of problems with them. So, that many less times we have to get a truck in harm's way, I am usually in favor of that. It's really the only thing I worry about is people getting hurt or our guys being exposed to danger that they shouldn't be exposed to.

Mayor Togliatti said so the current tariff is \$301 per fixture, and the proposed tariff is a single up front cost as low as \$242 per fixture. Is there a sliding scale based on the fixture, or is that just because it hasn't been approved by the PUCO?

Mr. Coleman said it hasn't been approved by the PUCO, and there's a different price because the makeup of lights is different for CEI versus Ohio Edison versus Toledo. Remember, I have all 10 companies so that's where my head is.

Mr. Killeen said frankly Mr. Mayor, that's the price.

Mayor Togliatti said \$242. So, if we are looking at calculating the purchase price and the long term monthly, we can use that \$242.

Chairman Vice Mayor Grendel asked any other questions?

Mr. Killeen said I kind of want help answer your question, so I doodled with some numbers. I know we are at a Finance Committee meeting trying to make a decision whether this is something that should be brought to Council and pass a resolution to have a company from California sue our electric company for their street lights, I would want to know this information. I hope you don't mind, but I think this will help answer some questions that you might have.

Tanko's assertion is, when I look at their study, they are going to be able to save the City \$198,000 a year using their method. With that, what I would like to say is if you were to change out all of your street lights in the City, and you selected to use the GE suggested replacement standard, we don't want to tell you what to change them out to so we will let somebody else take that; and that's GE has it suggested. I think it was in Kevin Smalley's printout that he presented when he was here. The annual savings is \$83,889, and so that's the savings you get when you change out all the lights. Let's compare what you are paying right now, and in fact, the dollars what I used was your monthly bill from May which are winter rates; summer rates are a little higher so actually your savings is probably more than that. So, that's a conservative estimate.

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So, 83,889 per year, that would be your annual savings. So, that's getting close to half of what Tanko's assertion is.

Now, Tanko, I am sure they are very nice people, but they have never done this in Ohio; and they don't know the Ohio tariff. So, I just wanted to bring to your attention that they are using a number, presuming that they will be on the Ohio tariff rate for customer owned street lights; and they use a number of 2.76 cents per kilowatt hour. I am not certain where they got that, but again I don't expect them to know what tariff is now; but the tariff rate for that is at over 3.50 cents per kilowatt hour for the customer owned street light. It's not a huge difference when you are talking cents, but when you start multiplying out. At any rate, to be quite frank, these would not be considered customer owned street lights, even though you own the street light and they are attached. The customer owned street light tariff calls for the owner of the street light to own the luminaire, the wiring, the pole, the hardware, the entire structure. Then that's why we get such a good rate for customer owned street lights at that very low rate of 3.50 cents per kilowatt hour. The actual price would be on the general service rate which is well over 3 times the amount of what Tanko is asserting at approximately 9.00 cents per kilowatt hour. That's what people pay for electricity, and that is what someone can be expected to pay if you have, what you are paying in this building here. So, what that amounts to per year is an average of \$70,000 difference right there. Those are 2 things I know as fact. It would be a general service rate, and it would be a savings with the LED street light tariff. So, there's \$70,000 savings there, and you have the \$3,000 savings there.

I don't want to get into the legalization of everything, and I won't do that because I am not an attorney; but obviously we are not going to enter into an agreement with Tanko to just give them our assets.

With that being said, there's also one other major item and that is the pole attachment cost because you have items that you would like to attach to our pole, we have an attachment tariff; and that's all of our communication companies, AT&T, Cablevision, all of those cable companies, they follow the pole attachment tariff. There is a fee to attach to the pole. Now they are down in the communication space. We have a specific space for communications. We have never worked with anybody to attach their own street lights to our electric service space. So, we have space on top of the pole that only our service men and women are allowed to enter because they are qualified, and we want them to obviously be safe, especially when they are on our equipment that is energized. We have never leased space out in that before. So, we don't even know where to begin charging, but we know that some, and of course the attorneys would be kicking me off the stage right now because they would say you shouldn't even be presuming things like that. It's not going to happen.

At any rate, I just want you to take that into consideration. That's just another charge per pole, so 1,018 lights being attached to poles. Right now for white space for a cable line to attach is \$11.00 per year; but some of the larger street lights take up a 6 foot span because they have a tripod area and nothing could be fed in between and all that. So, you would be attaching to that section of pole, plus in premium space. I am throwing something like \$70.00 or \$75.00 in attachment on there for those big ones like that; but I don't even know how to begin pricing something like that because we don't have examples of that. I just wanted to say there's another

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fee involved there somewhere, and if something crazy did happen and the lawsuit came back in yours and Tanko's favor, there would still be those charges there. Obviously, what I am trying to do is show that the \$200,000 I think maybe Tanko wasn't very familiar with our tariff. We did provide some information to Greg O'Brien, the Law Director so we could help get some of those questions answered and whatnot, but of course this is my desperate attempt to make sure that I feel confident that I am able to answer any questions about some of that stuff that might come up.

Councilperson Trakas asked are you under any obligation if we sued you to provide power to us? Could you say, hey have a nice day?

Mr. Killeen said it's a very interesting question actually. So, again I am not an attorney. The attorneys did have a little bit of a discussion about that; and street lighting is not a necessity. It has been determined that we are not obligated. Again, that's what I heard. I am regurgitating that, and I could be all wrong here.

Councilperson Trakas said it was my recall that it was accurate too.

Mr. Killeen said I appreciate your asking me that question, if someone said you had to still serve and you were required to do this, if we take over because you are servicing the public, and I guess with street lighting that's not true. A good question. Anything else I can answer?

Mr. Killeen said I have a few other bullet points here that I can nickel and dime with, but I won't even bother because I think I am keeping some people awake, and I hate doing that.

Chairman Vice Mayor Grendel said well thank you very much.

Mr. Killeen said I would be happy to come back and chit-chat with anyone in detail, and if anyone wants to look at my notes that I have written down.

Mayor Togliatti said and I know you touched on it earlier, any idea when the new tariff potentially could be approved.

Mr. Killeen said we rehearsed this before we came. Did you want to answer that?

Mr. Coleman said it is the PUC, and they are, the first indication is when we start to get questions; and we have started to get some questions. So, it has their attention. They are doing their due diligence. It is just (inaudible) that it's a good idea. We have to have something by the end of the year. They are aware of that. I think we are going to see it well before the end of the year, but what does that mean? I am not sure.

Chairman Vice Mayor Grendel said thank you very much.

Mr. Coleman said Kevin will keep you apprised. If we see movement or it becomes apparent, we will make sure that Kevin is aware of it, and he could give you a better indication as it gets closer and closer.

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Councilperson Trakas said I follow the Commission a little bit. Does the PUC ever give retroactive? Do they say you could apply this to people who are part of this special tariff 6 months prior or anything like that?

Mr. Coleman said they generally stick to the document that's been filed with them. I haven't seen that happen, but I have only been here 4 years.

Mr. Killeen said great question. We had some in the pipeline that we went back to, the city saying this is our proposed, we don't know how quickly this is going to happen; do you really want us to change out these 100 lights, and they said yes. They don't know the length of time, and they were so close to getting them installed. That's a great question.

Councilperson Trakas said we could ask them to do that.

Mr. Killeen said I have been here 31 years, and I haven't seen them do retroactive or something like that.

Chairman Vice Mayor Grendel said thank you gentlemen. We appreciate it.

We will go back to the second item on the agenda, and that's Ordinance 2019-75. It's an ordinance approving the tax budget for the year 2020, and usually it's pretty routine and regular item. We have First Reading in June, and then we approve in July. I brought it to the committee's attention because there was talk from at least one individual of some of the inside millage for the school system. I wanted to have a better understanding of what we are talking about as far as a dollar amount and a commitment, and what those funds are used for currently.

Chairman Vice Mayor Grendel said and basically we are talking about 2.20 mils, that's the inside millage; and you can see it generates 0.30 of that is used for the Police Pension Fund. I believe that's \$142,700, and then the balance of 1.90 mils, \$903,700 that's goes into the General Fund for expenses. So, talking about this, I guess an extra \$1,000,000 would be diverted from the City's use.

Mayor Togliatti said that was my understanding, and of that 1.90 mils that is directed to the General Funds, .3 mils is the Fire Pension Fund. So, you have both the Police and the Fire Pension Fund.

Chairman Vice Mayor Grendel said you are roughly talking \$300,000 in the ballpark which is used for Police and Fire Pension, and then the balance goes into the General Fund. So, we are talking about roughly \$750,000 or so. The proposal that Mr. Synek is proposing to divert that.

Councilperson Kapusta said Dave, excuse me, you said \$750,000, roughly about \$150,000 is going to the Fire. Is that what we said?

Chairman Vice Mayor Grendel said right, \$150,000 into the Police Pension Fund. It includes that also for the Fire.

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Councilperson Kapusta said about the same amount. Thank you.

Chairman Vice Mayor Grendel said so that leaves about \$750,000 that goes into our General Fund; but I think his proposal, was it the entire amount to be diverted to the schools, over \$1,000,000 a year?

Mayor Togliatti said yes.

Chairman Vice Mayor Grendel said and that the City could find other sources of revenue to fund the Fire and Police Pension?

Mayor Togliatti said correct.

Councilperson Asseff asked what makes him feel that they are entitled to that?

Chairman Vice Mayor Grendel asked is that legal?

Mayor Togliatti said I don't know the legalities of it. I have asked Matt Stuczynski to join us today as our financial advisor to shed his perspective on it. I don't know if he knows the legal implications of it.

Mr. Stuczynski said so this goes back to State law and the State Constitution, and it goes back a long, long way. Many of you probably know the story, but fast forward it to your legislative agenda for later this year in November. You would pass a tax rate resolution. That tax rate resolution starts with the tax budget. When you submit the tax budget, and the whole concept of the tax budget is to set aside enough millage, and it's designed to make sure that the Finance Director presents it to Council, a piece of legislation, and you have enough millage or sources of revenue to pay debt. All the other trappings of that tax budget are secondary to the primary purpose which is making sure that the Budget Commission knows how you are going to pay back debt and (inaudible). It's incumbent upon the Finance Director and City Council to acknowledge that by way of a tax budget which then gets submitted to the Budget Commission, and they scrutinize it to make sure that there's enough millage or other sources of revenue to pay back debt, and you will pass that tax rate resolution later in the year.

So, you see that every year, and you have an opportunity to determine what amount of millage you are going to levy every year by way of that tax budget.

Back in 1933 as a result of 5 years' worth of averaging, (inaudible) the great Depression, the Constitution changed the note from 15 to 10; and it split that 10 in notes based upon how the 15 were allocated based upon the overlapping political subdivisions, the County, the school district and the City in this case. If there were an overlapping township, they would be included as well. In that calculation, there was actually a total from 15 to 10 when that was worked out in 1933, there was actually less than 10 mills being levied in the City of Independence. There was 9.75 being levied, and there's actually .25 that anyone could take. The County could take it, but they

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really can't take it because they can't take it across the whole County. So, there are really only 2 parties who can take that .25, the schools or the City and could claim that.

The whole purpose of the tax budget again is to first make sure you have the need for the debt service, but if you are going to claim additional revenue from that inside millage, you have to make a case for the need for that. You have to make that case annually. So, if you didn't need your inside millage, and you couldn't make a case, somebody could take it from you. The only likely party is the schools; and if the schools didn't have a need for it, the City could take it, but it is assessed annually and you make a decision annually as to how if you are going to call upon that inside millage for your operations or not call upon it. It's been a long time practice by Finance Directors who always make sure that they show a need in the tax budget to levy the full amount of millage that is available to them so that no one can cross over the boundary and take it and make an argument that you aren't using it; and we are going to take it. Again, that argument can be only made for 1 year, and then you have another opportunity in the following year.

Councilperson Asseff said so they can't take it if we show we need it.

Mr. Stuczynski said that is correct.

Councilperson Wisnieski asked and is the composition of the inside millage, can you change that?

Mr. Stuczynski said the County Budget Commission, if you were to fail, the original allocation cannot be changed. You are entitled to 2.2 mils.

Councilperson Wisnieski said okay.

Mr. Stuczynski said I hope that answers your question.

Councilperson Wisnieski said no, I'm zeroing in on the Fire Pension and the Police Pension. Can you increase that?

Mr. Stuczynski said so when the millage was set back in 1933, I believe that was part of the statute that said that a portion of your inside millage must go, .3 for Police, .3 for Fire; and I don't believe that can be superseded.

Councilperson Wisnieski asked but can you increase it?

Mr. Stuczynski said no. Well, here you can because there's .25 available, and in most cities the 10 mil is fully allocated and fully used. Again, that's generally split between the City and the schools. Can you take more? Not more than 10 mils, but because you have .25 available, you could in fact increase it and determine where you want to apply it at your direction. The County Budget Commission would have to sign off on that. They have to approve it, and then Council would have to pass that later in the year by way of the tax rate resolution. I will stop there, ask any questions?

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Chairman Vice Mayor Grendel said we are at 9.75 inside mils.

Mr. Stuczynski said that is correct. That's based upon the 1933 allocation that there was .25. That may have been amended, I don't know sometimes how that .25 gets freed up. It may have been a function of that 15 back in 1929 or 1933; so they may have nothing allocating for 15 mils. I don't know the history behind all of that. I suspect it could have been as far back as 1933. I have not done research on that, but I do know there is .25 available. Keep in mind 1 mil here now equals about \$475,000. So when you think of .25 mils, that's a little over \$100,000. It could be claimed by the City or the schools on an annual basis making a case for the need.

Councilperson Trakas said that's an un-voted tax increase, right?

Mr. Stuczynski said that is correct.

Councilperson Trakas said that's what the municipality or the district has at its disposal.

Mr. Stuczynski said that is exactly right. It's available.

Councilperson Trakas asked is that referendutable, do you know?

Mr. Stuczynski said well, let's put it this way. If you were to ask for it, you passed legislation and by way of your tax rate resolution; your tax rate resolution I would imagine has some type of a referendum provision to it. I would expect that there's some possible way of having someone contest that.

Councilperson Trakas said the same thing for any other public entity I guess was my main question.

Councilperson Asseff said this isn't a tax increase though because it's already on the books, and we are already collecting it.

Mayor Togliatti said right.

Councilperson Asseff said the only thing that would be a tax increase is the .25.

Several people began speaking at once.

Mr. Stuczynski said again if you presume that .3 cannot be taken from you for Police and Fire, that leaves you with (inaudible), that's what you are claiming in the General Fund and you have to show a need for it. You will never have a problem making a claim (inaudible).

Chairman Vice Mayor Grendel said it's .3 for each, so it's .6 for both.

Mr. Stuczynski said typically those go directly into a Police Pension Fund or a Fire Pension Fund. The City has a Police Pension Fund, but I don't believe that the City has a separate Fire Pension Fund, so it's buried within the General Fund.

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Councilperson Kapusta asked is there any advantage to having a separate Pension Fund?

Mr. Stuczynski said not really. Most people end up just having, you have to figure out how to allocate the invoice when it comes in. Do you split it between Police Pension and the General Fund because there's no way .3 covers the obligation.

Councilperson Trakas said it's just supplemental.

Mr. Stuczynski said you end up trying to decide how to allocate it between the 2 funds. So, there really is no distinguishing advantage other than you have a clear definition of the revenue of the plan for each specific fund.

Councilperson Asseff asked can the School Board state that since we are not using .25 mils, we don't need it and they need it?

Mr. Stuczynski said the case is just that they need it. They wouldn't have to make the case that we don't need it; they just have to make the case that they need it.

Councilperson Asseff said but they could also point out that we are not using it, it's there.

Mr. Stuczynski said they don't have to do that. That's not a requirement that they point out that we are not claiming it, it's not ours to take. It's available.

Councilperson Asseff asked then do we make a position statement that we need it, that .25 but that means we would have to raise it.

Mr. Stuczynski said forgive me for interrupting, but if you say you need, you must claim it. You must put it in the tax budget, and it will end up on your tax rate resolution. You will have to make sure you show the need to the Budget Commission as to why you are claiming it.

Councilperson Kapusta asked can you estimate what kind of an increase that would be? What would be the increase to the average, like on a \$100,000 home?

Mr. Stuczynski said so \$100,000 home, \$35,000 assessed evaluation, 1 mil is \$35, divide that by 4. It's about \$8.50.

Councilperson Kapusta said and if the school did claim it, and then it would obviously be a tax increase to our residents; would they be seen as giving this un-voted increase or would the City be seen as doing it?

Mr. Stuczynski said I don't know if they would recognize who is getting it. Most people think that the schools report to the City anyway, at least that's a common consensus in many other states, and when people come to Ohio and they found out they are separate, they are surprised by it. So, it generally falls to the City. Complaints generally come to the City.

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Councilperson Kapusta said well one of the people who are advocating for it is pretty much making it known that a charge that individual is doing. People may know. I just was wondering.

Councilperson Trakas said I think we would make sure that the information got out.

Mr. Stuczynski said it's confusing because people have a hard time differentiating, and then allocating the difference in their annual property tax bill as to what transpired between last year and this year. There are different moving parts into that property tax bill, some of which obviously which you don't control. The schools and the County are obviously (inaudible).

Councilperson Kapusta asked am I remembering correctly, did the schools do some un-voted money a few years back?

Mayor Togliatti said they had a proposal I believe to capture this .25.

Councilperson Kapusta said not this, did they do something else?

Mayor Togliatti said they did capture .1.

Maggie Osysko said I thought that he may have mentioned that in his presentation.

Councilperson Trakas asked do you remember when that was?

Mayor Togliatti said maybe 3 years ago.

Maggie Osysko said when he first came on to the School Board, so I am assuming around 4 years ago. He said that he saw that there was this .1 laying around, so he decided to take it.

Mr. Stuczynski said so there was more available previously and was not allocated.

Councilperson Trakas said we are pretty prudent fiscal managers here at the City.

Mayor Togliatti said but I believe it was last year that the School Board did have this on their agenda to capture the .25. They had a Public Hearing scheduled and prior to the Public Hearing they withdrew it from their agenda because there was such a backlash in the community about the un-voted tax increase.

Councilperson Kapusta said I don't think they had a majority consensus among themselves too. I don't know.

Chairman Vice Mayor Grendel said we do have .6 committed of our share, the 1.6 we have for General Fund and the .6 goes to the Pension Funds for Fire and Police. We don't have the other one earmarked, it just goes to the General Fund. It's part of our revenue.

Councilperson Asseff asked what is their bond issue, what is the percentage on that?

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Mayor Togliatti said I don't know.

Chairman Vice Mayor Grendel said so it sounds to me the .6 we definitely have as a commitment to our safety forces and everything; but the balance, it doesn't really settle the issue for the schools anyways. It wouldn't be the end all, plus we would have to have.

Mayor Togliatti said it is revenue we rely on.

Resident Vern Blaze said Doc it's 3.4 mils for 35 years.

Chairman Vice Mayor Grendel said as it stands now, this is on the agenda for July; and I don't foresee making any changes to this. I just want to as a body know what is being proposed and how much money we are talking about.

Councilperson Wisnieski said so if we did want to capture that additional, now is the time to do it?

Mr. Stuczynski said it would be. That is correct. We would have to show expenses in excess of revenue to solve the equation. Again, the same is true for the 1.6 mils. Then you always in your tax budget show more need than you have revenue; and then you show the purpose or the rationale for claiming that inside millage. So, your tax budget should always show deficit.

Chairman Vice Mayor Grendel said we are just talking about \$120,000 or so, that's the .25.

Mr. Stuczynski said that's right.

Chairman Vice Mayor Grendel said that's roughly about \$8.00 a year.

Councilperson Kapusta said \$8.50.

Councilperson Asseff said they also have some other risks that if they want to do this, then come up with another bond issue, there could be a backlash on that.

Councilperson Kapusta said and that's why I asked my question to Matt, who gets tagged for doing this; and basically he's saying that typically the voter looks at it and says the City did this.

Councilperson Asseff said the City needs to educate the voter.

Councilperson Kapusta said that's what Councilperson Trakas said.

Councilperson Trakas said get that message out there.

Councilperson Kapusta said that really helped. Thank you.

Chairman Vice Mayor Grendel said thank you Matt.

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Chairman Vice Mayor Grendel asked does anybody have any other questions? There were none.

We will move on to Ordinance 2019-68, and this was introduced by Councilperson Asseff. That was on the agenda at the May meeting I believe.

Councilperson Asseff said well the thing that stimulated me to do this is what Councilperson Trakas put out. This here is for continuous keeping up with inflation type enumeration for Council. I have no dog in this fight because it doesn't affect me, but I am looking at it to present a formula that will just go on and you don't have to deal with this issue because at some point this issue is going to come up. Right now the last increase was 20 years ago, whatever it was; and looking at that purchase power of \$10,000 back then. It's about \$7,500 for the same purchasing because there has been no inflationary increases; and the inflationary increases kind of match what we give all of our employees.

Councilperson Wisnieski asked Matt what is the CPI index now?

Mr. Stuczynski said it's close to 2 with the expectation of it going lower.

Councilperson Wisnieski said so what you are proposing is to take whatever that CPI index.

Chairman Vice Mayor Grendel said well it would solve that issue for years to come, this will be automatic so it takes it out of the realm of public debate and politicizing and everything.

Councilperson Asseff said and it's a reasonable thing because you are seeing that with Social Security. You are seeing that with all of the other Governmental payments. This follows it. Is there an argument? No, because it fits what goes on here in society.

Councilperson Wisnieski said so if this is the formula you use for this elected body, why not use the same formula for the other elected bodies?

Councilperson Asseff said we can. I didn't want to extend that further just facing this elected body. It could be for the entire Administration. I mean, the Mayor, the elected people, Finance. It is a fair way to do it.

Councilperson Kapusta said 2 questions. One is do we know of any other community that is using this approach?

Councilperson Wisnieski said good question.

Mayor Togliatti said we have not done that research.

Councilperson Kapusta said and my second question is since this will obviously come in annually, and I know that an elected body cannot vote on something that will affect them; so this would be for the next term for whoever sits here, I understand that. The fact that it will increase annually, does that wash with that rule or is that okay?

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Councilperson Asseff said well it could increase, or it could not change at all.

Councilperson Kapusta said right, but the potential is there.

Councilperson Trakas said I see what you are talking about.

Councilperson Kapusta said I don't know.

Councilperson Trakas said we can have the Law Director out for an opinion on it.

Councilperson Asseff said we could get his opinion.

Councilperson Trakas said Doc, in terms of the Planning Commission and Zoning Board, if you miss a meeting do you not get the stipend? How does that work?

Councilperson Asseff said I don't get paid so I don't know.

Mayor Togliatti asked do you know that Maggie?

Maggie Osysko said if it's a per meeting payment, you just wouldn't get paid for it. Those meeting amounts are not pensionable.

Councilperson Trakas said so they are a stipend, they are not part of a pension.

Councilperson Wisnieski asked so did you look at other communities that are comparable to Independence as far as what a salary, an average salary would be for a community of 7,200?

Councilperson Asseff asked do you mean salary for Council? No, I didn't. It's all over the place, and the other is we get benefits, they don't get benefits.

Councilperson Wisnieski said that's what I was eluding to if we did a comparison that way.

Councilperson Asseff said no, I didn't.

Chairman Vice Mayor Grendel said the way I look at it, the biggest compensation is the health benefits that are available to the elected officials. That's huge. I never made a big thing about the pay because that was almost secondary as far as the pay goes. It was just having the availability to have health insurance.

That's why this never seemed to be a real important issue to me, it's a small stipend compared to being able to provide insurance coverage for your family, especially for people who don't work for a company or have sources of healthcare elsewhere.

Councilperson Veverka said the value of the other coverages is almost 2 ½ times the value of the actual stipend.

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Chairman Vice Mayor Grendel said right.

Councilperson Veverka said and I guess the other question of that is because of how crazy healthcare costs have gone, is that actually beyond the 2%? I would say yes.

Councilperson Wisnieski said I would too.

Mayor Togliatti said if Council is interested we can compile data from surrounding communities or comparable size communities.

Chairman Vice Mayor Grendel said we should see what communities do have the healthcare.

Councilperson Trakas said I say comparable. A lot of times they use pretty unusual examples. I would say why don't you get a mix of Cuyahoga and Summit County and not leave people out. Maybe Chagrin Falls Township isn't one we would want, but it's like, sometimes they go to these really wealthy communities or huge communities and it kind of skews it. I wouldn't consider it a really fair comparison, but it would be good to have that kind of knowledge of both our economic prowess as well as the benefits, anyone who pays benefits; and then obviously on our population as well. I think that would be a fair comparison.

Councilperson Asseff said I was also told there was a time constraint on this. I don't have the date, but after a certain date even this year, it would not apply until next year.

Chairman Vice Mayor Grendel said it would apply for not this coming election, but 2 years from now.

Councilperson Asseff said I don't know what that cutoff date is.

Councilperson Trakas said I do think we should evaluate the Finance Director and the Mayor as well if you don't mind as part of that. I have always wanted to see a public component, I don't know if anyone agrees with me on it, but have the public. So, like who's your boss, usually your boss evaluates the people. The boss is really our public. So, I don't know how people feel about that, but I would like to have some component involved with that where they could make recommendations.

Chairman Vice Mayor Grendel said the first thing is to get the background and knowledge so we know what we are comparing with and everything and then make a decision.

Councilperson Kapusta said I think we are going to run up against that timeframe though too. I want to say August is what I'm thinking.

Councilperson Trakas said the filing deadline.

Chairman Vice Mayor Grendel said very good. So, I guess our marching orders for that Mayor is to get the information from other cities, and not only Cuyahoga but maybe Summit and even Lorain or Medina or Lake County.

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Councilperson Trakas said if you got the contiguous counties to Cuyahoga, I think that would be a fair comparison.

Chairman Vice Mayor Grendel said Doc brings up a very good idea. It is a very good proposal, but again the fact that these benefits are available to Councilpersons here.

Mayor Togliatti said I will get that information together for you.

Chairman Vice Mayor Grendel said so this won't be, Doc we will look at this once the information comes, we will revisit and make sure we make an educated look at the totality of what our compensation for Councilpersons is.

Councilperson Veverka said let me throw one other thought out there. Part of the question might relate to abilities for credit for retirement. Is there a magic number?

Councilperson Trakas said \$12,000 a year.

Councilperson Veverka said I guess part of my question is then if you adjust the compensation and you increase the level, if you are buying hospitalization, the rest of the coverage because among us not everybody takes the hospitalization if I am not mistaken.

Councilperson Trakas said that's correct.

Councilperson Veverka said I'm just trying to think out of the box. So, if a proposal was to increase the salary, but to purchase your additional coverages; in other words, you would have to pay a little bit some additional amount more, but you would still have the benefit of having the slightly higher salary. You would pay on the back end of having less of the other coverages paid for you.

Mayor Togliatti said so a higher healthcare premium in exchange for a higher salary that gives you full year of credit.

Councilperson Veverka said yes because I think that's what one of your thoughts was.

Councilperson Trakas said it was one of my thoughts.

Councilperson Veverka said it's at a level that it's very close to being able to have the full year.

Councilperson Trakas said they changed it 5 years ago, and we didn't change it.

Councilperson Veverka said that might be a possibility. I don't know. The one other thought that went through my mind was like kind of ala carte. That would create, Maggie would probably throw something in my direction.

Chairman Vice Mayor Grendel said there are a lot of different moving parts there with that.

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We will move on to the next item which is review of the City's 2019 Revenue as of June. Do we have all those figures in Maggie?

Maggie Osysko said I have the Revenue here I can pass out. I also am passing out the Expenses.

Chairman Vice Mayor Grendel said we used to get that where it compared revenue, the income tax revenue from the current year and going back.

Maggie Osysko said we are pretty close. I think we are down about \$300,000.

Mayor Togliatti said and it fluctuates most of the months. Some months we are up, some months we are down.

Maggie Osysko said one thing too is also they started that net profit with the large companies, and that's behind about 2 months.

Councilperson Trakas said actually that's where you might be catching up.

Maggie Osysko said we got a big one this time, it was like \$108,000; and it was the highest we have gotten. Otherwise, it's like \$15,000 or \$20,000 that we are getting in from that.

Councilperson Trakas said they are monkeying around with that again.

Chairman Vice Mayor Grendel asked does that come from the State?

Mayor Togliatti said the State based central collection, and then the State distributes it each municipality. They are slower than RITA.

Maggie Osysko said I am hoping that the rest of the year goes (inaudible).

Councilperson Kapusta asked do we know what percentage of our monies go through that central collection?

Maggie Osysko said I do not. They just started it at the end of last year.

Councilperson Trakas said the computer system didn't work last year.

Several people began speaking at once again.

Maggie Osysko said those were very small amounts. We are talking \$300.

Councilperson Trakas said I would imagine you would see a pretty big hit here.

Maggie Osysko said so this was hopeful that after June it would be at least in the hundred thousand dollar range. They are a couple of months behind. So, I think it says April paid in June.

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Councilperson Asseff asked Maggie, can you explain some of that grand total. There's a grand total of \$115,000,000. It's the last line on Page 21.

Maggie Osysko said that is the budget that was sent for the revenue on John's appropriation sheet that he did. That's technically what we think we are get in for the year, and then there's the month to date revenue of what we received and then year to date. Then basically the uncollected is just the difference.

Councilperson Asseff said \$115,000,000 is a pretty high number.

Councilperson Trakas said we do get a share of the new gas tax coming in, and that's 10.5 cents per gallon.

Maggie Osysko said we should. We get the normal tax.

Councilperson Trakas said it takes effect July 1<sup>st</sup>.

Chairman Vice Mayor Grendel said the motel and the amusement tax is that later in the year? How is that distributed?

Maggie Osysko said so far this year we have gotten \$500,000 between amusement tax and the hotel tax. The hotel tax comes in monthly. The amusement tax, basically we only have Spins Bowl, and they send it quarterly. We did a couple of field events and things at the Fieldhouse.

Chairman Vice Mayor Grendel asked now Spins Bowl, are they keeping current on theirs because the old Cloverleaf was behind quite a bit.

Maggie Osysko said yes, they have been keeping up. Ed Ripepi just called me about it to make sure.

Councilperson Trakas said the County wants to raise the bed tax again for the Rock n Roll Hall of Fame or something like that. You don't feel you get more money when you do that. People stay in Summit County and Lake County, and it doesn't help us.

Chairman Vice Mayor Grendel said if it's possible that we can get that. I know we haven't gotten that chart that shows the monthly.

Maggie Osysko said I can send you that.

Chairman Vice Mayor Grendel said I look forward to looking at that, even though you know every year is a little different on that; but it gives us an idea. We can look at it and see if there's an alarming trend or if there's something that needs to be looked at. All and all, if you take into consideration what the State is doing, we are pretty much on par with last year.

Mayor Togliatti said yes.

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Councilperson Trakas said we will get a little bit more money out of the State, not dramatic, but I think it's just a point higher than it was last year.

Chairman Vice Mayor Grendel said what I would like to do as far as the Finance Committee as well as Council as a whole, maybe we start in September since we all will have input and start the budgeting process for next year and the Five-Year Plan. Mayor, I think you interview with all Department Heads, and maybe even if the committees, if we want to have, I know we did that in the past, have hearings to see what where things are. So, this way we can all help.

Maggie Osysko said I talked to Dennis, and he's going to start working on that.

Chairman Vice Mayor Grendel said we will get our heads together and start laying out a schedule right after Labor Day to get things moving on a time table. We will meet and get our goals set. We haven't done that, but have a budget set and voted upon before the end of the year like we have had in the past and not wait until February or March.

Any questions regarding the revenue? There were none.

Chairman Vice Mayor Grendel said the next thing is the discussion of new hires in the Police and Fire Departments, Mayor I will let you lead the way as far as what we can expect.

Mayor Togliatti said we have both of our Chiefs here, so I know the Police are hiring fewer so why don't we start with Chief Kilbane.

Police Chief Kilbane said currently we have one vacancy that we are in the process of filling, but there is sort of a waterfall effect. Later this week we will be giving the promotional exams for Lieutenant and Sargent so we will be promoting a Sargent to Lieutenant and promoting a patrolman to Sargent; and we will need to fill the patrolman vacancy. Also, we want to hire another one in anticipation of a retirement scheduled for later this year. That's going to create another promotional effect; so we will have active lists for all 3 whenever retirement takes place. Hopefully, it will go smoothly.

The problem we are having, and it seems to be nationwide, is we are not getting the number of responses of young people wanting to get into this as a career now. I know it has been a discussion. It was one of the major topics at the State Chiefs' Conference this year as well as the County Chiefs' Association. In the County we are all after the same shrinking pool of applicants, and I am very, very reluctant, we are not going to alter our standards. The community demands a very high standard of officers who we hire, and we are in the fortunate position of being very competitive with salary benefits that we offer. So, we tend to attract the higher qualities, but it is a shrinking pool, and we used to get hundreds of applicants. The last test we had I believe we only had 60 sign up for it. We had over 20 who passed the test, and we got the initial band to hire from, and it's 11 individuals. As soon as Civil Service certifies that list, we will start the background process. If we don't find 2 new candidates who meet our standards, we will go back to the well and start the process again. Those are the challenges we are facing with the hiring.

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Councilperson Trakas said my belief is that we should actually give you a couple of more because of all the stuff coming on line with all the economic development; we would probably want to do more than just maintain. I would think we would want to add.

Police Chief Kilbane said absolutely, and Councilperson to that point, at least 25% of the Police Department is in the retirement zone where they can retire. They have the deferred retirement option program that we have all the upper command staff, myself included, is already enrolled in that with the exception of 2 Sergeants. All the other Sergeants and Lieutenants are enrolled in that, and then in the next 5 to 8 years you are going to see a tremendous turnover in the upper ranks. That's why a big focus of the past few years for me has been developing those folks for leadership roles to move into that so we have a continuity; but we are going to have to bring good, young people in to replace them in the patrolman level as well.

Councilperson Trakas asked have you looked at the Veteran Services Commission at all to kind of get people who are just coming out of either deployment or active duty?

Police Chief Kilbane said absolutely. There's a very good reason why half of our Police Department is former military. They tend to bring a lot of the qualities we are looking for in the door with them, and we do that. There's the Veterans Services liaison in Cuyahoga Community College, and they also have one at Kent State. We work directly with them, and we also sent the announcements to the Veteran Liaison at the University of Akron as well as the Police Academy Commanders at each one so that we are getting the message out there to the folks we are looking for.

Chairman Vice Mayor Grendel said and the overall effect on the budget, it will be kind of a wash with retirees if you decide to add new.

Police Chief Kilbane said actually with some of the changes made in the past collective bargaining cycles, as the newer ones age up, they are not getting longevity that the ones that are leaving are getting. They get a lower accrual of vacation. So, you are going to see some long term cost efficiencies in that matter; and right now we are actually, because we have the vacancy, and I have 2 Sergeants that are out on extended sick leave, it will actually be a cost savings because it will save us overtime. Currently, we are expending a lot of overtime to cover those holes in our scheduling.

Chairman Vice Mayor Grendel said thank you Chief. Any other questions?

Councilperson Kapusta said I'm just listening and obviously very concerned about, not just for Independence but for our country and as a whole for the decrease in interest in young people in wanting to serve and work in both of your areas. Your national organizations or your state organizations, what kind of stuff, I hear what you are doing with the military, and perfect, great. Are you doing anything with the younger age people because now so much in the high school age, they are already talking with these kids, go into manufacturing because that's slow. Is anything like that going on? I am interested to know.

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Police Chief Kilbane said we are. We are focusing a lot of recruiting efforts. Probably our biggest success is at the college level, getting the freshmen and sophomores sort of maybe nudged towards this career path and trying to make that impact to them. I have gone to Career Days. I went to one at Kent. I have gone to several Tri-C and at Lakeland Community College; and it's funny because you see more and more Chiefs setting up booths at these things saying hey come look for us. The Civil Service process though, it has to time with when the test is and when it comes in their cycle. I know that it was between academy classes at most of the colleges, so we didn't get as big of a turnout; but the need sort of sprang upon us quickly.

Again, one of the solutions that we are kicking around at the County Chiefs level is standardizing the test. For instance, in Florida they have regional testing facilities; and all the candidates come and take that test. Then the agencies go to that regional testing facility and say here's our standards, please give us the 20 best candidates you have. So, that way instead of like the last round of hiring, myself and Chief Goodrich made a conditional offer to the same candidate on the same day; and he had to choose between Independence and Brecksville because we were both independently going through the same hiring process and looking at the same candidate. We sat him down and said hey both of us are very good friends, you won't offend either one of us, you pick what's best for your family. He made the right choice and came to Independence.

Councilperson Kapusta said those coordinated efforts, that's another thing that obviously can help in this process. Thank you.

Chairman Vice Mayor Grendel said thank you Chief.

Fire Chief Rega said as many of you might know, we had a disability retirement at the end of last month so we lost one firefighter there; and then we just had a firefighter leave to go to Mentor Fire Department. It was a decision he made. He's from Mentor. He had some family history there, so we hated to see him go. He was an outstanding firefighter, but his career path he felt was better in that direction. So, he was a younger guy that we had been grooming. It went really well, and he made that change to go to Mentor. So, we have 2 vacancies.

As you know, I have been meeting with the Safety Committee, and I think at two Safety Committee meetings I talked about how we have been ramping up our volume over the last 3 years or so, 5% a year in terms of call volume. So, we are seeing a lot more from our urgent cares. There are like 3 or 4 of them now. Now we have Vista Springs coming on line, and I anticipate that to be a slow ramp up to their full occupancy; but we anticipate at least 100 calls a year increase with them. So, it's just time to start increasing. That's where we decided to go with 3 extra personnel to add to the staffing.

You know also that I work very diligently to get part-time staff in here, and we had some outstanding people. They come in the door with all the same testing as a full-time employee, and they are held to the same standards. We, over the years, hired some of our part-timers full-time, and they have worked out really well. Unfortunately, we train these guys up really well, and they get grabbed by other departments.

Councilperson Kapusta asked you could offer them a full-time position usually?

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Fire Chief Rega said we weren't testing, we didn't have a position available. So, it is kind of challenging in that respect to maintain our part-time staff; but it is a good way to vet those folks before you hire them and make sure they are going to be the right person for our City. So, at this time, actually one of the ones that we just hired got hired in Lakewood. So, usually when that happens we lose them for a period of time, if not completely. Sometimes they come back and work part-time, but most of the time (inaudible). The days of guys working multiple departments seems to be not as prevalent anymore. The younger crowd wants to get the job. They are very focused on their time off and things like that they might not be working multiple jobs like that. Some still do, but it makes it a little bit challenging to get those part-time candidates on.

So, the other thing is within the Fire Department, it's a little bit off subject; but when people look for a younger person, they want to advance, our structure is such that there's not a lot of movement within the rank and file. When you want to go to be a Lieutenant or Assistant Chief or Chief, it's just not there. They are also looking at that in terms of their career opportunities. We have to look at that internally because you can't have folks that are hopefully going to be our future leaders jump into other departments. We have to create those opportunities for them. The last thing I want is you guys not to have the ability to choose from within our staff to bring somebody up because we are in a position right now where Chief, Assistant Chief, Fire Prevention Officer, are all going to leave at the same time. On our Lieutenant staff we have probably 2 who will leave at the same time within two years of that. So, it's going to be our task to look at how we create those opportunities because I am sure you won't want to promote a firefighter to Chief. We have to look at that. You want the continuity and the changeover. That's something we also have to address because we definitely don't want to see guys leaving for other opportunities because there isn't one here.

We are getting busier. We definitely need the staffing.

Chairman Vice Mayor Grendel asked and we are in the process of getting these new firefighters?

Fire Chief Rega said we are in the process right now, and people are dropping like flies because I just had somebody call who was in our top 10 that were going to the Mayor interview with; and he took a job in Kirtland. Prior to that we lost 4 in that group; so you can see how everybody is testing at the same time; it's a good thing they are hiring. Our tests, we used to also get hundreds of candidates; this last test we only got 40 applicants, 2 didn't show and 6 failed. So, we ended up with 32. Then before we hardly got started, we lost 4 of them. So, it is very competitive out there. I will say this though, we interviewed 19, the majority of them, I would say just about all of them were really good candidates. I couldn't say that the last time around. The last time around, I was scraping to get a couple of good ones; but they were all pretty solid. I think it's because both of our professions have become a very big career path in terms of you go to college, you get your medic, you get your fire, it becomes an Associate's degree. So, it's a little bit harder to attain, a little bit more challenging. It's not, it sounds like a good job, I'll take the test. It's a profession as it should be. So, the kids coming in know that's where they want to be, bringing their A game.

Chairman Vice Mayor Grendel asked is Fire having the same issue as Police finding enough candidates nationwide or is not quite nearly as hard?

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Fire Chief Rega said it's definitely harder on the part-time side, full-time candidates, while 40 seems like not too many to get for an application, which it's not. I think that the quality of the candidates we are interviewing are much higher. So, that's encouraging.

Councilperson Trakas said I was just musing about something, and I don't know how realistic this is; but I know we have Junior ROTC programs in high schools. Do we have any type of a public service program where we can recruit kids to become Police officers and firefighters in the City of Independence? Get them through a program where at least they have some training and they have the physical? I imagine physical fitness is one of the problems. You have 85% of the kids who can't join the military right now, right. So, I don't know if that's an issue or not, but would that make any sense? Is there anything out there that's like that?

Fire Chief Rega said some cities do that. They have like a candidate program or cadet program that they would run. Independence has never really gotten into that. We could try it and see how it goes. The other thing, I don't know if obviously being a Police officer is not as appealing these days. Being a firefighter you have the cancer, cardiac presumptions, and they know it's a little bit more hazardous, the threat is there.

Councilperson Trakas said tell them about the DROP Program.

Fire Chief Rega said maybe it's something that could be turning people off as well, I don't know.

Councilperson Trakas said I would think we might want to try to do something like that just to see if you could get a couple of people. If something like that would have existed when I was a kid, I would have loved to be involved with some type of public service like that.

Fire Chief Rega said we do get them in on the CERT Team. We offer that. As soon as they hit high school age we bring them in. We do that class and try to facilitate some interest in it there. We have also gone to the high school and done some Career Days and talked to them. So, there are opportunities there.

Councilperson Kapusta asked do we get many high school age kids in CERT?

Fire Chief Rega said we get quite a few actually. We give them service credit.

Councilperson Kapusta said I was going to say their volunteer hours.

Fire Chief Rega said we talk to them about how they can pull that into the curriculum of school because a lot of it prepares them to go off to college, things to watch out for when their parents aren't around. It's a good thing.

Councilperson Veverka asked is there a particular age that you can no longer apply?

Fire Chief Rega said you have to be under 35.

Police Chief Kilbane said 35 is the cut off.

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Fire Chief Rega said I did approach Civil Service about an option of not necessarily a lateral transfer; but people who are in other departments full-time, in the pension system, about subtracting their age from their years in the pension system to get under our 35. So, in other words, they would still retire at the same age, we wouldn't be keeping them any longer. It's just an opportunity to move from one city to another. I know in the private industry, you have people changing jobs. It's an opportunity, but they did not go for that. They thought there were some pension issues involved with it.

Councilperson Veverka said well that's a similar issue with teachers. When you try to switch, you can't.

Police Chief Kilbane said and much like that, if you did that too, you are running into the problem that it would benefit us because we are one of the more desirable departments; but we would be poaching the best officers from other cities. We are all in it together. I wouldn't feel right stealing some of Chief Bobak's best officers from Parma to come work for me.

Councilperson Kapusta said and the reality too is another factor I was just thinking about is how they changed the healthcare benefits. So, when they changed the healthcare benefits, always the Government healthcare benefits are something that entices some people; and they have made some changes in them, they are not all for the better in my opinion. I have seen some of that.

Fire Chief Rega said well the candidate moving from one city to another, they would still be coming in at first year level.

Councilperson Kapusta said I'm just saying in general, for recruitment in general. You are right from the different cities, but I am saying just in general for somebody looking at a career in that. That's another thing that isn't as lucrative as it was in the past.

Chairman Vice Mayor Grendel said I think that covers everything. Any other questions from Council or other issues to bring up?

Councilperson Asseff asked Fire Chief Rega are you going to need additional equipment to handle those calls?

Fire Chief Rega said no, I think we are going to be fine. We have 3 squads. So, on a typical day we might be rolling 2 of them. On the rare occasion, we will roll 3; but no I don't foresee that. Now if we go with another facility, or we try to get 2 facilities, that would cause a potential increase, but I don't see the need to do that.

Councilperson Wisnieski asked Chief how many uniforms does each firefighter have?

Fire Chief Rega said each firefighter has 2 sets of gear. Our part-time, some people who just get hired, it's going to take some time to get them that gear; but each full-time firefighter has 2 sets of gear. It is replaced on 5 year intervals. The part-timers usually have one set. If something comes up, we usually find gear for them.

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Councilperson Wisnieski said I was watching that thing on CBS about the firefighters, and they recommended that each firefighter have 2 sets of uniforms.

Fire Chief Rega said we established that. We have a 5 year rolling plan in the Capital Plan to replace them all. So, after 10 years it's supposed to be taken out of service.

Mayor Togliatti said and lastly as part of the July Council legislative agenda you will see the annual note rollover legislation. We will be beginning that process, and if you have any questions we do have Matt here.

Councilperson Trakas asked so how are we doing?

Mr. Stuczynski said I just wanted to get started early this year. Obviously, we have the Interim Director of Finance, and we want to make sure that process gets done early so we don't have any issues. They will be on First Reading in July.

Chairman Vice Mayor Grendel said Mayor, we will get together starting in September. We will have a schedule on both budgetary Five-Year Plans, and maybe each Councilperson can have a certain area like Safety for Patti, Utilities for Jim, Economic Development for Doc and Streets & Sidewalks. We should take ownership of our particular area to get that discussion of the Five-Year. I trust Mayor that you will have the Operating Budget, and you will talk to the Department Heads so we don't micro-manage either. The bigger issues we need to at least chip in and contribute. We will get together and get that schedule rolled out, and Gus you will be part of that too and Dennis too. Hopefully, by the end of the year we will be in good shape to have everything passed, maybe at the December meeting.

Chairman Vice Mayor Grendel asked anything else for the good of the committee?

Councilperson Trakas asked based on our conversation with this lighting thing, are you going to go back and consider what the input was? What do you want to do with that?

Mayor Togliatti said we will, and then based on what First Energy presented to us today, we can do a comprehensive financial analysis of the cost. On a rough sketch it looked at \$246,000 with \$83,000 a year savings; so about a 3 year payoff. We are still in discussions with Tank for some of these unknown costs that First Energy highlighted to us today. So, we will get a good comparison of the 2.

Councilperson Wisnieski said and they quoted 1,200 lights where they are quoting 1,000.

Mayor Togliatti said there is a discrepancy in the light inventory between Tanko and First Energy.

Councilperson Wisnieski said that has to be narrowed down.

Mayor Togliatti said well Tanko's inventory included the City owned lights where First Energy just focuses on their assets.

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Chairman Vice Mayor Grendel said and Mayor a complete rollout of the entire City, not just like Rockside or certain areas.

Mayor Togliatti said looking at the cost savings, it would make sense to do it in one shot and get it all done because if you don't then you aren't realizing the savings. That would be Council's decision.

Chairman Vice Mayor Grendel said and he said about 15 years the expectancy of the LED lights as opposed to 5 or 6 years with sodium.

Chairman Vice Mayor Grendel said we will entertain a motion to adjourn.

**Moved by Veverka, seconded by Wisnieski, to adjourn the Finance Committee Meeting of June 25, 2019. Voice Vote: 3 yes/0 no; motion carried.**

There being no further business to discuss, the Finance Committee Meeting was adjourned at 6:16 p.m.

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Debra J. Beal, Clerk of Council  
Minutes Unapproved at Time of Release 06/26/19

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