

**MINUTES TO FINANCE AND CLAIMS COMMITTEE
SHEFFIELD LAKE, OHIO
October 18, 2011**

This regular meeting of the Finance and Claims Committee was held Tuesday, October 18, 2011. Chairman Elliott called the meeting to order at 7:03 PM.

ROLL CALL OF MEMBERS:

Present: Elliott, Kovach, Bring, Stark, Huska, Rosso, Smith, Finance Director Smith, Service Director Smith, Law Director Graves

Absent: President Podmanik, Mayor Piskura (excused)

Attending: Concerned Citizens, Members of the Media

PRESENTATIONS: None.

FINANCE DIRECTOR'S REPORT: Finance Director Smith reported before you there are several changes in the general fund all within a net 0 balance, meaning all the plus's equal all the minus's. The biggest ones are part-time employees in the Police Department because we are down a person so we are making up for it in part-time so we need to bump that up. These are numbers that will hopefully, should be no problem to keep us through the end of the year. Also in the Police Department, gasoline which the price of gas has gone up approximately 40% and I thought I had allotted enough money but apparently that is quickly dwindling so I am trying to figure out what it is going to require through the end of the year. The Fire over-time is up but we have had quite a few fires, really nothing surprising there and fortunately they had money in their KT settlement left over so we just took it out of that. They need in equipment and repair additional \$1000.00 because they lost a radio during a rescue call recently – a hand-held radio. They didn't lose it – it got wet and there is nothing we could do to repair it. In Water – water at Master Meter our costs are going to be up a little bit this year and Water fund has un-appropriated funds to cover these amounts. So we are good. Now in Sewer, sewer costs and we are going to have torrential rains tomorrow – I will tell you every time that happens it kind of makes me sick because our sewer costs just go through the roof. I am hoping that \$75,000.00 more in the sewer at Master Meter which is our costs every month, we pay about \$35,000.00 to \$36,000.00 on the average a month and that is up about \$10,000.00 a month from last year. So I am praying that the \$75,000.00 will get us through the end of the year and what I am doing is lowering the Clerks costs. Instead of doing it in several different lines for the employees, what I am doing is taking the Clerks and paying them all out of Water. It is simple; it is just a different way of breaking down how all the people get paid. That gives a little bit of relief in the Sewer which we need to pay the sewer bill. I don't know another way to do it and let's

cross our fingers that maybe this is the last rain. I am just scanning the budget every month just kind of holding my breath on a lot of these issues. Stormwater – line 630; Ohio Public Works, we don't need it in that line any longer. It is being paid out of a special assessment that was set up originally for that project which is now fully funded so we can start paying out that project line which is nice as it relieves the stormwater a little bit. So that will be paid out of a different fund from here on out on that loan. Councilman Bring asked do we have any idea how much we spent extra this year on stormwater versus last year? Finance Director Smith answered probably almost \$180,000.00 more. I did a little chart a couple of months ago when we raised it the last time and I think our heaviest year in the last 6 years was about \$514,000.00 if I recall. We will well surpass that now. I think last year was approximately \$450,000.00, in that neighborhood. Councilman Bring advised we are a half of an inch from an all-time record. Finance Director Smith advised we will match that tomorrow and probably blow it out of the water by Thursday because it is supposed to rain for 2 days/48 hours straight heavy torrential downpour. I don't know what we are supposed to do but hang on.

Increase	101.199.5200	RITA Contract	4,000.00
Decrease	101.199.5222	On-line Services	-2,000.00
Decrease	101.199.5230	Asset Accounting	-1,000.00
Decrease	101.199.5270	Refunds	-1,000.00
Decrease	101.210.5111	Police Fulltime Salaries	-27,000.00
Increase	101.210.5112	Part-time Employees	12,000.00
Decrease	101.210.5123	Police Longevity	-200.00
Increase	101.210.5261	Sustenance of Prisoners	200.00
Increase	101.210.5311	Gasoline	15,000.00
Increase	101.220.5115	Fire Overtime	30,600.00
Decrease	101.220.5130	KT Settlement	-31,600.00
Increase	101.220.5272	Equipment & Repair	1,000.00
Increase	101.320.5124	Medicare	100.00
Decrease	101.320.5126	PERS	-100.00
Increase	601.360.5118	Clerks	33,700.00
Increase	601.360.5214	Water at Master Meter	26,000.00
Decrease	611.370.5118	Clerks	-40,000.00
Increase	611.370.5215	Sewer at Master Meter	75,000.00
Decrease	630.380.5644	OPWC - Cove Beach	-15,996.46

MAYOR'S REPORT AND/OR COMMENTARY: None.

LAW DIRECTOR'S REPORT: Law Director Graves reported I do have a couple of matters to bring to the attention of the committee tonight. First, in regard to the settlement of outstanding interest and penalties with local income taxes.

RITA has instituted a program where they will conduct the investigation and negotiation of delinquencies. Presently our ordinance puts that responsibility on our tax board of review or the tax administrator, subject to the approval of the Board of Review. I talked with the Finance Director about this and I think that it is something that RITA would be better suited to handle and if the committee is in agreement we could bring some legislation to allow that to occur. This would be for RITA to negotiate unpaid taxes and delinquent/the penalty and interest phase of that – they would negotiate a settlement. Councilman Bring asked is there additional costs to us? Finance Director Smith answered no. Councilman Rosso stated we don't have a penalty? Finance Director Smith answered oh yes we do. Councilman Rosso debated I don't think there is a penalty in our ordinance for late payment. Finance Director Smith explained it is for late filing, there is no penalty if they don't pay their estimate but there is a penalty if they file late or pay late – absolutely and interest on that. But it is a really smart way to go to allow RITA to do that because a lot of times they are talking with the tax payers and they are dealing with them. They can say okay somebody owes 5 years – if you pay the 5 years we will lower it to this. It is kind of let's make a deal but if they can get all of the money up front – it really makes a lot of sense. Councilman Smith asked who determines what deal they get? Law Director Graves answered we would authorize them to negotiate that for us. Finance Director Smith stated they are looking out for our best interest to keep in mind. Councilman Rosso asked isn't our penalty only like \$25.00 to file late? Finance Director Smith answered it is \$50.00. Councilman Rosso stated when we went with RITA Joyce was adamant about no penalty on the quarterly payment. Councilman Smith stated yes, there is no penalty on the quarterly but I don't necessarily know that I like the idea of them being able to just negotiate any type of figure. Especially right now, just bringing it up and draw up legislation that we are to approve Tuesday night. I feel a little uncomfortable with that right now. Councilman Rosso stated I wouldn't say that we were going to do anything Tuesday night. Law Director Graves advised it would be a first reading if anything. Finance Director Smith stated it is not just Sheffield Lake they are trying to get it on an even scale across the board. Councilman Rosso stated quite honestly I didn't even think it would be on for a first reading Tuesday. Councilman Smith concurred exactly. Law Director Graves advised whatever you guys would like to do. We received this in August but we didn't have a finance meeting in September and I wanted to talk about it with this committee. Councilman Smith stated what are the figures, as far as how much money is delinquent and that sort of thing. There should be some type of guide lines somewhere. Councilman Rosso stated or percentage or something. Councilman Smith stated you know just to say here, you just go get whatever you can – we can do that. There should some sort of guide lines or something or at least to look at. Finance Director Smith stated RITA already handles our subpoena program; they handle our Lorain Muni program

where they take people to court. They handle all the phases; this is just something that they want to get where all the committees are the same where they kind of have all the same rules. Instead of oh let's go look that up, is this this way? Trust me they are out to make sure that we get every penny, if they have a habitual abuser of the system they are not going to just let them off the hook. It is not about that at all. Councilman Smith stated I feel a little uncomfortable not knowing. Law Director Graves stated the ordinance pretty much empowers the administrator to do this right now; historically the administrator has been able to negotiate settlements on unpaid taxes. Councilman Rosso stated but I guess Alan and not to put words in your mouth but my point would be, I would have more confidence that the tax administrator of the city would be more apt to go after more than a third party that doesn't have an interest. Now that means the tax administrator has to have enough time and the ability to go after everyone. So getting 100% of nothing isn't as good as some percentage of something. Councilman Smith stated you had said just draw up some legislation for Tuesday and I am kind of uncomfortable with that right now without even talking about it for a little while without getting any type of idea of what, where, how, what kind of money we are talking, big expense, little expense – that is just me. Law Director Graves advised I guess the only question is – is this something that you want RITA to handle or do you want us to continue to handle delinquencies in house. Councilman Smith answered I don't know. Law Director Graves asked what information would you require to help make that decision? Councilman Rosso answered what have we negotiated in the last 2 years and what percentage did we recover? So if we are successful at getting X now are we going to increase that by letting RITA do it? Law Director Graves answered in terms of what RITA is able to do, all we can do is look at what they have been able to accomplish in the other facets that they have handled for the city and I think they have been very successful. Finance Director Smith advised also keep in mind that they collect 3% on anything that they collect, so they are not just willing to give up. Law Director Graves advised yes they are in the business of collecting the most money that they think. Finance Director Smith advised they set up payment plans. Councilman Smith stated what you are saying there though is now the costs is going to cost us 3% of whatever they collect? Finance Director Smith stated it did before – that has not changed. If they collect \$50.00 more they are going to get the 3% on that \$50.00 but if I wave the \$50.00 they don't get the 3% on the \$50.00. Councilman Smith stated yes but if you are negotiating – what you are saying is they negotiate than they collect it and get 3% anyway. Finance Director Smith answered absolutely which is still well less than half of what we were spending on a tax department I would have to say if nothing else. I think RITA has done a phenomenal job even though I was one of the opponents in the beginning. Councilman Rosso stated I guess the question is how much are we collecting now by going and doing it ourselves and how much do we anticipate increasing or

changing and doing it the other way? I think it is a fair question, I don't think anybody is saying don't do it. Finance Director Smith stated no that is fine, I am in no hurry. Chairman Elliott asked so we can wait another month? Finance Director Smith answered I don't see why not, right David? Chairman Elliott stated since there is no hurry we will add this to the next agenda for discussion. Law Director Graves advised I would also recommend that the Tax Review Board try to schedule a meeting sometime because I think they are going to need to pass some regulations. Law Director Graves continued the next item that I wanted to just advise Council on is the Finance Director has prepared a resolution that was recommended by our Auditors actually adopting the governmental accounting standards for statement number 54 for fund balance reporting. I would bring this resolution to Council next Tuesday, it really just affirms something that we do anyway and the Finance Director can elaborate more on this but just making sure that we have adequate funds in the case of an unanticipated issue. It is just something that they recommend everyone go ahead and pass. Finance Director Smith explained the generally accepted standards board has several rules, there is gasb 34, 25 – there are all these rules that they are implementing slowly. This is the first one that they have asked that we actually do a resolution on. I don't know if they are going to do one on every one now. I think really what it is saying is a repetitive thing, “okay we will follow the rule but we don't a choice but to follow the rule.” It is our pinky swears that we are not going to break the law; we are going to do what we are supposed to do in the first place which we do anyway, so it is kind of repetitive. Law Director Graves advised also in regard to the city's deferred compensation program, it has now been expanded to offer a Roth 457 option and we will be preparing legislation to bring to Council to add that Roth option on the city's deferred comp. So just advising you of that that it will be forthcoming to a subsequent Council meeting. Finance Director Smith advised which just allows employees to expand on their current deferred comp; there are no costs to the city on it at all.

CITY TREASURER'S REPORT: None.

OLD BUSINESS:

Meters – **REMOVE.**

Ambulance – **REMOVE.**

NEW BUSINESS: *Motion by Huska/Second by Kovach to accept the appropriations and add to Tuesdays Council meeting. Yeas All.

PRESIDENT OF COUNCIL COMMENTARY: None.

MEETING ADJOURNED: With no further business before this committee,

*Motion by Kovach/Second by Rosso to adjourn at 7:23 PM. Yeas All.

CLERK OF COMMITTEE AFFIRMATION:

This Meeting of the City Committee of the City of Sheffield Lake, Ohio, was held and conducted under all Rules and Regulations Governing the Sunshine Laws of the State of Ohio as they may apply. All meetings are recorded and available in Council's Office.

CLERK OF COUNCIL/COMMITTEES*Kay Fantauzzi*

CHAIRMAN*Eric S Elliott*

CO-CHAIRMAN*Steve Kovach*

I, Kay Fantauzzi, duly appointed Clerk of Committee Of Sheffield Lake DO HEREBY CERTIFY that this Is a true and exact copy of the Minutes of the Finance of October 18, 2011.

COUNCILPRESIDENT*Edward R Podmanik**and/or*

COUNCIL PRO TEM*Richard Rosso*