

**MINUTES TO FINANCE AND CLAIMS COMMITTEE
SHEFFIELD LAKE, OHIO
March 17, 2009**

This regular meeting of the Finance and Claims Committee was held Tuesday, March 17, 2009. President Edward Podmanik called the meeting to order at 7:03 PM.

ROLL CALL OF MEMBERS:

Present: Podmanik, Smith, Kovach, Bring, Elliott, Diebold, Finance Director
Smith, Law Director Graves, Safety/Service Director Arendt

Absent: Rosso, Huska, Mayor Piskura, Treasurer E Hoenig (excused)

Attending: Members of the Media: Avon Lake Press

PRESENTATIONS: None.

FINANCE DIRECTOR'S REPORT:

Appropriations: Finance Director Smith advised building & repairs, we had originally appropriated \$15,000.00 and we have used the revenues we got from the auction to do some work on the building – the new service building to try to button that up. Therefore, we kind of depleted that and I don't like to do that in the event that we have something major like a roof leak or any other major repairs. Workers Comp is set for the year and I can free up that money, so I am just going to replace it there. Ferndale phase II I would like to establish and increase line, that is a federal grant portion of Ferndale phase II. That is going to happen pretty quick and I need to have a line so I can put the revenue and expenses out because I just get the money and then filter it back out again. So that really just an in and out line for federal grants. *Motion by Bring to accept these appropriations and add them to Tuesdays Council agenda. Yeas All. Finance Director Smith advised she would absent at Tuesdays Council meeting.

Increase	101.199.5271	Building & Repair	10,000.00
Decrease	101.199.5129	Worker's Compensation	-10,000.00
Estab.& Incr.	291.330.5338	Ferndale Phase II	2,200,000.00

MAYOR'S REPORT AND/OR COMMENTARY: None.

LAW DIRECTOR'S REPORT: None.

CITY TREASURER'S REPORT: None.

OLD BUSINESS: None.

NEW BUSINESS: Walker Road phase III – Service Director Arendt advised money is sitting there from the grant, the city would have to come with \$220,000.00 to match to complete Walker Road phase III. So the grant money is sitting there, we just have to match our portion which is \$220,000.00. Finance Director Smith advised it is going to be tough, I think we are pretty close this year.

We have got Ferndale phase II which I think is a more important and I hate to say more important project because I think Walker Road phase III is extremely important and that stretch really does need to be completed. However, we are still looking and it is really tough to tell because I haven't even gotten through the first full quarter of this year to kind of get a feel of how we are. We are running neck and neck on income tax, we are okay there but then again it is kind of hard to say. President Podmanik asked are we in jeopardy of losing that grant money? Service Director Arendt answered eventually yes. President Podmanik asked how long? Service Director Arendt answered I talked to Bill Gardner about it, we have probably another year. Mr. Diebold stated I am understanding that if we don't get the money, they frown on that on getting future grants correct? Service Director Arendt answered very much so. Law Director Graves advised it would be ashamed if we lost it but if the money is not there it is just not there for the match. I think that Bill had said something about looking into an alternative proposal where rather than a match, there would be a loan or something like that. Finance Director Smith stated we could look into that. Law Director Graves stated when Bill was applying for this issue II money, he would structure our application in such a way to maximize our points so that we would make sure we got the money and one way to do that is to minimize the amount of loans and things like that and instead say well we come up with matching funds. I think there may be a way that we could restructure it and I think Bill is going to look into it, we might still be able to get that money without having to come up with the match, maybe a loan or something like that. Mr. Diebold stated is there a possibility that we are getting a little bit ahead of ourselves because we can't come up with the \$220,000 to match that, kind of like held off and then applied for it at a later time? Finance Director Smith answered you kind of got to strike while the iron is hot on this. Service Director Arendt stated they frown when you don't apply for grants, they frown on that. Law Director Graves stated Bill was saying earlier that like twice the money that was ever available before was going to be available this year and it is really is an opportunity for us to try and get approved for a lot of money but in reality the matching funds are probably not going to be there. Finance Director Smith stated but I don't see a lot of other cities having those funds either. Service Director Arendt stated my feeling is if this goes through this year as they expected it to, two to three years down the road there is going to be a lot of cities that are going to be in trouble because they are going to go out and borrow this matching funds and when you are doing road projects it is not revenue generating to pay that off. In two to three years that you see this money come out of cities by borrowing, they are not going to have ways to pay it back, so when we talk about it and we go through the finances and stuff we have to be careful so that we don't become one of those cities and apply for 50 million dollars in road funds and have to come up with 2 or 3 million and then try to borrow it and then 2 or 3 years down the road we don't have it to pay back. You are going to see that situation happen in 2 or 3

years. Cities are really going to go after that money, they are going to borrow for that matching funds and they are going to be in trouble. Finance Director Smith advised keep in mind a lot of our loans right now are in 208 which is income tax and depending on what the economy is doing a lot of people are not going to be paying income tax because they don't have jobs and we don't tax on state unemployment – we tax on corporate unemployment like Ford if they lay off, that gets taxed. If people get laid off and are on state unemployment, we don't tax on that and never have. So that can quickly eat up that income tax fund and I have to protect it for the existing loans that we have, so to put our neck out and cut it close. Right now it is nice because we have a little bit of extra money that we use for current road projects, patching and things like that – that is how we have been working it and I think that has been very successful. I just caution to tread lightly at this point and time. But I think maybe by closer to the end of the year after June, July then we might have a better idea of how things are shaping up with the economy too. President Podmanik stated so basically we are not looking for an answer tonight or the next couple of weeks, we are well aware now that we have got this to deal with soon. Service Director Arendt stated I think as the economy improves and before this grant runs out and they take it back, I am hoping that we will be able to find it to keep our good status. They hate when you don't apply and they hate when you don't use it.

PRESIDENT OF COUNCIL COMMENTARY: None.

MEETING ADJOURNED: With no further business before this committee,

*Motion by Kovach to adjourn at 7:15 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

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 March 17, 2009.

CHAIRMAN

Richard Rosso

COUNCIL PRESIDENT

Edward R Podmanik

and/or

COUNCIL PRO TEM

Richard Rosso