

**CITY OF INDEPENDENCE  
FINANCE COMMITTEE MEETING  
MINUTES  
DECEMBER 9, 2008 AT 5:45 P.M.  
COUNCIL CONFERENCE ROOM**

Present: Chairman Jim Crooks  
Councilman Dave Grendel (arrived 5:51 p.m.)  
Vice Mayor Jim Riley

Also Present: Mayor Gregory Kurtz  
Councilman Jim Piteo  
Councilman George Klepacz  
Councilman Tom Narduzzi  
Finance Director John M. Veres  
Law Director Greg O'Brien  
Economic Development Director Ron White  
Engineer/Public Service Coordinator Don Ramm  
Finance Coordinator/Systems Analyst Vern Blaze  
Lauren Guell, resident  
Keith McCabe, employee of Haydite  
Walt Ellert, former Service Director

Chairman Crooks called the meeting to order at 5:48 p.m.

Crooks states, we have one item on the agenda, it is a simple item; before we get to it we have to approve some minutes from the 21<sup>st</sup> of October, the 28<sup>th</sup> October and 18<sup>th</sup> of November. Any changes, modifications or corrections?

**Moved by Crooks, seconded by Riley, to approve the minutes of the Finance Committee Meeting of October 21, 2008. Voice vote: 2 yes/0 no; motion carried.**

**Moved by Riley, seconded by Crooks, to approve the minutes of the Finance Committee Meeting of October 28, 2008. Voice vote: 2 yes/0 no; motion carried.**

**Moved by Riley, seconded by Crooks, to approve the minutes of the Finance Committee Meeting of November 18, 2008. Voice vote: 2 yes/0 no; motion carried.**

Crooks states, we have one item on the agenda, it is a simple item; before we get to it we have to approve some minutes from the 21<sup>st</sup> of October, the 28<sup>th</sup> October and 18<sup>th</sup> of November. Any changes, modifications or corrections?

The first item that we have on the agenda today and the only item we have is basically an overview of what the finance committee and what council can expect as we work towards the

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end as it relates to the 2009 budget. I know that the Mayor and the Finance Director and members of the administration have been hard at work in the pursuit of putting together that budget and we have four Tuesdays left in the year. I know that we set the bar high last year by approving the budget for the upcoming year before the current year ends. We certainly would like to be in a position to do that this year.

John, why don't you update us as to what the progress is? What I would like to do is ask John, the Finance Director to update the committee and the other members of council and those that are here as to what has been going on and ask the Mayor to have the final word so to speak as to what members of his immediate team are doing to put us in a position that will allow us to adopt the budget by the end of the year.

Finance Director John Veres replies, thank you Chairman Crooks, the 2009 budget we felt it was too early, the second Tuesday in December to prepare that as well as to have the amendment for the 2008 final budget. The unused vacation was just submitted for the most part was mostly paid this past payroll. A few catch ups will be taken care of in the next pay which will be our last pay of the year. We have a few items on the agenda tonight that will affect the retroactive pay if they pass. As opposed to putting on an amendment for tonight and probably having to amend it, again sometime later this month, those two ordinances are not on the agenda tonight and will be on a later agenda later in the month. Our December advance came in and it wasn't good news. Our municipal income tax will mostly be down for the year based upon the advance that we received. Carol and I started prorating the last quarter of the year.

Vice Mayor Riley states to Councilmen Grendel and Togliatti that we are on the first item in the finance committee, the budget.

Finance Director John Veres continues, talking about 2009 and what we are projecting. If we prorated the last quarter of the year we were coming up with a number close to twenty one and a half million in collections for next year. We did the same for the third quarter, came up with about the same number. Carol and I felt comfortable using twenty one and a half million as a starting point as opposed to the twenty three million that we might collect this year. That is a million and a half drop off. From the point that we finished our Five Year Improvement Plan through that six week process, like I said at a previous meeting, the downturn really hit and it hit hard and it didn't pass.

Vice Mayor Riley responds, what percentage is that you are figuring for next year?

Finance Director John Veres replies, that would drop? About seven and a half (7 ½).

Vice Mayor Riley replies, do you think that is conservative enough?

Finance Director John Veres replies, I talked with the Mayor about it, talked with Vern about it, we were talking originally twenty two million, but when December advance came in, we felt twenty one and a half million would be a better figure to use.

Mayor Kurtz responds, we are going to err on the conservative side.

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Finance Director John Veres continues, we are faced with, okay now what do we do. The Five Year Improvement Plan was just passed, or presented at the end of October based upon at least twenty three (23) million coming in, even if revenue is flat we could have probably did that and the rest of the operating budget. So now our goal is to, if Vern wants to speak on, he has been visiting the departments and the departments have called me for spreadsheets to work with and play around with numbers. Council has already discussed ways to cut back on certain programs, we are at a point where you have the operating, the capital and the infrastructure. Something has to give, maybe a little bit of each and that is what we are kind of working our direction towards and wrapping it up by the end of the year, hopefully. That is our goal. If not, we will present a temporary, but I would prefer an annual if we can get through the next couple of weeks.

Mayor Kurtz responds, you should have numbers compiled in a couple of weeks?

Finance Director John Veres replies, yes. We are meeting later this week, Thursday.

Finance Coordinator/Systems Analyst Vern Blaze replies, to just expand on what John started out with. The Mayor has to propose a budget to council with the assistance of the finance director. I have been spending a lot, all of last week with some of the department heads. The first part of this week visiting with each department, spending a couple hours with each, going over where we have been budgetary wise, where we are now, what some of the trends are on a macro scale and just kind of starting with the big picture and narrowing the focus down from big picture economics, what is happening outside the walls of Independence and an overview of city finances on a general basis and we end up talking about finances of their particular department. The Mayor, John, myself and Heather have a meeting this week to take all that information that I have compiled in the last week and a half and have our first initial discussion to just try to paint some broad parameters of trying to get on the page of agreement and where we are budgetary wise; that will be this week. The goal at next Tuesday's finance committee meeting, the 16<sup>th</sup>, would be to present that to council and hopefully most of council is there even though it is technically a finance committee meeting, the budgetary process is so important for everything that takes place in the entire year. We hope as many council people could attend because what we are going to request next Tuesday, the 16<sup>th</sup> is your general parameters of what is going to be acceptable to you guys. What is not going to be on the table for discussion, what you think is going to happen, so at the meeting on the 23<sup>rd</sup> the goal would be for us to actually present some hard and fast numbers for council to start deliberating and debating based on all the input we have received from all of the departments, based on our internal administrative discussion as well as the input from the council members at next Tuesday's meeting that could take place on the 23<sup>rd</sup>. If everything goes as planned, John said we could schedule a finance committee meeting for the 30<sup>th</sup> to wrap that up. Whatever happens we would have to schedule a special council meeting after the finance committee meeting. Either one or two things will happen, we will be far enough along, there will be an agreement, we will have a consensus on a 2009 budget, we will adopt that at a special council meeting after the finance committee meeting on the 30<sup>th</sup> or if we don't then will be have to push the process into the new year. Then we will be forced to pass the temporary appropriation ordinance on the 30<sup>th</sup>, so John and his department can still pay bills come January 1.

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Chairman Crooks responds, so the picture that we are painting here, and I just want to let the committee know and let everyone in the room know that from council's prospective we will be ready and willing, I should just speak on behalf of myself and then ask the committee to meet on those consecutive Tuesday's, the 16<sup>th</sup>, 23<sup>rd</sup> and the 30<sup>th</sup> to do whatever is necessary to put us in the position to prepare for next year. Any objection from the committee on that? Again, those are just the Tuesdays; there is no hard rule that we have to meet on Tuesdays.

Mayor Kurtz replies, if there is a situation if a Monday is better than a Tuesday, whatever it takes that is fine, we have flexibility here. Several points were made that we have taken a more comprehensive approach and that includes members of councils' input that there may be issues or items that are near and dear to your hearts, but on a big picture needs to be discussed. Those are the items we want to hear from you, we want to hear input back from you, so we can finalize some of it.

Chairman Crooks replies, so a week from today, on the 16<sup>th</sup>, we should prepare ourselves to have some sort of spreadsheet as to what.

Finance Coordinator/Systems Analyst Vern Blaze, I think on the 16<sup>th</sup> it will be more general of what we are seeing and what options we have. On the 16<sup>th</sup> we would like the feedback from council just to get a discussion on what is on the table for discussion for next year; operating budget wise, debt service and the three capital items. The capital being the infrastructure, the departmental, and maintenance contracts. If we get a general consensus on the 16<sup>th</sup>, if we are going to be down 1.5 million in revenue just on income tax alone, who knows about the other taxing sources. We have to make some adjustments to the way we do business going forward as we did in the past, what is on the table for discussion and what is not. Once we get a general consensus of what is going to be acceptable to council between the 16<sup>th</sup> and the 23<sup>rd</sup>, then we can put the pencil to the paper and come back on the 23<sup>rd</sup> and say based on the collective input of the administration, council, the departments and their staff, here is what it is looking like is the best we can do as far as the initial presentations that we might have some support for them.

Chairman Crooks replies, so are charge in preparing to adopt this 2009 budget, at least how it stands tonight is for us to consider, so that we can coincide with your efforts, what is going to be on the table, what we want to have on the table for discussion.

Mayor Kurtz replies, we are going to present everything. We have already gone over the capital. Traditionally, the budget process is pretty much over as far as traditional vehicle. The operating budget is pretty much boiler plate and the capital portion which is pretty much determined we can just move that back and forth depending on what year and how much. The traditional method that we have used historically would have been completed by now. But, what we want to do is be more collaborative. Council has been deeply involved in the capital portion, we want to introduce additional information for the operating portion and so everyone is on the same page, that is the only change, you all have been part of in the past.

Finance Director John Veres states, council and I would say they have been more involved in the infrastructure portion than in the past as well.

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Mayor Kurtz replies, true because of the Five Year Improvement Plan. Most of you sat in the finance committee meetings, they would have been done by now and we could just put a boiler plate together and say here. John did that last week, but we are seeing something in the economy that warrants further discussion and further input.

Finance Coordinator/Systems Analyst Vern Blaze responds, there is no need to put together a budget just to throw one together, then it will be amended a dozen times next year because we are going to be reacting to the economic conditions. We would rather proact and try to best with the collective wisdom that exists in this room, in these four walls right now as well as the entire staff. What is going to happen in 2009 and let's plan for it. Let's have a few plans possibly.

Finance Director John Veres replies, the better way to look at it too, would be in the past, and we amended our budget every month for the past year. We have amended to add stuff. I don't want to present something and then have to amend it to keep cutting each time.

Mayor Kurtz states, we are so far advanced in terms of the past, in terms of traditionally cuts into the budget, let's go through this. Let's add this dimension to our process and come up with something a little tighter in the past and watch it evolve. We will be in a position because everyone participated to react to this past (inaudible). Nothing comes anticipated, but we are going to take a very conservative approach, but that doesn't mean (inaudible). Other than that, there is nothing else we can do because no one has a crystal ball. We are just trying to be close.

Councilman Grendel responds, do you know which segment of the (inaudible). What particular company, because the clinic was still.

Several people speaking at once.

Mayor Kurtz states, if you look at the top 25, you know that some of them change globally like the mortgage companies, they come in and out like the weather, they are usually replaced by an insurance company or someone else that is of substance. You are right, some of the healthcare providers have done better, are doing better. In the last conversation with the Gosgrove, I sit on the Marymount board and they made it clear that sector is the next one to get hit. So, they are usually the last one to feel the impact, so we could very easily put it on the agenda tonight and pass it and keep making amendments. We want to be a little more, education is the key, I believe to not only the administration, to council and the members of the administration all the way down to the hands on employee. We are going to go through that process repeatedly, we started it, we are going to get that information out, so everyone is aware of what is going on. Like I said earlier, had we been negotiating contracts now, we can negotiate with a different mind set as we did six months ago, that is how quickly things have changed, but we are in a situation, we are here. Let us look at all of the logical steps that we can take. Let's make sure that we know how flexible we can be and meanwhile, I think the team that we have assembled is taking extraordinary measures and putting more information together. Hopefully, it will be easier for members of council and to make decisions easier for members of the administration to implement those decisions.

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Chairman Crooks replies, the news of the income being flat even though we haven't had a finance committee meetings since the 18<sup>th</sup> of November, it shouldn't come as a surprise to any of us, John has mentioned it to us, we should have already been thinking about areas where we may need to trim back, but let it be known from this committee meeting unless the committee members have anything else, I will just charge our committee and the rest of council with thinking about the things that we might need to sit down and come to table with next Tuesday and plan on having a finance committee meeting. I have nothing else and I am prepare to adjourn. The whole purpose of this meeting was to permit the Finance Director and the Mayor and his team to share an update. I think we have a game plan going forward. Expect meetings on the 16<sup>th</sup>, 23<sup>rd</sup>, and 30<sup>th</sup> if needed.

Councilman Grendel replies, if we can meet earlier, get started earlier in the day.

Mayor Kurtz replies, we can do noon.

Chairman Crooks replies, any objection to a luncheon finance meeting?

Mayor Kurtz replies, a luncheon that way we can keep going rather than, if that works for every body, just to do a luncheon.

Councilman Grendel states, have the work done early than to wait to Christmas or New Years and next week we can get started.

Chairman Crooks replies, anything else from members of council?

**Moved by Riley, seconded by Crooks, to adjourn the Finance Committee Meeting. Voice Vote: 3 yes/0 no; motion carried.**

There being no further business to discuss, the Finance Committee Meeting was adjourned at 6:05 p.m.

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Gayle Rudary, Pro Tem Clerk of Council

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