



CITY COUNCIL

Committee of the Whole

Monday, October 26, 2015

4:45 pm

Agenda

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee of the Whole meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the President of Council.

All electronic recording devices must be located behind the podium area in Council Chambers and located at the entry door in all other meeting rooms and offices, as per Bill No.27-2012.

- I. Penn Vest Loan Ordinance – P. Edelman**
- II. EAC Zoning Amendment – C. Curran-Myers**
- III. Budget Review - until 6:15 pm**
 - Human Relations Commission
 - Administrative Services – CSC, Purchasing
 - Law
 - Ethics & Charter Boards
 - Non Departmental
- V. Agenda Review**
- VI. Adjourn**



COMMITTEE of the WHOLE
CITY COUNCIL

MINUTES
October 12, 2015
4:45 P.M.

COUNCIL MEMBERS PRESENT:

S. Marmarou, D. Sterner, D. Reed, M. Goodman-Hinnershitz, C. Daubert, J. Slifko, J. Waltman

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, D. Cituk, R. Johnson, C. Snyder, V. Spencer, G. Mann, C. Younger, C. Zale, W. Stoudt, D. Kersley, T. Coleman

The Committee of the Whole meeting was called to order at 4:52 pm by Mr. Waltman.

I. Executive Session

Mr. Waltman announced the need for an executive session to discuss potential litigation.

Council entered executive session at 4:53 pm and exited at 5:25 pm.

Mr. Coleman left the meeting at this time.

II. Resolution – 247 Washington St

Mr. Palacios and Mr. Pottiger joined the meeting at this time.

Mr. Palacios stated that this property presents a unique situation. He stated that the property was purchased as part of the Goggleworks project in the hope that the property would be a two unit and would be affordable artist housing. The property

was rehabilitated at a cost of \$160,000 and was marketed at \$90,000 and the reduced to \$74,000. He stated that the property cannot be sold to a first time home buyer as 30% down money would be required. He stated that this would disqualify it from receiving HOME funds. He stated that according to HUD rules, if a property does not sell within five years, it must become rental housing.

Ms. Kelleher noted her concern that this property is not zoned for a multi-unit rental. She questioned why the resolution designating the property as a rental would be processed before the zoning application. Ms. Reed agreed and suggested that this would show favoritism. Ms. Goodman-Hinnershitz stated that it would set a troublesome precedent.

Mr. Waltman stated that Council would need additional time to consider this resolution. He questioned why the Housing Authority would take responsibility as this would make the property tax exempt. Mr. Palacios stated that the Housing Authority would be the only agency that is able to process the necessary paperwork.

Mr. Waltman stated that Council will not take action on this resolution this evening. He suggested that it be further discussed at a Finance Committee meeting and questioned the deadline. Mr. Palacios stated that HUD is requiring action before the end of November.

Mr. Waltman stated that this resolution will be removed from tonight's agenda.

Mr. Palacios left the meeting at this time.

III. Budget Review

Ms. Goodman-Hinnershitz suggested that the body of Council receive the same presentation on pension from Mr. Mann as was given at the last Act 47 meeting. She stated that it is important for Council to see PFM's interpretations.

Ms. Snyder explained that this evening's review would cover the City's revenue line items. She distributed a handout of the revenue spreadsheet.

Ms. Snyder reviewed the revenue line items as follows:

- The 2 mil property tax increase translates to approximately \$83 per year for the average homeowner.
- Beginning in 2016 a portion (.1%) of earned income tax revenue will be earmarked for the capital budget. The capital budget will be reviewed at a future meeting.

Mr. Waltman questioned if it was a portion of the non-resident EIT only that would be earmarked toward capital needs. Mr. Mann stated that the capital earmark is a combination of resident and non-resident EIT. He noted the need for the City to parallel the resident and non-resident EIT tax.

- Licenses, permits, and fines has been adjusted to reflect the new towing fees. The new fees bring the City's fees closer to market costs.
- The main driver of the use of the fund balance and the 2 mil tax increase is the City's pension costs. This is a complex issue that will be discussed at a future meeting. Ms. Snyder stated that use of the fund balance is not sustainable at this level.

Ms. Snyder stated that there are opportunities to increase revenues and to reduce expenditures in this budget.

Mr. Waltman questioned the current EIT collection in 2015. Mr. Mann stated that the last figure he received was approximately \$23 million. He stated that he has a chart and will review this with Council after Mr. Zale's presentation is complete.

Mr. Waltman questioned why the EIT was being reallocated. Mr. Mann stated that it is a result of the amendment to Act 47 and the City's amended Recovery Plan. Mr. Zale stated that the specifics of this issue are in the budget binder behind section three.

Ms. Snyder stated that the Revenue Committee met several times to compile the draft revenue budget.

Ms. Goodman-Hinnershitz stated that the estimates are conservative and that the actual results may exceed the budget. She noted the need for the City to be careful with its budgeting so that actual collections do not overly exceed budget calculations. Ms. Snyder agreed.

Mr. Zale stated that the budget binders also include historic data and trends.

Mr. Cituk stated that he will comment on the budget and provide this information to both Council and the Administration. He stated that he serves as a member of the Revenue Committee along with representation from Council.

Mr. Zale reminded all that this information is also available through Open Gov and on the City's website.

Mr. Daubert stated that he has gotten several compliments on the Open Gov information.

Mr. Waltman expressed the belief that this budget has challenges. He expressed the belief that it uses too much fund balance and that he does not support a tax increase. He stated that the pension and medical cost discussions are very important.

Ms. Goodman-Hinnershitz noted the need to consider whether increased property tax rates are sustainable. She stated that the higher the taxes rise, the fewer people will pay them. She stated that property taxes also hit senior citizens on fixed incomes without a way to pay increased costs.

Mr. Marmarou questioned the last time property taxes were increased. Ms. Snyder stated that they increased 1.3 mil in 2013. Mr. Mann stated that basically the City increases property taxes every two years. He stated that coincidentally, the City also receives its pension valuation every two years.

Mr. Waltman and Ms. Goodman-Hinnershitz stated that pension costs are a State issue.

Mr. Mann displayed PFM's chart showing the shift of EIT funds from the general fund to the capital fund. He reminded all that when the City exits Act 47 in 2019 that the non-resident EIT can no longer be collected. He stated that this is true even if the City enters receivership when exiting Act 47.

Mr. Waltman stated that this is another State issue. Ms. Goodman-Hinnershitz noted the need to prioritize State issues and work with legislators.

Mr. Slifko stated that beginning in 2020 non-resident EIT will not fund capital projects. Mr. Mann agreed but stated that the City can earmark resident EIT for capital projects. He stated that by 2020 the non-resident EIT will not be collected.

Mr. Cituk stated that traditionally, municipalities use bond issues for capital projects. Mr. Mann agreed but stated that vehicles should not be considered capital as their useful life is too short.

Mr. Zale stated that there is also a maximum debt limit that the City cannot surpass. Mr. Mann agreed.

Mr. Kersley left the meeting at this time.

Mr. Mann stated that the draft budget revenues are on target with the Recovery Plan.

Mr. Waltman noted that all financial issues are inter-related.

Ms. Goodman-Hinnershitz suggested that this chart be updated to address the items containing question marks. Ms. Snyder agreed.

Mr. Mann stated that Mr. Zale's forecasts are on target.

Mr. Waltman requested an update on the 2015 Real Estate Transfer Tax. Mr. Cituk stated that he will provide this information. He stated that this varies based on the selling price of properties.

Ms. Goodman-Hinnershitz reviewed the budget meeting schedule. Mr. Daubert stated that he has a few conflicts but will attend most sessions.

Mr. Mann, Mr. Zale, Chief Stoudt, and Mr. Pottiger left the meeting at this time.

IV. Agenda Review

Mr. Waltman reminded all that the resolution regarding 247 Washington St will be withdrawn from this evening's consent agenda.

Council reviewed this evening's agenda including:

- Ordinance setting towing fees

Mr. Marmarou questioned if the towing contract was bid every two years. Ms. Kelleher stated that the current contract has been in effect since the early 2000's.

V. Human Relations Commission Audit

Mr. Cituk stated that he has not completed this audit.

VI. Fire Escrow Fund Reconciliation

Mr. Cituk stated that he has not worked on this item since 2009. He stated that he has the necessary records and is working to clarify escheat issues back to 1994.

Ms. Goodman-Hinnershitz noted the need for consistent follow up of this item. She stated that properties must be repaired and that the City should receive insurance funds if they are maintaining them. Mr. Waltman agreed that a policy is needed.

VII. Lease with County for Communications Equipment Room in City Hall

Ms. Snyder stated that there is no formal lease with the County for this space. She stated that the County has submitted a proposal but that it needs changes. She stated that the County suggests the lease term of 70 years without payment. She stated that she has been working with Mr. Geffken to receive fair market value for the space and utilities and for an escape clause.

Mr. Marmarou suggested that Ms. Snyder also confirm the agreement for the communications tower on Mt. Penn.

Ms. Snyder explained that the County receives the 911 funds and also charges municipalities for this service (most counties do not charge their municipalities). She stated that the charge for service rises by approximately 17% annually.

Ms. Kelleher stated that the noise from this equipment is very disturbing in Mr. Lachat's office.

Mr. Slifko questioned if there was a precedent to charge for space.

Ms. Reed stated that the Redevelopment Authority should also be charged for their use of City Hall space.

Ms. Goodman-Hinnershitz noted her frustration that so many lease agreements are still incomplete. She stated that these are very important and that too many are by word of mouth. She requested they be complete before the end of 2015.

VIII. Legal Bill Review

Mr. Waltman stated that Ms. Kelleher has done a review. He suggested that the Council Finance Committee, Ms. Kelleher, Mr. Younger, Mr. Lachat, and Mr. Zale review them together. He noted the need to understand the charges and requested a final report. Council agreed with this approach.

IX. Other Matters

- Water Authority Appointments

Ms. Kelleher questioned if these appointment interviews should be scheduled during a Committee of the Whole. Council indicated that they should be.

Ms. Kelleher questioned if the interview could be scheduled as part of an upcoming budget review session. Council indicated that it could.

Ms. Katzenmoyer was requested to make the arrangements for this interview.

- HARB Appeal – 233 Spring St

Mr. Slifko has made suggestions for Council's decision.

Ms. Kelleher will circulate them to Council for comment.

- BAC Openings

Ms. Kelleher and Ms. Katzenmoyer reviewed the current openings.

Mr. Johnson stated that he has applied to serve on the Water Authority. Mr. Waltman questioned having an employee serve on an Authority. This has been done in the past. Mr. Spencer noted his support of Mr. Johnson on the Water Authority.

Council proceeded to interview Mr. Johnson for the position.

Mr. Waltman questioned why Mr. Johnson was interested in the position. Mr. Johnson stated that his engineering specialty is in water and waste water. He stated that he has 41 years professional experience with water utilities.

Ms. Sterner noted Mr. Johnson's heavy work load. He questioned if this would be a problem while serving. Mr. Johnson stated that he had this discussion with his wife. He stated that he can handle the work load and that he wants to contribute to the City.

Mr. Waltman questioned Mr. Johnson's opinion of the long term value of the asset to the region. Mr. Johnson stated that he would need additional information to evaluate before he could give an opinion. He stated that the best option would depend on the City's financial condition and the asset's physical condition. He suggested that the process is working well now. He explained that he has worked for and with authorities in the past so he understands both sides and would look at all the options.

Ms. Goodman-Hinnershitz questioned the potential conflict of interest. Mr. Johnson stated that he would abstain if there is a potential conflict of interest. He stated that he has worked for Miller Environmental in the past but that this would not influence any decisions.

Ms. Goodman-Hinnershitz thanked Mr. Johnson for this information. Mr. Slifko stated that contract changes have been made regarding Miller Environmental.

Mr. Slifko questioned if there would be a conflict since Mr. Johnson serves as Public Works Director. Mr. Johnson stated that he sees this as an asset rather than a conflict. He noted his ability to see both sides of situations.

Mr. Daubert expressed the belief that Mr. Johnson is the most ethical person he knows. He stated that he is excited to see him serve in this capacity.

Ms. Goodman-Hinnershitz expressed confidence in Mr. Johnson's service.

Mr. Johnson thanked Council and stated that he wants to help the City.

Council recommends Mr. Johnson for appointment to the Water Authority.

- Lighting on Summit Chase Drive

Mr. Waltman complimented Mr. Daubert and Mr. Johnson on their handling of this issue at the recent town meeting.

- Natural spring in Mineral Spring Park

Ms. Goodman-Hinnershitz noted her recent visit to Ticonderoga Springs. She requested the water at the natural spring in Mineral Spring Park be evaluated.

The meeting adjourned at 6:48 pm.

*Respectfully Submitted by
Linda A. Kelleher, CMC, City Clerk*