



2013 Budget Review

CITY COUNCIL

MINUTES November 5, 2012 4:30 pm

COUNCIL MEMBERS PRESENT:

F. Acosta, D. Reed, S. Marmarou, R. Corcoran, D. Sterner, J. Waltman

OTHERS PRESENT:

L. Kelleher, D. Cituk, M. Bembenick, C. Younger, C. Zale, C. Snyder, E. Lloyd, V. Spencer, C. Jones, F. Denbowski, L. Murin

Mr. Acosta called the meeting to order at approximately 4:40 pm. He announced the need for an Executive Session to get an update on the amendment to the Reading Phillies lease agreement and the police contract arbitration. The executive session concluded at 5:15 pm.

Update

Ms. Snyder stated that it appears that Reading is not eligible to initiate Act 205, the Distressed Pension Act, because Reading is a Home Rule City with the ability to exceed the Act 511 controlled Earned Income Tax rate of 1%. She questioned if Altoona is Home Rule or Optional Home Rule, which falls under the 3rd Class City Code.

Mr. Acosta suggested avoiding adding revenue through Act 205 until the Administration has confirmed that the City is eligible.

The group discussed the need to change various State laws that limit the abilities of 3rd Class sized cities.

Liquid Fuels

Mr. Jones distributed the Liquid Fuels Budget for the budget books. He stated that the contracted services line item provides funding for projects such as paving and bridge repairs that will be contracted out through the RFP process. He stated that 15% of Liquid Fuels funding must be used on vehicles and machinery.

Mr. Jones explained that to date \$300,000 in Liquid Fuels funding has been saved for the repaving of Cotton Street; however, the project is still \$100,000 short which will prevent the repaving project in 2013.

Ms. Snyder stated that she recently learned from a colleague in York that 3rd Class Cities may not implement a Street Light Assessment. Mr. Younger was asked to follow up on this issue.

Solid Waste and Recycling

Mr. Denbowski distributed the budgets for the Solid Waste and Recycling Enterprise Funds for the budget books. He stated that fee increases are not expected.

Mr. Acosta questioned why RBI is funded through the Solid Waste budget. Mr. Denbowski stated that in prior budgets RBI was funded at the \$10-\$12,000 level to assist with expenses including the salary of the Executive Director. He provided a brief overview of RBI, which is a 501C3 organization that performs various clean up projects on a City-wide basis.

Mr. Denbowski stated that in the 2013 Budget RBI is allocated \$5,000 to support the costs associated with the SILOT project, which has saved the City approximately \$650,000 this year in abatement projects. He stated that RBI has an office within City Hall. Ms. Kelleher stated that RBI does not use a City computer or the City's computer network.

Mr. Acosta inquired about the Lead Office, located on the 2nd floor of City Hall. Ms. Kelleher stated that the Lead Office falls under the PA Department of Health.

Mr. Denbowski stated that he plans to move the School Recycling Liaison from part-time to full-time. The salary will be covered through the revenue realized through in-school recycling. He expressed the belief that the revenue for recycling materials is projected conservatively.

Mr. Denbowski noted that funding for the Graffiti Abatement Manager is being shifted from the Recycling Budget to the Solid Waste Budget. He also noted that the Solid Waste Budget includes \$40,000 for abatement projects. He stated that the Solid Waste and Recycling budgets pay for one CSC aide and that he plans to add an additional billing clerk to the office.

Mr. Denbowski suggested a \$10 monthly increase to the Trash Collection fee; however, he stated that this increase could be avoided if the billing function was transferred to RAWA. He stated that the City's trash and recycling collector reported that the delinquency rate has fallen by 25%. He stated that the budget also includes revenue of \$250,000 from a State Grant that will be used to purchase a baler. The use of a baler will increase the amount the City receives for its paper recycling. Mr. Cituk suggested that the grant revenue be eliminated

from the budget, since the City does not know if the grant will be approved.

Mr. Bembenick stated that the City pays a fee of ninety cents per bill change for the sewer portion of the RAWA bill. He stated that trash and recycling could be included at no cost. Mr. Acosta noted the need for Council to approve the transfer of the trash and recycling billing to RAWA.

Mr. Acosta questioned the ability of City residents to manage the bundled RAWA and trash and recycling bills. He also inquired about how partial payments will be handled. He stated that far too many customers make only partial payments.

Mr. Waltman requested that the Administration provide a pro forma on the transition of trash and recycling billing. Mr. Acosta expressed concern that this transfer is being considered prior to a thorough evaluation. He again inquired about how partial payments are made.

Mr. Spencer suggested that Council meet with RAWA to discuss the particulars of the transfer. Mr. Acosta suggested that it would be more beneficial for the Administration to include Council as the Administration explores new programs. He stated that managing in that fashion would provide Council with the ability to question facets of the initiatives along the way, which would avoid delays when the Administration needs Council's approval.

Mr. Cituk stated that a meeting with the County Treasurer occurred this morning and the Treasurer stated that he can add the trash and recycling billing to the annual tax bill for a one-time programming fee.

Mr. Marmarou suggested that RAWA accept payment at their new facility.

Budget Changes

Ms. Snyder distributed three sheets showing budget variables such as:

Revenues

- Increase Building Trades Fees by \$200,000
- Increase Building Trades Plan Review by \$101,000
- Increase Housing & QoL Amnesty by \$508,000 (which is 20% of the amount outstanding)
- Increase Revenue Duplication Correction by \$857,000
- Increase RPA Curb Rental by \$600,000
- Increase RPA contribution to upgrade of traffic signals by \$85,000
- Increase Fire Fees by \$286,000
- Increase Transfer Tax by \$200,000

Expenses

- Decrease Health Care by \$300,000 (due to open enrollment)
- Decrease Health Care by \$300,000 (due to retirees having access to insurance through a new employer)
- Add Contingency of \$500,000
- Add 8 PMIs

Ms. Snyder stated that adding the new expenses and revenues into the 2013 Budget leaves a shortfall of \$725,000. She stated that when further adjusting revenues by adding a .2% increase in EIT for residents and commuters (\$2.2M) and dropping the Property Tax increase by ½ mil, a \$918,651 surplus is created.

Ms. Snyder asked Council to consider a list a expenditure variables for City areas such as:

- Add Summer Public Works Temp Employees - \$30,000
- Add Accounting Floater - \$52,000 (salary and benefits)
- Add a total of \$6,500 to various line items in the Council Budget
- Add the Audit Coordinator for the full year - \$21,329
- Add 50 cent increases for the crossing guards and custodians - \$34,000
- Add PLM (Pa League of Municipalities) Dues - \$34,000
- Add additional outside legal fees to Law office - \$200,000
- Add Fire Overtime - \$200,000

Mr. Cituk warned that the contracts that some employees retired under may not allow the employee to be eliminated from the health insurance.

Mr. Waltman asked Council to consider the changes presented on Page 2 of Ms. Snyder's handout.

Budget Review Meetings

The group will continue budget discussions on Wednesday, November 7th at 4:30 pm. The meeting adjourned at approximately 7:15 pm.

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