



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES

November 18, 2015

Budget Review

COUNCIL MEMBERS PRESENT:

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

OTHERS PRESENT:

L. Kelleher, C. Snyder, G. Mann, C. Zale, D. Pottiger, C. Younger, D. Cituk, R. Johnson, W. Stoudt

The meeting was called to order at 5:05 pm by Ms. Goodman-Hinnershitz.

I. Budget Adjustments

Mr. Zale reviewed the adjustments made to date on the General Fund and the Capital budgets. He noted that the IT refresh (\$774,127) was moved from the General Fund to the Capital budget.

Mr. Zale noted that the use of the Reserve is reduced to \$750K in the General Fund Budget and \$774K in the Capital Budget.

II. PFM 5 Year Projections

Mr. Mann explained that the Amended Recovery Plan is based on five (5) main goals and that all decisions made are weighed against those goals. He noted that one (1) of the five (5) goals the City has no control over: the cost of the pension program. He stated that two (2) of the goals will be difficult but doable: Maintain the reserve and reduce the debt.

Mr. Mann stated that the Amended plan predicts that the City will end 2015 with a small surplus; however, moving forward over the next five (5) years the plan projects that the reserve will need to be used beginning at \$1M in 2016 due to the rising costs of the pension and health care expenses. He stated that over the next three (3) years the plan projects that \$10M of the \$24M Reserve will be needed to cover these expenses.

Mr. Mann explained that the Amended plan requires a 1 mil property tax increase in 2015 and 2018; however, a 2 mil increase was needed in 2015 due to the police pension costs. He stated that the current MMO is:

Police	Fire	Officers & Employees
\$8.3M	\$2.9M	\$1.8M

Mr. Mann noted that the rising pension costs are a danger zone the City has little control over. Ms. Kelleher noted that by the end of 2015 twenty additional police officers will retire. She also noted that Chief Heim stated at a recent Act 47 Implementation meeting that there are 80 officers eligible to retire under the terms of the previous contract (20 and out with immediate pension payment and full health care coverage for the retiree and his family).

Ms. Goodman-Hinnershitz, Mr. Slifko and Mr. Waltman stressed the need for amendments to the State Pension Laws and the need to speak with local State elected officials about the need for those changes. Mr. Waltman described the State Auditor General's probe into the problem along with an advocacy group from the PML (Pennsylvania Municipal League). However, amendments to the pension laws will have little or no effect on current employees; the changes would apply to new hires.

Mr. Waltman expressed the belief that the City can exit Act 47 in 2019 if the City continues to carefully monitor expenditures and improves its collection of all revenue sources such as the BPT, Per Capita, Property Maintenance fees, etc.

III. Auditor's Expenditure Recommendations

Ms. Snyder stated that Mr. Cituk's list was reviewed and the administration agrees to accept the recommendations valued at \$80K.

IV. Library Funding

Mr. Sterner expressed the belief that the City should allocate a dedicated 0.3 mils to the Library.

Ms. Reed stated that she is unsure if she can support a 0.3 mil allocation.

Mr. Waltman recalled the funding history for the Library which started at more than \$1M, reduced by \$500,000 in the early part of the 2000's, then reduced to \$100,000 in 2010. After that the funding for each year varies, which makes it impossible for the Library to operate properly. He also noted that the State funding of library programs across the State has also been drastically reduced. He suggested reducing the 2016 property tax milage to 1.3 or 1.4 mils and to permanently dedicate 0.2 mils for library services plus \$100,000 from the General Fund. He stated that that would require \$800,000 from Reserves.

Mr. Daubert noted the need to reconsider the positions budgeted for the mayor's office, as the mayor-elect has requested additional positions. It was noted that the mayor-elect does not wish to reopen the budget and that he would prefer to address his staffing needs during the adoption of the 2016 budget.

Ms. Snyder stated that the budget contains funding for the mayor, an assistant and a part-time receptionist (28-30 hours per week). However, the funding for a 2nd assistant to the mayor was budgeted under HR as a placeholder. She explained that the additional assistant can be funded with no additional impact on the reserve.

Mr. Waltman noted that as funding for the camera system for the Police Department is coming from an outside source, \$75K can be eliminated from the Capital Budget and restored to the Reserve.

Mr. Mann noted that the Amended Recovery Plan requires a reduction in the mayor's office staffing – one assistant and one receptionist. He stated that the 2nd position can only be added if a vacant management position is eliminated elsewhere.

After a full discussion, the group decided on two (2) full time assistants to the mayor and one (1) fulltime receptionist.

Ms. Snyder stated that it was recently discovered that the street lighting budget is underfunded by \$200K. Mr. Johnson is currently reviewing this issue. Mr. Cituk noted that as the State usually allocates approximately \$300K over that budgeted, this could be a wash.

Mr. Johnson noted his concern with the condition of the streets. He stated that fixing potholes applies a Band-Aid and repaving applies a permanent solution.

Mr. Marmarou agreed with a 0.2 mil allocation plus \$100K from the General Fund for the Library.

Ms. Reed stated that she cannot support dedicated millage for the Library. She expressed the belief that the taxpayers should vote on a referendum that will define the rate of tax the Library should receive.

Mr. Slifko stated that he prefers a 0.3 mil allocation for the Library, which eliminates the need for General Fund assistance. He stated that he will only support a total property tax increase of 2 mils.

Mr. Sterner and Mr. Daubert expressed support for 0.3 mils for the Library.

Ms. Goodman-Hinnershitz stated that she favors 0.2 mils plus \$100K from the General Fund and a referendum next year.

Mr. Daubert warned that in Oley, elected officials proposed a library tax via referendum and after it failed the library was closed.

When asked what funding model he prefers, Mr. Mann stated that he would dedicate 0.3 mils for the Library and forever end the discussion on the need for General Fund support.

Ms. Goodman-Hinnershitz suggested revisiting the Library issue in the beginning of 2016.

Mr. Waltman suggested reducing the General Fund property tax rate to 1.5M (plus 0.2 mils for the Library), using \$976K from the Reserve.

Mr. Johnson warned that the budget does not contain a contingency line item for emergencies.

Mr. Mann stated the impact of a 2 mil increase is \$100 on a home assessed at \$50,000.

The group discussed the General Fund property tax millage and settled on 1.6 with an additional 0.2 mils for the Library.

Mr. Waltman left the meeting at this time.

IV. BCTV

Ms. Goodman-Hinnershitz stated that the proposed budget allocates \$75K; however, BCTV has requested \$100K.

Mr. Sterner, Mr. Daubert and Mr. Slifko expressed support for the \$100K allocation.

Ms. Kelleher suggested requiring a portion of the allocation to technology upgrades and no increase in personnel.

Ms. Reed agreed with a contingency requiring technological upgrades. She questioned the need for additional personnel and an additional allocation as BCTV's overhead has been reduced since they are now sharing a much smaller facility with another organization. She also noted that BCTV cannot show the City how many viewers they have, the effectiveness of their programming, etc. She stated that this allocation is difficult to measure.

Mr. Daubert agreed that the additional \$25K should be tied to a technology upgrade.

Ms. Goodman-Hinnershitz suggested reviewing the BCTV budget early next year.

Ms. Snyder questioned applying strings to BCTV when no strings are applied to the Library.

Ms. Reed noted that City employees have been reduced to skeletal proportions in Public Works, Finance, etc. She questioned allocating \$75K when we cannot take care of basic City

responsibilities. She expressed the belief that the City should not be funding other organizations until the City finances are improved. Ms. Goodman-Hinnershitz agreed.

Mr. Pottiger suggested obtaining financial statements from the Library and BCTV early next year so the City can better understand their needs and funding streams.

Mr. Johnson suggested that the Library allocation should be used to reduce the need for assistance from the Public Works Department.

After the discussion, the group decided to reduce the allocation for BCTV to \$75K.

The meeting adjourned at approximately 7:15 pm.

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