

JOHNSTOWN CITY COUNCIL
SPECIAL MEETING
Friday, October 30, 2015

City Council met in a stated session to discuss the 2016 Budget. Mayor Frank Janakovic called the meeting to order at 12:00 p.m. City Manager Carlos Gunby offered the invocation, and the Pledge of Allegiance was recited.

Mayor Janakovic noted this meeting was scheduled to introduce the Budget for 2016.

COURTESY OF THE FLOOR

Cheryl Tomkosky, 740 Grove Avenue, Johnstown, addressed Council with regard to neighborhood sewer projects. She suggested working in one neighborhood at a time before moving on to another area of town.

Mr. Gunby explained that primarily, based on the allotted time from DEP, the work had to be doubled and tripled to meet the 2022 deadline.

The following members of Council were present for roll call:

Mr. Gentile, Mayor Janakovic, Mr. Johncola, Mr. Mickel, Mrs. Mock,
Mr. Vitovich, Mr. Vizza (7).

Carlos Gunby, City Manager, was also present.

Mr. Gunby thanked Ms. Perrachino, Finance Director, for her hard work to confirm that the numbers were accurate on the spreadsheets. Mr. Gunby referred Council members to the 2016 Budget, along with his letter. He noted the appearances at the meeting of Dean Richardson and Ms. Debbie Grass, Act 47 coordinators, Ms. Perrachino, and Melissa Komar, Assistant Manager.

Mr. Gunby noted that the 2016 budget was not an easy budget to prepare. He read into the record the first paragraph of his letter as follows: It is my duty and pleasure to provide to City Council, City of Johnstown, the 2016 Budget. This budget is balanced with a general fund total of \$11,675,032 and a flat 52.4821 real property tax millage for the 2016 fiscal year. While real property tax remains unchanged year over year, balancing the budget did require exercising an Act 47 available option as a short-term remedy to stagnant growth against increased expense. In order to balance the budget, the increased LST tax rate was used to generate the required revenue to cover costs. LST has not been officially approved as of yet. It is important to note that a deficit of roughly \$690,000 will need to be addressed should the LST increase be removed. The overall consolidated budget is down \$11.4 million

with the largest portion being generated from capital expense reduction resulting from the completion of major bridge work in 2015.

Mrs. Mock requested Mr. Gunby to continue reading with regard to the Duke Health/Conemaugh matter.

Mr. Gunby further read that the 2016 budget does include reduced real property and Act 511 tax increases recognized from the Conemaugh Health System. However, the revenue estimates have been reduced slightly for various reasons, but primarily due to ongoing and impending real property tax appeals. As you will see during the initial review of the budget, current salary costs are getting increased minimally for 2016, but healthcare costs are up roughly 15 percent. Fire and Bureau of Sewage MMOs are fully funded while police and non-union MMOs are reflected at the Act 44 reduced rates. Based on our most recent actuarial evaluation and the utilization of Act 44, the 2016 MMO is down approximately 13 percent from 2015. The MMO payment does meet the requirements of the Act 47 plan.

Mr. Gunby further read that Council will also find in the budget a reduction in the sewer upgrade expense requirements for 2016. Please note that this is in part due to our recent grant and not having to amortize the expense long term. However, I must reiterate that there is no guarantee that future projects will receive grant funding, especially for a full project.

Council will also see that the funding and expense for the Main Street East Garage is carried forward to 2016. Final approval for projects though came later than expected, resulting in a delay in bidding until early 2016 to insure receipt of best price.

Mr. Gunby noted points to be discussed during the upcoming budget talks. He asked Council to recognize that there are future "bright spots" in the budget to share and plan for as the City forges ahead to a brighter tomorrow for the City of Johnstown. He thanked everyone in advance for their dedication and hard work in the upcoming months.

Mr. Mickel inquired if the budget contained expenses for increased appraisal costs for appraising all Duke LifePoint/Conemaugh properties. Mr. Gunby responded that the 2016 budget does not as those costs will most likely be incurred in 2015. He noted the appraisal should be completed this year, and the cost would be split between the City, County and School District.

Attorney Andrews explained that the appraisal will be done proportionately based upon the taxing responsibilities of each municipality. He noted that an

agreement with the County and the School District has been reached with regard to the appraiser.

Mr. Johncola inquired as to the FOP contracts. Mr. Gunby explained that negotiations will begin in 2016 to be in place for 2017, followed by the AFSCME contracts. Attorney Andrews stated no contracts need to be bargained right now.

Ms. Grass noted that one of the requirements under the Act 47 Plan was to set parameters for labor under the Act 133 allocations. She noted the budget has been tested to assure that the allocations in the budget fall within those parameters.

Mayor Janakovic made inquiry as to the LST tax. He suggested looking at real numbers to see what additional revenues that tax would generate, and also to compare any loss from elimination of the resident and nonresident commuter tax as a result of the LST. Mr. Vizza further inquired as to the possible uses of additional revenue, and it was noted as being unrestricted, general fund.

There was further discussion concerning the LST tax with regard to income levels. It was explained that a minimum income of \$15,000 or less would be exempt. Ms. Grass explained there are a number of Act 47 communities in the same situation. Mrs. Mock suggested tiering the increase over the next three years.

Attorney Andrews explained the Duke LifePoint appeals could last several years due to the number of properties and extensive appraisals. He noted that it is reasonable to assume that a decision can be made in 2016, but the decision might be appealed to a Commonwealth court.

Mr. Gunby explained that 25 percent or \$556,000 has been escrowed and closer to 35 percent or \$1.2 million for 2016. He noted budget workshops will be scheduled for further discussion on the issues. Attorney Andrews noted Council will need to make a decision as to the LST tax at the November 10th, 2016 meeting to have enough time to be approved by the court.

Mayor Janakovic reported on Mr. Gunby and him attending a factual presentation with regard to Pennsylvania's Reform on Pensions. The Mayor noted an \$8 billion deficit across the state with regard to pension funds. He further noted that Pittsburgh and Philadelphia have the biggest portion at \$6 billion. Mr. Gunby commented that there are more pension plans in Pennsylvania than the entire United States.

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Mr. Gunby suggested November 5th, 2015, at 5:30 p.m.; November 9th, 2015; November 12th, 2015; November 16th, 2015; and November 19, 2015 as possible Budget Workshop dates. He will follow up with an email to all members.

Mr. Vitovich addressed an issue of negative comments with regard to the Mayor, Council and the administration. He asked people to quit the "bashing" and asked that all learn to work together to achieve a common goal.

Mayor Janakovic asked for the residents and the business community to get involved in the Vision 2025 project to move the City forward. The next meeting is November 16, 2015, at 5:30 p.m., First Lutheran Church. On November 19, 2015, the meeting will be held at the Greater Johnstown High School in order to recruit ideas from the "younger thinking people" in our community.

Mr. Gentile noted his appointment on Council is up at the end of the year, but he wanted Council members to know he was proud to be working with them for the last four years and very proud of the fact that he and Council obtained new equipment at the garage, considering the current state of the City.

There being no further business, the meeting was adjourned at 12:35 p.m.