

JOHNSTOWN CITY COUNCIL  
WORKSHOP  
Monday, November 27, 2017

City Council met in a workshop session. Mayor Janakovic called the meeting to order at 5:28 p.m.

The following members of Council were present for roll call:

Mayor Janakovic, Mrs. Mock, Mr. Vitovich, Mr. Vizza (4).

Absent: Mr. Johncola, Mrs. Stanton, Mr. Williams (3).

Elizabeth Benjamin, Esquire, City Solicitor, was also present.

City Manager Arch Liston stated the Act 47 team reviewed the 2018 Budget. He highlighted no increase in the local purpose tax. He noted that \$700,000 of the \$848,000 fund balance would be utilized. An excess of \$700,000 in this year's budget was projected and would be rolled over into the 2019 budget. He called it a responsible budget and one that provided several options should the fund balance not be utilized. His suggestion was to increase taxes, cut bodies or a combination thereof if Council did not want to utilize the fund balance.

Mr. Liston called it a "fair budget" to the taxpayer and residents.

Deborah Grass, Act 47 coordinator, commented that the budget was consistent with the seventh amended plan and provided a reasonable and conservative 2018 budget. She reminded Council of the past depletion of reserves to budget the balance and then the need to resort to borrowing or one-time sale of assets. She noted that last year's delinquent business privilege taxes were paid, which provided some additional reserves.

Ms. Grass expressed her concern that, without a tax increase or elimination of positions, the expenses would still be there without the revenue to support them. She reminded Council of next year's exit from the Act and that the City will need to review its financial condition and make recommendations.

Ms. Grass called the budget "very conservative, very realistic".

Mr. Liston noted that \$45,000 was received this year from land timbering, which will again be pursued in 2018.

Monday, November 27, 2017 2 of 3  
Special Meeting and Workshop continued

Ms. Grass stated a public hearing would be held on December 11, 2017, commencing at 6:00 p.m. to begin the valuation of City assets to generate funds to pay off liabilities, including pension and debt and receive public comments.

Mayor Janakovic inquired as to the availability of state aid or additional options.

Michael Foreman, Community and Economic Development Government Policy specialist, discussed ways to exit the program, including extraordinary revenue-raising measures while in the program and/or the opportunity to levy a tax, such as a payroll tax that can be retained after Act 47 is exited. He explained that in order to levy the payroll tax, Council would have to determine if disposal of the business mercantile tax was an option Council desired to undertake. Council members had questions and comments.

Mr. Foreman explained the need for a legislative effort regarding challenging issues for third-class cities, including Act 111, tax-exempt properties, depopulation, and the attempt to balance out income levels within urban areas. This would be so the City was not absorbing the majority of low, moderate-income facilities with regard to bringing in more middle, upper middle-income wage earners to reside in the community.

Ms. Grass commented that perhaps revisiting and utilizing the EIT levy was one legislative solution for a Level III distressed pension, but certain Home Rule language would need to be rewritten, introduced, and sponsored by a local representative.

Mr. Foreman suggested the Pennsylvania Municipal League and the State Mayors Association might be the entities to contact.

City Manager Liston discussed a storm water service fee, which could generate revenue. Ms. Grass explained that first a storm water engineering study would need to be conducted.

Mr. Liston inquired whether the salary for Finance Director could be bumped up to \$75,000 to obtain the most qualified person for the job, noting that the average salary for a CPA is \$70,000 to \$85,000. Mayor Janakovic suggested reviewing a person's qualifications before making such a decision. Mr. Vitovich suggested \$70,000; Mrs. Mock suggested \$65,000 for this job in this area. The group further discussed the pros and cons of raising the salary amount.

Ms. Benjamin asked Ms. Grass for confirmation that potential sewer transfer to the general fund was a sewer-related cost and not sewer-related costs addressed in

ordinances previously adopted. Ms. Grass verified that the sewer money would not be used for cash flow purposes, but would be used to reimburse the general fund for sewer-related project activities.

Ms. Benjamin requested clarification of the City Clerk allocation. Ms. Grass noted under the DCED chart of accounts the special category for City Clerk was a 405 as opposed to 400 as those kinds of positions typically have other types of associated expenses that are not applicable to the legislative piece of the budget.

The City Manager explained that Council as a whole can elect to reopen the budget for 2018 if newly elected officials desired to provide additional input on the budget. He noted the recommendation was to adopt a final budget as it stands on the 13th.

Ms. Benjamin explained the proposed budget would need to be posted and available for public inspection for ten days. She stated an email would be sent to all Council members with regard to a potential Executive Session before the public hearing on December 11, 2017, to identify candidates Council would want to interview. Ms. Grass stated only 8 out of 35 candidates meet the education and experience requirements. Mayor Janakovic commented that with the timeframe, it was very "iffy" that a new City Manager would be onboard January 2, 2018, so other decisions will have to be made.

There was discussion regarding whether or not to have a Home Rule Charter. Mr. Foreman explained that if there was no Home Rule Charter, Council would be following either another Home Rule Charter that the citizens adopt through the formation of a government study commission or Council would choose to follow one of the municipal codes for a third class city. Mr. Foreman explained the different types of government authorities. He noted the formation of a home rule study commission could be authorized by a governing body to review changes to the Home Rule Charter, which would then be placed on the ballot for a vote.

There was further discussion regarding the EIT tax.

Mr. Foreman encouraged all members to attend the Monday, December 11, 2017 public hearing regarding the grant request.

There being no further business, the Workshop was adjourned at 6:15 p.m.