

JOHNSTOWN CITY COUNCIL
NON-VOTING BUDGET SESSION MINUTES
Wednesday, September 26, 2018

City Council met in a stated session for the general transaction of business.
Mayor Frank Janakovic called the meeting to order at 5:00 p.m.

The following members of Council were present for roll call:

Mr. Britt, Mayor Janakovic, Mrs. Mock, Mrs. Stanton, Mr. Vitovich,
Mr. Williams (6).

Absent: Reverend King.

Elizabeth Benjamin, Esquire, City Solicitor; Robert Ritter, City Finance Director;
George Hayfield, City Manager; and Deborah Grass and Kathy Clark, Grass
Roots Solutions, were also present.

Mr. Williams referred Councilmembers to his prepared worksheet for discussion of
money transferred from the 2018 Sewer Fund into the General Fund as
reimbursement. He also referred to information related to the handling of
sewer reimbursement in 2017.

Mr. Williams stated the Sewer Rental Act permitted certain expenditures for
sanitary sewers, but not storm sewers, and indicated that \$5,000 was spent.
He stated 50 percent of the City Manager's salary was charged to the storm
sewer. He provided information on additional transfers that were made.

He referred to information provided by the Finance Office in response to a
Right to Know for discussion of a reimbursement for which there were no
records.

Mr. Williams referred to the Financial Statement for discussion of monies in
excess of the budget for a total of \$224,907 over and above what was
appropriated. He noted overtime at the Johnstown Fire Department through
August as being over \$200,000. He stated the City Manager's proposal to take
\$125,000 out of the \$224,907 for police benefits and hospitalization would not
be necessary.

Councilman Williams commented that the Johnstown Greenway was not a
General Fund matter.

He stated, with regard to overtime, \$115,000 was budgeted, and the City spent
\$227,000 to date. Mr. Williams indicated, per the Charter, the Manager and
Council as the year goes on could address a shortfall and not wait until the
latter part of the year.

The pension fund debt was discussed. Mayor Janakovic commented that 40 percent of the budget was dedicated to healthcare and retirees. Mrs. Mock commented that, if there would be a shortfall in millage, other means of revenue have to fill the gap. There was further discussion concerning the monies transferred.

Mr. Williams suggested a receivership process to assist with the City's financial situation. There was further discussion about this process.

He suggested that Council correct the three amendments passed without a public hearing and advertising, including a review of the UDAG amendment. The ordinance will be reviewed and discussed further at the October 10, 2018 meeting.

Robert Ritter, Finance Director, referred to information summarizing revenues and expenses related to the 2019 budget projections. He stated revenues were kept the same as the previous year and expenses were reduced through attrition of employees and nonreplacement of those employees. The City's required pension payment will increase \$650,000 from the previous budget. Mr. Ritter indicated that \$50,000 was added to other departments in the General Fund for demolition expenses. He noted the sewer fund amount for 2019 was \$490,000. Councilmembers questioned Mr. Ritter regarding the information.

Mayor Janakovic recommend that at the point the sewage treatment plant would be sold that the City should reduce the MMO pension obligation, which had not occurred when the plant was previously sold. There was further discussion regarding the matter.

Mr. Ritter stated the revenue budget was \$1,020,000 short to cover expenses, but there was enough to cover 2019. He also stated the City "can't keep functioning like that."

Mayor Janakovic asked Mr. Ritter to discuss the options available to increase revenue other than raising taxes. Mr. Ritter suggested bringing in additional businesses, conducting building inspections for landlords, and increasing deed transfer and building permits fees. It was noted rental inspections were conducted in the past but were stopped. Mrs. Mock suggested the fire department conduct the inspections. Mrs. Stanton stated the codes officers should also perform the task.

Ms. Grass also offered recommendations for generating additional revenue, such as increasing deed transfer taxes. Mrs. Mock suggested revenue could be generated if the City had its own impound lot. The City Manager explained

that a towing company utilizes its own impound lot, which is how it makes money. There was further discussion regarding the matter.

There was discussion concerning the need to remove vehicles "sitting around" at the City garages.

Mr. Ritter explained the main problem the City faced was the pension fund. He stated, in 2019, the City will have to pay \$2,800,000 into the fund as well as \$1,200,000 for hospitalization for retirees, which would be approximately 30 percent of the \$14 million of revenue. Mrs. Mock inquired as to whether employee contributions could be increased. It was noted the contributions were contractual and that future employees would not receive the same benefits.

Mrs. Stanton suggested the listing of houses on the demolition list should be revisited. The demolition in the Beaver Falls area conducted by the National Guard was noted. Mr. Britt stated the Army Corps of Engineers completes sewer projects. Mayor Janakovic was recently informed that \$1.2 million in funding was approved to clean out a portion of the river starting in the Moxham area and down through the channel by Greater Johnstown High School.

Mr. Ritter requested Council to provide input on the 2019 budget. Ms. Benjamin explained that the budget would be introduced at the October 10, 2018 meeting and adopted on First Read and subject to amendments going forward.

There being no further business, the Non-Voting Budget Session was concluded at 6:00 p.m.