

JOHNSTOWN CITY COUNCIL
SPECIAL MEETING MINUTES
Wednesday, October 30, 2019

City Council met in a stated session for the general transaction of business.
Mayor Frank Janakovic called the meeting to order at 5:02 p.m.

Reverend King offered the invocation. The Pledge of Allegiance was recited.

The following members of Council were present for roll call:

Mayor Janakovic, Reverend King, Mrs. Mock, Mrs. Stanton, Mr. Vitovich (5).
Absent: Mr. Britt, Mr. Williams (2).

Mayor Janakovic noted that Mr. Williams was absent due to illness and read the following communication into the record from Mr. Williams:

Please be advised that I will be unable to attend this evening's Wednesday, October 30, 2019 Council Meeting Executive Session. The official minutes of this Council meeting and roll call should indicate absent due to illness and a copy of this communication so included in the minutes.

George Hayfield, City Manager; Carl Beard, Esquire, City Solicitor; Robert Ritter, Finance Director; and Deborah Grass, Act 47 Coordinator, were also present.

PUBLIC COMMENT-AGENDA ITEMS ONLY

None.

PRESENTATION OF 2020 BUDGET FOR THE CITY OF JOHNSTOWN

ORDINANCES FOR FIRST READ

BILL NO. 37 OF 2019, AN ORDINANCE ESTIMATING THE AMOUNT OF REVENUES TO BE RECEIVED BY THE CITY OF JOHNSTOWN FROM VARIOUS SOURCES AND APPROPRIATING SPECIFIC SUMS ESTIMATED TO BE REQUIRED FOR SPECIFIC PURPOSES FOR THE OPERATIONS FOR THE VARIOUS BUREAUS, DEPARTMENTS, AND THE PAYMENT OF DEBT SERVICE OBLIGATIONS OF THE CITY OF JOHNSTOWN, PENNSYLVANIA, FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2020.

Mr. Vitovich made a motion to approve the ordinance for first read. Mrs. Mock seconded the motion.

Mrs. Stanton commented that she and other Council members just received this information this evening and were not prepared to vote on the first read of this ordinance.

Mayor Janakovic explained this is the official presentation of the ordinance.

Mr. Ritter indicated he would be presenting the major budget items tonight and then workshops would be scheduled for further discussion.

Mrs. Stanton made a motion to table the ordinance for first read. The motion to table failed for lack of a second.

Robert Ritter, Finance Director, presented major items within the 2020 Budget for further discussion by Council.

Mr. Ritter first noted that the Parking Fund, Recreation Fund, Debt Service Fund, and the Pension Fund would be all combined into the General Fund, meaning the four funds within the Budget would include the General Fund, Liquid Fuels Fund, Capital Projects Fund, and the Sewer Fund. Mr. Ritter stated the General Fund would now provide a true picture of the whole operation of the City. Ms. Grass commented that this was noted in the Recovery Plan, Exit Plan, and in the Auditor's recommendations.

Mr. Ritter stated the second item of interest is the projected deficit of \$598,000. Last year's was \$455,000, and the projection for 2019 demonstrated a \$200,000 surplus.

The third item as noted by Mr. Ritter was the projection in the 2020 Budget to use \$500,000 of the TAN loan. He explained if there is a surplus, this might not be necessary. Ms. Grass recalled issues with the pension MMO and the huge penalties imposed for not paying by December 31. The City has done a good job of paying that.

The fourth item discussed was the salary and wages being projected at a two percent increase. He noted, per Blue Cross, insurance would increase by 7% for 2020. Mr. Ritter indicated quotes from other insurance companies came in higher than Highmark.

The fifth item reviewed by Mr. Ritter would be exploring the option whereby insurance companies self-insure up to a certain dollar amount and then an insurance carrier would provide coverage after that. Mr. Ritter discussed additional strategies being explored by insurance companies that could be proposed in the union contracts for next year. He noted that Preferred

Benefits from Altoona was paid \$3,500 to assemble the information. If the City chose that entity, that amount would be refunded. He indicated the current broker of record is Gallagher. 2020 would be the last year with Highmark.

Mr. Ritter noted that the Community Development wages were increased to \$120,000 from \$63,000 due to the HUD rules that another codes officer had to be hired. Mrs. Stanton commented that there were already three codes officers covered in the budget out of the General Fund with two funded by HUD. Mrs. Mock commented that two of the codes officers were paid by CDBG money, and the third codes officer was budgeted for with City money.

Mr. Hayfield explained that two codes officers are paid out of Community Development and one is paid out of the General Fund. For 2020, one would be paid out of Community Development and two out of the General Fund. He further explained that it was recommended by the consultant to have two codes officers paid out of the General Fund to avoid any potential problems down the road with regard to the HUD requirements. There was further discussion regarding the matter.

Ms. Grass indicated that HUD does not want monies to be used for codes enforcement personnel. She indicated that other third-class communities are taking their codes officers out of the budget and using that money for other items. Mayor Janakovic suggested that the new Economic Development Director follow up on the matter.

Mr. Vitovich stated, at a seminar he attended two years ago, the Assistant Director of HUD commented that within the next five years HUD money would start "drying up" so watch how you spend it.

Mr. Ritter discussed the Debt Service. He noted that the Ordinance for First Read with regard to plans for refinancing the debt next year would be at the November Council meeting. The second reading would be at the December meeting. Mr. Ritter stated lower interest rates shortened the term two or three years.

With regard to the Pension, MMO for this year was \$3,800,000, and \$3,600,000 was budgeted. There was further discussion.

Mr. Ritter noted that the street lighting expense in Liquid Fuels was increased to \$413,000. There would be no tax increase. Mr. Ritter suggested additional budget workshops for further discussion and questions by Council members.

Mrs. Mock suggested that several budget workshops be scheduled for further discussion. One date was tentatively scheduled for Thursday, November 7, 2019, at 5:00 p.m. Council's regular meeting would be held on Wednesday, November 13, 2019. It was suggested to meet for another budget workshop at 6:00 p.m. on Wednesday, November 20, 2019, following the 5:00 p.m. meeting for a sewage update.

Mrs. Mock inquired as to the number of demolition permits issued, the fee amounts, and the property transfer fees. Mr. Ritter noted, in 2018, \$147,000 was received. 2019 would be closer to \$70,000. Mr. Ritter noted that Mark Schultz from Turnkey would be sending out letters. His fee is 25 percent of collected. Mayor Janakovic suggested the matter be put out for bid. Mrs. Stanton recalled that Council voted for Turnkey for another year. Mr. Ritter would review the matter further.

There was discussion regarding the 1.5 commuter tax being paid by City residents. Ms. Grass stated, when Pittsburgh adopted the LST tax, it had to eliminate the commuter tax. She commented that Scranton and Pittsburgh were permitted to keep the LST tax upon exiting Act 47. Ms. Grass further commented that Allegheny County has authorization to add one percent sales tax to sales directed at regional assets.

A Budget Workshop meeting was also scheduled for December 5, 2019. A Special Meeting was scheduled for December 19, 2019. City Council's regular meeting is scheduled for December 11, 2019.

Mr. Beard thanked Mr. Ritter and Mr. Hayfield for putting the information together for tonight's workshop.

Mayor Janakovic repeated the reading for Bill No. 37.

BILL NO. 37 OF 2019, AN ORDINANCE ESTIMATING THE AMOUNT OF REVENUES TO BE RECEIVED BY THE CITY OF JOHNSTOWN FROM VARIOUS SOURCES AND APPROPRIATING SPECIFIC SUMS ESTIMATED TO BE REQUIRED FOR SPECIFIC PURPOSES FOR THE OPERATIONS FOR THE VARIOUS BUREAUS, DEPARTMENTS, AND THE PAYMENT OF DEBT SERVICE OBLIGATIONS OF THE CITY OF JOHNSTOWN, PENNSYLVANIA, FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2020.

Mr. Vitovich made a motion to approve the ordinance. Reverend King seconded the motion.

Wednesday, October 30, 2019
Stated Meeting, continued

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Mrs. Stanton made a motion to table. The motion died for lack of a second.

The motion passed by the following vote:

Yeas: Mayor Janakovic, Reverend King, Mrs. Mock, Mr. Vitovich (4).
Nays: Mrs. Stanton (1).

BILL NO. 38 OF 2019, AN ORDINANCE FIXING THE SALARIES AND WAGES TO BE PAID ALL ELECTED OFFICIALS AND EMPLOYEES OF THE VARIOUS DEPARTMENTS AND BUREAUS OF THE CITY OF JOHNSTOWN, PENNSYLVANIA, FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2020.

Mr. Vitovich made a motion to approve the ordinance. Mrs. Mock seconded the motion.

Mrs. Stanton made a motion to table the ordinance. The motion died for lack of a second.

The motion passed by the following vote:

Yeas: Mayor Janakovic, Reverend King, Mrs. Mock, Mr. Vitovich (4).
Nays: Mrs. Stanton (1).

An email listing all tentatively scheduled meetings and workshops would be sent to all Council members.

RECESS/ADJOURNMENT

The meeting adjourned at 6:05 p.m.

EXECUTIVE SESSION

NEXT SCHEDULED MEETINGS

Thursday, November 7, 2019, Budget Workshop, 5:00 p.m.
Wednesday, November 13, 2019, Regular Meeting.
Wednesday, November 20, 2019, 5:00 p.m. Sewage Update;
Budget Workshop 6:00 p.m.

Budget Workshop Thursday, December 5, 2019
Wednesday, December 11, 2019, Regular Meeting
Special Meeting Thursday, December 19, 2019.