

## **December 15, 2008 Council Meeting Minutes**

The December 15<sup>th</sup> meeting of the Penn Hills Council was called to order at 7:36 p.m. in Council Chambers of the Municipal Building, Mayor Anthony L. DeLuca presiding.

### **Approval of Agenda Items**

The Mayor announced that a presentation by Johnson Controls would be added to the agenda prior to the expenditures and Item No. 5. a. Appointments were being deleted from the agenda. There were no other changes and the agenda was approved as amended.

### **Pledge of Allegiance**

Council and the audience stood for the Pledge of Allegiance.

### **Roll Call**

Roll was called and the following members of Council responded:

**Present:** Mrs. Kuhn  
Mr. Palumbo  
Mr. Underwood  
Mayor DeLuca  
Dr. Kincaid

Also present were: Manager Van Horne, Solicitor Brimmeier, Gateway Engineer Minsterman, Finance Director Schrecengost, Planning Director Davidson, Recreation Director Miller and Deputy Clerk Fitzhenry.

### **Presentation – Johnson Controls**

Mr. Chris Kiser and Mr. Joe Bosch from Johnson Controls discussed opportunities to develop a plan to save on energy costs, upgrade infrastructure and to financially streamline approach to accomplish the first two items. They have been involved in discussions with the Manager and Public Works Director over the past few weeks learning about Penn Hills and its use of energy. Penn Hills energy costs will be approximately \$500,000 this year and the prospect of the rates going down are slim. Energy bills will continue to climb. They discussed Act 77 which permits municipalities to enter into energy performance contracts. A company such as Johnson Control comes in and reviews your energy use and infrastructure, they would develop ways to reduce your energy costs and those energy dollars saved are then funneled into paying for those infrastructure upgrades.

**Presentation (Continued)**

Dr. Kincaid inquired about the use of alternative energy sources and potential health risks.

Mr. Kiser stated that all energy sources will be explored and they are all proven types of systems.

Mr. Underwood discussed the use of LED lighting for traffic signals, ownership and maintenance responsibilities. He also questioned the types of street lighting used by Duquesne Light and other factors such as windows and insulation, etc.

Mr. Kiser explained the process by which you save costs on the energy by using new technology and you also save on your energy bill in the form of tariffs that are paid for different types of energy. Studies would include an infra-red study of municipal facilities to see where energy is seeping out of the building and those issues will be identified in the final proposal.

Mrs. Kuhn questioned costs on the chart provided and funding of the necessary improvements.

Mr. Kiser stated that financing is provided by third-party municipal leasing. As an example he stated that if Penn Hills is going to save \$1,000 in energy this year the third-party leasing group will match debt service to match the energy savings, so it is a neutral proposition.

Mrs. Kuhn questioned language in the proposal that says if in any year the pre-determined savings is not achieved; the third-party vendor is responsible for paying back the difference between the projected and actual savings.

Mr. Kiser explained that if a project is \$100,000 Penn Hills wouldn't pay that money up front, they would amortize it over ten years so the debt service would be \$10,000 per year and that would be equal to the annual energy cost savings. If the amortized amount is higher than the energy savings, then Johnson Controls would be responsible for the difference.

Mayor DeLuca asked how many companies do this type of work in our area.

Mr. Kiser stated there are probably 6 to 8 companies in this area.

**Presentation (Continued)**

Mayor DeLuca inquired as to how the projects would be completed once the study is completed.

Mr. Kiser and Mr. Bosch explained the study, the projects and the financing arrangements. They explained that Johnson Controls is not the financing authority. Financing will be done by a financial institution and they are available at very competitive rates. The men stated that Johnson Controls is the world's largest firm that does this kind of work.

Mayor DeLuca asked a question that if Penn Hills is supposed to save \$100,000 and only saves \$50,000 who pays the difference.

Mr. Kiser stated that Johnson Controls is responsible for the other \$50,000. He explained they are a large organization with over thirty years of experience. They have done over \$3 Billion worth of guarantees and they have less than 1% on shortfalls.

Mayor DeLuca questioned fees for Johnson Controls.

Mr. Kiser stated that they get paid through a drawdown process by the third-party when Penn Hills finances the project.

Mrs. Kuhn asked when you actually realize the savings vs. the capital improvements.

Mr. Kiser stated that a benchmark is usually 20 to 30% off the utility costs. Mr. Kiser and Mr. Bosch then stated the time frame depends on the energy use of each facility, age of infrastructure, etc. He stated that generally the program runs about 10 years.

Mr. Underwood asked the Manager to look into lighting alternatives with Duquesne Light, as well.

**EXPENDITURES**  
**Approval of Warrants**

Dr. Kincaid made a motion to approve the Master Expenditure Summary dated December 15, 2008 including Journal Vouchers numbering 8 in the amount of \$4,644,385.74; C.D. Requisitions numbering 4 in the amount of \$3,361.82; and Master Check Nos. 9616 to 9743 in the amount of \$446,667.00, making a grand total of \$5,094,414.56.

**Approval of Warrants (Continued)**

Mr. Underwood seconded the motion.

Mr. Joseph "Mickey" O'Connor questioned Check No. 9671 to Central Tax for delinquent EIT commission.

Finance Director Schrecengost stated Centax finished with collections as of September 19, 2008, but has not given the final reports to Penn Hills for August or September.

Mr. O'Connor then questioned Check No. 9682 to Bruce Dice and Associates for legal services for the Personnel Board and questioned why the bill would be so costly.

Manager Van Horne explained that the Personnel Board has conducted testing and promotions and had some concerns about their rules and procedures. He stated that there is a draft of recommended changes that will be looked at in the near future.

Mr. O'Connor questioned the Journal Vouchers and the sweep account and asked if the Municipality would need a tax anticipation note.

Finance Director Schrecengost stated that the Municipality was fine and no tax anticipation note would be needed.

Mr. Zullo stated that he has been looking online at the budgets for the past few years and calculated that 45% of the expenditures are to fund the sewer department.

Mayor DeLuca stated that the budget hearing was last week and asked for clarification on the information that Mr. Zullo was seeking. Mayor DeLuca asked Mr. Zullo to refer his specific questions to the Manager and acknowledged that the debt service is approximately 52%.

Mr. Underwood questioned Check No. 9619 to Duquesne Light as it relates to the Dible School flashers and Check No. 9617 to B & D Electronics for police cars.

Manager Van Horne will have staff verify that the Dible flasher is working properly. If it is not, a repair request will be initiated. He stated the B & D check is for work on the new police cars.

**Approval of Warrants (Continued)**

Mrs. Kuhn stated that she spoke to the solicitor and she will provide greater details on specific cases in future billings. Mrs. Kuhn then questioned Check No. 9698 to Gateway Engineers relating to the pavement management program. She commented that money was transferred from the library account And she asked how much was left of the funding or the total cost of the pavement program.

Gateway Engineer Minsterman will provide details for all the information requested.

Finance Director Schrecengost stated that \$70,000 was transferred to the pavement management program and that \$67,845.92 was spent for engineering, leaving a balance of \$2,154.08.

Engineer Minsterman stated that plan is complete and a final report can be issued and decisions can be made on how to proceed.

Mrs. Kuhn questioned Check No. 9702 to Heritage Agency for worker's compensation adjustment.

Finance Director stated that the amount is an adjustment for 1991 and 1992 for outstanding claims.

Mrs. Kuhn questioned Check Nos. 9622 and 9730 for high grass cutting. She wondered why grass bills are still coming in at this time of the year.

Finance Director Schrecengost stated that Check No. 9622 was for August 5 grass cutting and it appears that Check No. 9730 was for November.

Mrs. Kuhn asked if any policy has been established to require vendors to bill in a timelier manner.

Manager Van Horne stated that he, purchasing and finance are working on this issue.

Mrs. Kuhn questioned Check No. 9720 to the Pennysaver for craft show ads.

**Approval of Warrants (Continued)**

Recreation Director Miller stated that all revenue from the craft show goes to the general fund and this year's revenues are around \$3,000, which helps to offset advertising costs, etc.

Mrs. Kuhn questioned Check No. 9624 to Lenzner Coach for the trip to Oglebay Park.

Recreation Director Miller stated that approximately 52 people signed up for the bus trip, which is actually occurring this evening.

Manager Van Horne stated that a brief report would be forthcoming from the Recreation Director on the craft show and other events.

Finance Director Schrecengost informed Council that there is approximately \$268,000 in outstanding purchase orders and nearly \$218,000 is for recycling and garbage collection. He assured Mrs. Kuhn and others that there were not that many outstanding purchase orders.

Roll was called and the warrants were approved as follows:

All checks were approved by a vote of 5 to 0, except Check Nos. 9657, 9617, 9680, 9687, 9619, 9621, 9624, 9697, 9705, 9623, 9707, 9627, 9716, 9727, 9728, 9630, and 9729, which were approved by a vote of 4 to 1, Mr. Underwood being the negative vote.

**Items for Consideration**

Appointments were deleted at beginning of the agenda.

**Introductions of Ordinances, Resolutions, etc.**

Council had no legislation to introduce at this time.

**REPORTS – Mayor, Council, Manager, etc.**

Manager Van Horne reported the Municipality has begun work on sewer refunds that will be released to residents. He commented that he and his staff held a recent meeting with Wilksburg-Penn Joint Officials to work out issues that have arisen. He further commented that the transition with Oakmont Water has gone very smoothly.

**REPORTS (Continued)**

Mr. Underwood issued a special thank you to Girl Scout Troop #317 for the flower arrangements and decorations for the holidays.

**DISCUSSION SESSION**

1. C.D. Budget Amendment – LPCC (H. Davidson)
2. NSP Program (H. Davidson)
3. CDBG Action Plan (H. Davidson)
4. Smart Transportation Program (H. Davidson)
5. Ball field Lighting (Minsterman/Miller)
6. New Business (A. DeLuca)
- 2009 Meeting Schedule
- Recycling Stickers
- Snow Removal Hints
7. Public Comment Period (3 minutes per person)

Mr. Joseph “Mickey” O’Connor questioned when the year-end meeting will be held.

Mrs. Fitzhenry stated that it will be December 31, 2008 at 3:00 p.m.

Mr. O’Connor asked when Council will actually discuss the budget.

Mayor DeLuca stated that a date has not been set, but it will probably be December 31 and copies of the budget cuts will be made available.

Mr. O’Connor asked if the pavement management plan is proprietary or will Public Works actually get a c.d. of the information to run on their computer.

Engineer Minsterman stated that Penn Hills would have all the condition assessments, all measurements, all the information and outputs.

Mr. O’Connor commented that an energy study (like was discussed earlier this evening) was previously done and three-phase capacitors were installed, but no other work was done because it did not prove to be cost-effective. He commented that the Dible flasher is under contract for repairs with Traffic Control and Engineering. He extended a Merry Christmas greeting to all.

Mr. Ed Zullo asked if meeting minutes could be placed on the website.

**DISCUSSION SESSION (Continued)**

7. Public Comment Period (Continued)

Deputy Clerk Fitzhenry said she would pass the request to the IT Manager for inclusion under the Administrative Section of the website, if proper space is available.

Mr. Ed Zullo stated there was an article in this morning's Post-Gazette about the City of Pittsburgh converting to LED street lights. He thought Council might want to see the article. Mr. Zullo also commented about the need to look at Mount Carmel Road for potential properties for demolition.

**Adjournment**

There being no further business, the Mayor asked for a motion to adjourn the meeting.

Dr. Kincaid made a motion to adjourn the meeting.

Mr. Underwood seconded the motion to adjourn and it was approved by a vote of 5 to 0.

The meeting adjourned at 8:51 p.m.

Respectfully submitted,

/s/ Diane Fitzhenry,  
Deputy Clerk

These minutes approved by Mayor and Council on February 16, 2009.