

## **October 18, 2010 Council Meeting Minutes**

The October 18, 2010 Council Meeting was called to order at 7:39 P.M. in Council Chambers at the Municipal Building, Mayor Anthony DeLuca presiding.

### **Approval of Agenda Items**

Mayor DeLuca called meeting to order and announced the Agenda would stand as presented.

### **Pledge of Allegiance**

Council and the audience stood for the Pledge of Allegiance.

### **Roll Call**

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

Also present were: Manager Rayan; Finance Director Schrecengost; Planning Director Davidson; Water Pollution Control Director O'Grady; Solicitor Brimmeier and Administration Secretary Sorce.

Mayor DeLuca welcomed a few Oakland Catholic girls who were doing a project on government. Please stand and lets all give them a round of applause.

Thank you for coming.

### **Approval of Minutes**

Mr. Palumbo made a motion to approve October 4, 2010 Council Meeting Minutes.

Dr. Kincaid seconded the motion.

There being no further discussion the motion was approved by a vote of 4-0.

**Presentation from Chris Shelby (HT Capital Markets)**

Thank you. I am Chris Shelby with HT Capital Markets and we are here tonight to discuss a possible restructuring of some existing debt of the Municipality and my partner will be handing out what I will be going over in a summary form with you. Briefly what we are doing is explaining ways of redistributing debt of the Municipality in such a way that it provides you with relief in the current year which will resolve in a budgetary carryover but also providing additional relief in next years budget . What we have done is we have looked at the existing debt of the Municipality and of course now we are talking only on the general obligation side not related to the sewer, last time we were here we did a refunding, refinancing (sewer) where we saved a great deal of money. This is a restructuring as it pertains to the Municipal side solely and what we have done is gone through your debt and it might be a little out of order but if you can bear with me I will take you through this presentation fairly quickly and I can show you what is available for Penn Hills. We are considering the refunding of the remaining debt service attributable to the Series of 1994 B Bonds. You have two debt service payments remaining and they are approximately one million dollars plus each. Each debt service payment is due on December 1 of this year 2010 and then the next payment is due on December 1, 2011, and I will get more specific as to those payments. In order to fund those payments and remove them from your budget process, what you would do is issue new bonds that the proceeds of which would create an escrow account which would make those 2 payments for you then the structuring of the new bond issue replace those 2 payments instead of this year and next year would move them out to years in the future where the Municipality has a debt service available without any further adjustments to make those payments. On page one lets look at the structure of the issue. The Par Amount is about \$2,370,000.00 and below uses there is the refunding escrow deposit and that would be the combined deposit of the cash deposit and SLGS Purchases none the less those are sourced from the \$2,370,000.00 bond issue. So we have a deposit of \$2,222,261.88. That deposit will make those payments due this 12-1-10 and next 12-1-11. On the next page, page 2 some of this will start to make more sense. Page two shows you the summary of the bonds to be refunded so basically this is to show you exactly what payments we are going to fund out of this bond issue and again if you go the maturity dates second column from the left you will see two payment dates 12/1/2010 and 12/1/2011 you can also see the interest rate on this debt that is outstanding and the interest rate on those bonds is 5.5%. The debt service payment that is due solely on each of those dates and there is no semi-annual payments because this is what we call 0 coupon bonds so the entire payment comes due on a single date a little different than your typical bond. You can see that the payment is due on December 1, 2010 for \$1,128,819.20 and 12/01/2011 is \$1,037,008.80. Those will be the two payments that

will be funded out of the proceeds of this refunding issue. Now to maybe make a little more sense if you can turn to page three I think you have seen this schedule before but here it is again. This is your existing debt service only as it pertains to your general obligation debt fund municipal side non sewer related. And the box I drew is around the 1994 B Debt Service these are the two obviously extremely large payments that are due 2010 and 2011. And, if you go across the page it adds up all your other municipal obligations coming to the far right existing Agg Debt Service that shows the first payment is \$3,047, 501.88. That is your total obligation for this year but you must understand that some of this year has already been paid so that is slightly understated because you have already certain payments that have reduced it. If you go to the next year, you see that you are actually at \$3,704,938.76 for debt service for the Municipality. And that is adding together all of the bond issues attributable to your general obligation municipal debt only and that is going from the 1994 B's and across the page and you can see that they all add up together coming out to a fairly consistent total and again that first number \$3,047,501.88 has been slightly reduced because you have made partial payment within this fiscal/calendar year. So I guess the target number that we are looking at as an annual obligation is \$3,700,000.00 and again I put a box around the 1994 B those are the ones that we feel can be something that we can work with. So if you turn to the next page, after we would do this bond issue just starting at the far left side of the page the 1994 B's no longer exist because they have been paid off from the proceeds of this bond issue. And this bond issue is now called 2010 A Bonds. These bonds would be issued to pay those bonds off. Basically in the year 2025 other debt services have been paid off and you now have debt service available to make this payment so we dropped essentially almost the entire repayment of principal in that year where down the road it won't increase you over your current levels but it will fall in line with your current levels and get you relief in both this budget and this calendar year/fiscal year and next fiscal year. So looking at the comparison, if you were to do this bond issue, to eliminate those two payments go to the box at the far right we have proposed Agg Debt Service and Existing Agg Debt Service you saw the existing Agg Debt Service on the prior page before anything was done so that has just been brought forward and the proposed Agg Debt Service now instead of \$3, 047,000 remaining for this calendar year in terms of debt service payments that would be reduced to \$1,917,000 for this year, therefore, you would have already funded that amount in your budget that would now carry you over into next year as a surplus and then secondly the next year going down the Proposed Agg Debt Service Column you can see \$2,729,000 versus \$3,704,000 or approximately another \$1,000,000 reduction in your Debt Service Obligation. So you have now achieved a surplus in this current year to carry over \$1,000,000 and you have realized even an additional \$1,000,000 of reduction in the year there after. Now if you go past that point, you will see the interest component is the only change to the Proposed Agg Debt Service on an annualized basis and you can see it is a \$3,800,000 approximately versus

\$3,700,000 for your Debt Service so basically you are returning to your old level of Debt Service in the Fiscal Year 2012 and continuing there it remains consistent and ongoing just as your existing Debt Service is right now until the debt is paid off. This is pretty much it, this can be done but to do this it would have to be an action that would have to take place pretty rapidly because we would have to close this bond issue before December 1 of this year that way we can definitely have the deposit to make that payment on behalf of Penn Hills, and then of course the second payment would accrue to you, you would see that it is there. I know the economy of a lot of Municipalities is very very tight and I don't think there is anything different with any other Municipalities; they are looking for some way to get through a tough time until things get back to normalcy and certainly Debt Restructuring is something available. We are not here to advocate or not but certainly we felt that after talking to Mr. Rayan that it was our obligation to show you an avenue that is available for restructuring purposes. If you have any questions, I am here to answer them and Patrick Healey from Cohen & Grigsley that handled the last transaction for you is also here.

Mayor DeLuca asked the 94 issue what is the interest rate on that. Mr. Shelby answered 5.5%. Mayor DeLuca asked with the restructuring what is the rate? Mr. Shelby answered it is around 5.0%.

Mayor DeLuca asked what is our time frame? That you need an answer by? Mr. Shelby answered before the end of this month, but if you did do this and the time frames would begin to get tight we might request a special meeting which would be exclusively for that purpose. It would be a very short meeting but would be required.

Mayor DeLuca thanked Chris Shelby.

Chris Shelby responded thank you very much I appreciated your time.

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

Dr. Kincaid made a motion to approve the Master Expenditure Summary dated October 18, 2010 – Journal Vouchers - \$0.00, C.D. Requisitions (3) - \$18,541.00; EECBG Requisitions - \$0.00; Checks Numbering 15854 – 16002 in the amount of \$1,330,641.58 making a grand total of \$1,349,182.58.

Mr. Palumbo seconded the motion.

There being no further discussion the motion was approved by a 4-0 vote.

## **RESOLUTIONS**

### **Resolution No. 2010-060**

Mr. Palumbo made a motion to approve **Resolution No. 2010-060** adopting the 6-Year Capital Improvements Program of 2010-2015.

Dr. Kincaid seconded the motion.

Mrs. Kuhn I just have a few questions Moe, may I direct them to Howard? Mr. Rayan responded yes. Mrs. Kuhn responded Howard would you go over it with me? Under the Public Works I see 6322 traffic signals and signs, now Howard 2010 basically means that those costs are actual costs am I correct? Howard answered yes. Basically you are looking at our existing Annual Capital Budget. Mrs. Kuhn responded right and then the 2011 and on down are things that we are hopeful in what we are anticipating. Is that correct? But the 2010 are actual funding. Howard Davidson answered 2011 is somewhat realistic. Mrs. Kuhn - I see the traffic signal signs for \$47,120 is that just throughout the Municipality? Howard Davidson – are you looking under Public Works. Mrs. Kuhn responded yes. Howard Davidson – you are looking at existing money in that account right now. I am not sure what kind of balance is in that account. On the 2011 Rodi - Maple that is the Grant? Howard answered yes that is the CITF Grant. Under Municipal Buildings 6424 EECBG Project Howard I am not sure what that is. Howard - if you add the two numbers together \$181,000 that is our Grant. Under Community Development – Howard Davidson responded Community Development is a wash it is all cash all there and all CD money. Mrs. Kuhn responded I do see that we have the demolition for 2010 at \$120,000, 2011 at \$150,000 is that both real money for the demolition. Howard it is our estimate keep in mind when you look at this case demolition is pretty correct all the way down the line. In 2010 you might be looking at slightly higher numbers because you might be looking at some balances that are left over from 2009. Some of the numbers in 2010 might be slightly higher for that reason. For example, Shining Arrow \$115,000 we never funded Shining Arrow that much in any one year that was multiple years and that is basically spent money. To answer your question we do propose here to fund demolition every year at that kind of level for awhile. Mrs. Kuhn – right that is why I wanted to know if that was actual money because demolition is a priority for the Municipality. Howard Davidson – that does not count the demolition grant that we got for the old

garage, we recently received money for that as well. Mrs. Kuhn – that was from State Representative DeLuca's Office for \$50,000.00. Thank you very much Howard.

There being no further discussion the motion was approved by a 4-0 vote.

**Resolution No. 2010-061**

Mrs. Kuhn made a motion to approve **Resolution No. 2010-061** awarding a contract for The Lincoln Park Community Center Parking Lot Resurfacing to Murin & Murn, Inc. at a total cost of \$50,329.00.

Dr. Kincaid seconded the motion.

Mrs. Kuhn I guess it is just a comment, I see that the bidding list was 6 that we sent out and out of the six we received 3 quotes which was a little surprising to me with how the economy is . I would think we would receive more quotes than we received. Moe do you know why we don't get that many quotes? I see that it was advertised. I guess there is nothing more that we can do but advertise it. Did the other 3 respond in anyway?

Moe Rayan answered I don't believe they responded in anyway, however, one of those contractors is currently working in Penn Hills, A. Folino Construction. No indication why the others didn't submit at this point. Mrs. Kuhn responded thank you very much.

There being no further discussion the motion was approved by a 4-0 vote.

**Resolution No. 2010-062**

Mrs. Kuhn made a motion to approve **Resolution No. 2010-062** granting conditional use approval to Penneco Oil, Co. to construct the Burla No1 Gas Well on Monterey Drive as illustrated.

Mr. Palumbo seconded the motion.

Mrs. Kuhn responded I just wanted to make sure that the owners of the property are in agreement with the four conditions that are presented. Is that correct?  
Mr. Lagrotteria responded that is correct. Mrs. Kuhn responded o.k. I just want to make sure they are aware of the conditions that we are voting on. Thank you.

There being no further discussion the motion was approved by a 4-0 vote.

**Resolution No. 2010-063**

Mr. Palumbo made a motion to approve certain changes to the rules and regulations of The Personnel Board of The Municipality of Penn Hills regarding educational requirements for the position of Sergeant and Lieutenant in The Penn Hills Police Force.

Mrs. Kuhn seconded the motion.

Mrs. Kuhn responded I do see on here that I am glad that this is being taken care of tonight because of the fact that if you look at the memo to the Manager from Cynthia Carson the concern was that the way that the rules are at this point in time you have to have a bachelors degree or an accredited college credit to be able to be promoted to the Lieutenant or the Sergeants position and from the comments here we had 28 eligible Sergeants but out of the 28 we only had 2 that possess degrees so I think that was limiting them the applicants that we could get if we had 28 eligible people for the Sergeants but only 2 that have that degree then that is really tying the Municipalities hands and I don't think that is fair to the officers who have been in service so many years with the Municipality and the same is for the Lieutenants there were 6 eligible and only 3 have degree. So I do think this had to be corrected to be fair and plus the fact I didn't want this to look like it was put in there so that some people were eliminated over others. So I am glad this is taken care of and I think this is more fair for all the officers involved. Mayor Deluca responded yes I agree with you.

Dr. Kincaid responded I concur with what Mrs. Kuhn is saying but however let me preference my comments that I understand the issues that we have here and also I understand that the Personnel Committee has done a really good job in trying to get a resolution, I guess this is the only one, I don't have a better one but I do want to indicate that we do have wonderful police officers but I have a strong value for education and I do believe we need it in this day and time as we move forward in the 21<sup>st</sup> century particularly for professionals such as police and other professionals as well. So I guess my query is I make those comments which I have a great concern that we make this

particular resolution . Is this setting the precedence for the future or is this something that can be revisited another time when we don't have this kind of scenario before us.

Mayor DeLuca responded yes I believe this can be changed back. Originally other police departments were requiring to have a bachelor degree that is why we switched over but now we are limited in our pool of who we can promote and actually it is not fair to someone who has been here for 15 years as an outstanding police officer and then he can't move up to the sergeant because he doesn't have a bachelors degree, but yes it can be switched back.

Dr. Kincaid responded so it is not a charter related issue it is a personnel manual concern. Is that correct?

Bonnie Brimmeier answered yes that is correct.

Dr. Kincaid responded I know we have a shortage in relations to those who can apply but who is monitoring the pool, the Personnel Committee or someone else. Mayor Deluca responded yes the Personnel Committee. Dr. Kincaid asked Mr. Rayan if the Municipality helps assists employees to further their education. Mr. Rayan answered we do allow for annual training through the state and the county but not for degrees.

There being no further discussion the vote was approved by a 3-0 vote.  
Dr. Kincaid abstained.

#### **Resolution No. 2010-064**

Dr. Kincaid made a motion to approve **Resolution No. 2010-064** authorizing a Change Order to W.G. Tomko, Incorporated for The Long Road Equalization Facility Improvements – General Work Contact No. 09-088 in the amount of \$9,969.00

Mr. Palumbo seconded the motion.

Mrs. Kuhn responded looking through this the original contract is for \$626,000 which is a very large project so I assuming Moe that this Change Order is coming about because their was some unforeseeable work that was not put in the plans and the specs. Is that correct? Moe responded that is correct, actually it was an omission from the design firm and they did absolve \$7500 of that cost. Mrs. Kuhn asked so it was \$7500 more than what we are voting on tonight, is that correct? Mr. Rayan responded no actually the change order is in the amount of \$9,969 but the design firm paid \$7500 of that.



Mrs. Kuhn replied so that makes it even better. Moe responded so actually the change order is for \$2,469.00.

Mrs. Kuhn thanked Mr. Rayan.

There being no further discussion the motion was approved by a 4-0 vote.

**Resolution No. 2010-065**

Mrs. Kuhn made a motion to adopt **Resolution No. 2010-065** authorizing Congress of Neighboring Communities (CONNECT) to make application for a Grant on our behalf, and authorizes the release of project-related Municipal Data as required to said project.

Dr. Kincaid seconded the motion.

There being no further discussion the motion was approved by a 4-0 vote.

**ORDINANCES**

**Ordinance No. 2010-2526**

Dr. Kincaid made a motion to approve **Ordinance No. 2010-2526** amending the Municipality of Penn Hills Police Pension in its entirety on or after October 18, 2010.

Mr. Palumbo seconded the motion.

Don Sanker, 780 Long Road, would you care to explain to the public exactly what these changes are?

Mr. Rayan responded the changes came about when we got notifications from the state relative to the language in the pension, now it is being absorbed by the state versus what it use to be . It is just the reading statement of the language of the Pension. Don Sanker asked are you saying that we are simply changing the wording of the Pension to coincide with the wording that the state has required us to do. Moe replied that is correct. Don Sanker this is not a take over by the state of the Pension. Moe replied no.

Mayor Deluca responded our Police Fund is 80% funded. Don Sanker replied that is what I thought. So you are simply changing the wording to coincide to reflect the changes that the state is mandating. Moe replied that is correct and the PAB which is the Police Advisory Board attorney had a chance to review the language and approved of it. Don Sanker thanked the Manager and Mayor and Council.

There being no further discussion the motion was approved by a 4-0 vote.

### **ITEMS FOR CONSIDERATION**

#### **Appointments**

Mayor Deluca responded I would like to appoint Phil Scoleri to fill the term of Leroy Green for the Wilkinsburg Penn Joint Water Authority.

Mrs. Kuhn seconded the appointment.

Motion has been made.

There being no further discussion the appointment was made by a 4-0 vote.

Mayor DeLuca responded I would also like to reappoint the Board Members to the Recreation Advisory Board and that would be Donna Rowe, Pete Theofilis, Jack Kowalski, Dennis Robl, Theresa Sciulli and Regis Walney.

Dr. Kincaid seconded the appointments.

Motion has been made.

There being no further discussion the appointments were made by a 4-0 vote.

Mayor Deluca would also like to appoint two new members to the Recreation Advisory Board, Sherry Saville and Tim Russell for two members that have resigned.

Dr. Kincaid seconded the motion.

Motion has been made.

There being no further discussion the appointments were made by a 4-0 vote.

## **REPORTS**

Mrs. Kuhn on the memo that was sent out by the Manager, Moe I noticed that on the Consent Order Agreement Projects we have several here that are 90% and 98% done and one that is 85% done. These are pertaining to they have to be done by November 30, 2010. So I guess the one that I am concerned about is the Beulah Long Road that has 85% completion and we have until November 30 so I am assuming that will be completed by the date. Is that correct? Moe Rayan answered that is correct yes it is being worked on. They started today.

Mrs. Kuhn also responded about the Power Surges has that been taken care of or did Duquesne Light at least give us a reply? Mr. Rayan answered I did speak with Mr. Earl Elder of Duquesne Light and he did give a verbal on Friday. He did inform me that the matter is being handled by their distribution unit, upgrading the transformers as well as possible and paying for the damages for our residents for the latest ones that just came. As soon as I get something in writing I will distribute to Mayor and Council and then to the residents to inform them. Mrs. Kuhn said thank you so much Moe and thanks for bringing this to Duquesne Lights attention because that was a costly issue for our residents. I am glad to see you took charge of that and hopefully they will follow through with what their verbal commitment is. Moe Rayan responded I believe so but at this point it is still verbal.

## **DISCUSSION SESSION**

Discussed the LERTA Program and abandoned properties. Over 800 sheriff sales. The Planning Department has prepared a LERTA Ordinance for discussion at the October 18<sup>th</sup> workshop. We will send this Ordinance to the District prior to the workshop and solicit their input. The ordinance proposes a commercial/industrial element and a residential element. If we continue to receive support from the School District and all goes well at Council's Workshop we will schedule the Ordinance for the First Monday in November. The school district would follow with their approval later on in November.

The next discussion is the HUD Year 37 Community Development Block Grant Program. It is a proposed budget and draft resolution for the adoption of the year 37 Community Development Block Grant Program for 2011-2012. This is not a final budget. It may be revised any time until its adoption. We are required to submit the resolution and Year 37

Action Plan 45 days prior to the beginning of the program year, which begins March 1, 2011.

Timbering Proposal - Penn Hills Park

Planning Department pursued a proposal from a forester and timber management company for harvesting trees on Penn Hills property. Chris Blackwell met with Mr. David Hoffman and walked the site. Pennsylvania Timber Management Services Inc. is interested in timber on parcels 533-K-378, 533-N-120 and 534-J-176. Mr. Hoffman estimates the value of the timber at \$75-\$100,000. He will obtain necessary permits, insurance, contact buyers with the review and approval of municipal officials and oversee the harvesting for an amount not to exceed \$8200.

**PUBLIC TO ADDRESS COUNCIL**

Donna Soukup, 107 Weedon Drive, Penn Hills, 15235 addressed a problem she had with Oakmont Water Authority and them not responding to her calls and never coming back to fix her driveway after they did work on her street and now she has flooding in her basement. Mr. Rayan contacted Oakmont Water and they are fixing her driveway October 18, 2010. She also had an issue with speeding in their neighborhood. The Police Traffic Division was informed and signs will be posted.

**ADJOURNMENT**

Dr. Kincaid made motion to adjourn.

Mrs. Kuhn seconded the motion.

Meeting adjourned at 8:55 P.M.

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Maureen M. Sorce  
Manager's Secretary

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Date



