

OCTOBER 17, 2011 MEETING WITH GATEWAY ENGINEERS FOLLOWED BY THE MID-MONTH COUNCIL MEETING

The October 17, 2011 Special Meeting of the Penn Hills Council was called to order at 6:20 P.M in Council Chambers at the Municipal Building. Mayor Anthony DeLuca presiding.

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: Mr. Underwood
Mayor DeLuca
Mrs. Kuhn
Mr. Palumbo

Absent: Dr. Kincaid

Also present were: Manager Rayan, Planning Director Davidson, Gateway Engineers Omer and Minsterman, Water Pollution Control Director O’Grady, Deputy Clerk Fitzhenry and Finance Director Schrecengost.

Presentation – Gateway Engineers

Ms. Ruthann Omer and Rick Minsterman were present on behalf of Gateway Engineers. They advised Council and the public that each year their firm conducts a review or annual report with each community they serve to go over the current year’s project and look at next year’s projects. They also review the services they provide the specific communities and costs associated with those services.

Gateway Engineers prepared a detailed Power-Point presentation, a copy of the slides are attached hereto and made part hereof.

Adjournment

There being no further business, the meeting adjourned.

MAUREEN M. SORCE
MANAGER’S SECRETARY

DATE

OCTOBER 17, 2011 COUNCIL MEETING

The October 17, 2011 Council Meeting was called to order at 7:35 P.M. in Council Chambers at the Municipal Building. Mayor Anthony DeLuca presiding.

APPROVAL OF AGENDA ITEMS

Mayor DeLuca – we will get this meeting started. The Agenda will stand as presented. After the Pledge of Allegiance if we could have a moment of silence for Officer Koteck from Lower Burrell who was just recently killed.

PLEDGE OF ALLEGIANCE

All stood for the Pledge of Allegiance

Mayor DeLuca – thank you.

Mayor DeLuca – before we get started I would just like to introduce we have a couple of girls here from Oakland Catholic that are here to watch one of our meetings. Girls if you can stand and get recognized. Thank you for coming here tonight. Let us give them a round of applause.

ROLL CALL

Mr. Underwood
Mayor DeLuca
Mrs. Kuhn
Mr. Palumbo

Also present were Manager Rayan, Finance Director Schrecengost, Planning Director Davidson, Water Pollution Control Director O’Grady and Deputy Clerk Fitzhenry.

CITIZEN TO ADDRESS COUNCIL: Mary Jo Needham – Lincoln
Building One PENNSYLVANIA

Mary Joe Needham – Thank you all for inviting me. My name is Mary Joe Needham-Lincoln, I am with a group called Good Schools PA which is changing or evolving into a new group called Building One PA. We are a grass roots organizing organization who work with elected officials, religious groups, non-profits and concerned citizens to teach them how to advocate and collaborate on issues that we are concerned about and they are. Three issues are: School Financing, we are also concerned with fair housing with HUD and also with the state. We believe there should be zoning laws. We believe that there should not be concentrated segregation of communities by HUD’s laws putting an over abundance of low income housing into

specific neighborhoods or communities. We think every community should be diverse and every community should have a diverse housing stock whether it is low income or high income. We have been fortunate enough to work with a National Group called Building One America who has enabled us to have the year of the Federal Administration. In July we took 140 leaders from 22 communities metropolitan communities to the White House where we talked with the Secretary of Transportation. A month later we took clergy to the White House again to talk about job creation with the Administration and next Thursday we have the Secretary of HUD coming to our state wide meeting in Lancaster to talk to us about fair housing and Section 8 housing concentration in Western Pa. So we are very excited about the work we have been doing and the third issue we have which is one that I think you will understand is we are trying to get the Department of Transportation both at the State and Federal level to embrace a policy of Fix It First as opposed to going out to Murrysville or some other place and putting another exchange in when we know there is water and storm sewage drains that are probably over 100 years old that need to be replaced and there is no federal financing for it. I brought lovely binders on our issue with invitations to the meeting next week. We hope you can come. We are having a round table discussion of about 25 individuals for about an hour and a half before hand with the secretary and we hope we can have someone from Penn Hills at that early meeting also. So thank you.

Mayor DeLuca – thank you.

Mayor DeLuca – up next we have a presentation, Chip.

Chip McCarthy – Thank you Mayor. I am Chip McCarthy, we are Bond Underwriters. Over the last couple of months we have been in close contact with Moe and Mr. Schrecengost always evaluating the Municipalities debt and we have in the last couple of years are looking for opportunities to save the Municipalities either money budgetary or in a form of cash at closing savings for Capital Project purposes. Rates currently are very low in the Municipal Market Place. I am sure it is on the news all the time with the economy what is going on and it has caused interest rates to remain very low so it is still a very good time to borrow. In looking at the Municipalities debt, we did notice that we have the opportunity to basically accomplish two things. One on the General Obligation side and one on the Sewer Revenue side. We can do that by essentially looking at your 2004 Bond Issue and refunding and restructuring a portion of the General Obligation Series of that 2004 Bond Issue to provide budgetary relief for the Municipality essentially which results in providing approximately \$650,000.00 in budgetary relief next year, Fiscal Year 2012 and then \$90,000.00 on out for the remainder of the existence of the existing debt for the Municipality. We were able to do that because the Municipalities current General Obligation Debt goes out to 2027 and through 2025 it remains level at about \$3.8 million and then drops off in those remaining two years, 2026 and 2027. So we are able to take a portion of your 2024 bonds refund them, restructure them and push them out to 2026 providing budgetary relief in 2012 about \$650,000.00 and then approximately \$90,000.00 there on out every year. We were about to drop that debt service into 2026 so we didn't go outside the framework of

your existing debt we just restructured it to make it a little more feasible economically and provide some budgetary relief. On the sewer revenue side, I know we have done a lot of restructuring up until now as part of the 2004 issue Series D was related to the Sewer Revenue Bonds. Those bonds are also callable next year and able to be advanced refunded and through that we were able to achieve cash at closing savings at a form of interest rate reduction that money would be available to the Municipality to use for Capital Project purposes on the Sewer Revenue side whenever we close the Bond Issue. Essentially, we are taking 3 series of your 2004 bonds restructuring the GO Debt to provide budgetary relief and refunding the Sewer Revenue Bonds to provide cash at closing savings, again staying within the frame work of your existing debt service. I know talking with Moe and Ed I think they have provided some of our calculations which I will give you another copy here tonight so you can see our results and our estimates based on current market rates and cost of issuance. Additionally, we have consulted with your previous bond counsel, Pat Healey from Cohen & Grigsby just to make sure we are doing everything under IRS regulations working within the tax code to structure your bond issue and provide everything as efficiently as possible. So, Pat we have worked on the last few bond issues, I think we have worked well, Pat is also here to answer any questions that you may have at this time.

Mayor DeLuca – does anyone have any questions?

Mrs. Kuhn – Just to go over generally this is a win win for the Municipality because of the fact that by restructuring we are going to be either getting money back in a lump sum or lump sum and a smaller amount owed in the following years. But we are not going over our years that we have the obligations.

Chip McCarthy – that is correct we are still staying within the existing frame work of your debt service.

Mrs. Kuhn – right. So that would be in lay man's term for the public just if you were refinancing your home. If you have a finance rate of 6-1/2% and now it is 4% you don't add any years to it but you pay a lesser payment or you get money back. So basically that is what is happening here.

Chip McCarthy – that is correct.

Mrs. Kuhn – thank you.

Mayor DeLuca – this one chart shows the Proposed Debt Service versus the existing.

Chip McCarthy – yes we put that in there for both the Sewer and the General Obligation Debt.

Chip McCarthy – I think that is page 12 and page 14.

Mayor DeLuca – so basically the Revenue Debt I assuming that is for the Sewer.

Chip McCarthy – that is correct.

Mayor DeLuca – so basically it looks the same.

Chip McCarthy – yes the Old Debt Service will mirror the New Debt Service.

Mayor DeLuca – Let me ask you if we were to do something like this when would we have to decide?

Chip McCarthy – we based all our calculations on trying to close before the end of the year that way to provide budgetary relief for next year that is probably what we would be shooting for as before it is normally a 6-8 week process to get all the documents together and get into the market we would want to try to do that obviously while rates are still relatively low. The process has been elongated a little bit right now because the credit review process is just a little bit longer than previous which is just a circumstance of the existing market. So, we would probably like to get moving as soon as possible, get everything together and up to the rating agencies and the bond insurers as soon as you give us authorization. A lot of the information we have would just be a simple update from last year to this year.

Mrs. Kuhn – Moe then really and truthfully we would want to move on this as soon as possible so that this would reflect for our budget, is that correct?

Moe Rayan – that is correct. If we decide to move forward with that we can implement the changes in our current budget that is going to be submitted to you by the 1st of November.

Mrs. Kuhn – and from what was stated here tonight I can't see any reason for not moving ahead with this because of the fact that it is a huge savings to the taxpayers and it is not extending our time period at all. Is that correct?

Moe Rayan – that is correct. Yes, but we are doing the refinance now on some of these series and the payment is being deferred until the year 2026. We are realizing up front savings right now that \$650,000.00 and \$90,000.00 in years to come through 2026 instead of having the lower payment that we did of \$851,000 and now it becomes \$3.5.

Chip McCarthy – which is within your debt service.

Moe Rayan – the time frame to complete all the Debt Service of 2026. Correct?

Chip McCarthy – correct.

Moe Rayan - The other one is like you are refinancing the house on the sewer end and receiving the \$170,000 at closing with no additional cost involved whatsoever and the time frame remains the same.

Mrs. Kuhn – if you could just elaborate a little more on that first part Moe because of the fact that it was my understanding that we are saying that we are going to receive the extra money in 2012 and then in 2026 we would be paying back a larger amount of money than we normally would . The only reason I am asking that is because of the fact yes I would like the savings here but I don't want to extend to future Administration a problem because of the fact that is what happened to our Administration and I don't want to do to some other Administration what was done to ours.

Chip McCarthy – O.K. so your current Debt Service on the Municipal side goes out to 2027. The level of debt service that you are paying is about \$3.8 million annually and that goes through 2025. In 2026 and 2027 the debt service drops off to about \$800,000.00 a year so essentially there is a window out in the back end of your debt service where your debt service is previously been front loaded a little bit. What we are doing is taking that money out of the 2004 A & C and refunding those bonds and restructuring and pushing out that debt service out to 2026. The new level of debt service in 2026 is \$3.5 million which is still below the Municipalities Current Annual Debt Service of \$3.8 million so we are not extending beyond your current frame work of debt service nor are we increasing your debt service in those years.

Mrs. Kuhn – o.k. that is what I needed clarified. Thank you.

Mayor DeLuca – thanks.

Chip McCarthy – you are welcome. As always if you have any questions, please contact Chris or I or Moe or Ed will give us a call I am sure.

Moe – I have a question for Mr. Pat Healey, our Bond Counsel. Pat, that \$170,000 could that be put toward the debt service. The cash at closing could that be put towards the debt service as part of the payment.

Mr. Healey – the debt service on the very bonds it came from or other bonds?

Moe – other bonds, either or.

Mr. Healey – we would have to look at what other bonds you are applying them to but most likely if you are talking about a debt service payment of December 1, I would have to look at it, it isn't a given that you would be able to take that money and put it towards debt service. Borrowing that you would be using it towards Capital Projects because it is Bond precedes money up front not the savings in the budget.

Moe – thank you.

APPROVAL OF MINUTES

Mr. Underwood made a motion to approve the Minutes of October 3, 2011.

Mr. Palumbo seconded the motion.

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

EXPENDITURES

Mr. Palumbo made a motion to approve the Master Expenditures Summary dated October 17, 2011 – Journal Vouchers – 1 - \$1,623,678.00, C.D. Requisitions – 4 - \$163,858.95, EECBG Requisitions – 0 - \$0.00, Checks Numbering 19134 – 19268 - \$1,577,473.80 making a grand total of \$3,365,010.75.

Mr. Underwood seconded the motion.

Mickey O'Connor – 1095 Maple Avenue – Page 5, Gateway Engineers – just so I understand what is a COA?

Moe – Consent, Order & Agreement.

Mickey – are we still operating under one?

Mayor – yes, under the Administrative.

Mickey O'Connor – oh by the way, thank you for your continuing support of the Fire Departments. Checks are on there.

Mayor DeLuca – thanks Mickey.

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

RESOLUTIONS

Mr. Underwood made a motion to approve **Resolution No. 2011-061** authorizing a Change Order to Lone Pine Construction, Inc. for the Plum Creek Improvements Phase III – Electrical in the amount of \$21,509.89.

Mr. Palumbo seconded the motion.

Mrs. Kuhn – when I am looking over the back-up material and the memo from Mr. O'Grady I do see that this is an additional electrical transformer and it wasn't in the original project or design and you know that I always ask on Change Orders to make sure that is wasn't something that some vendors had in their original bid and some didn't because I don't want someone coming in at a low figure and just not checking

something and it did say Chester Engineers designed the new system on the assumption that the incoming electrical service and the plant was #4 wire system and they claim Duquesne light was incorrect with the information that they gave us. The only thing I am concerned about is this is a Change Order a large amount for \$21,509.89 it is not a huge amount but it is still a large amount but I was just wondering who does check or is there any way that things are checked to make sure that what the bid is going out is actual so we would never have something that might come in at a lot more money that could affect us and the bid. That is just my concern because it said that the transfer switch originally supplied by the contractor had to be returned for a different type model and there was a dispute back and forth, it was the contractor then it was the engineer who made the error on it and that even know the transformer was not included in the original contract it would have to be purchased and installed either way but I would like these things to be sure that they were in the original bid so when we are figuring our budget we don't have Change Orders. Like I said this might be \$21, 509.89 but I don't want it to be in the upcoming future that we have something that could be \$50,000 to \$100,000.

Mayor DeLuca – I think the reason why, correct me Tom if I am wrong, when Chester Engineers called Duquesne Light, Duquesne Light told them it was a #4 Wire System when it was actually a #3 Wire System and if we did have a #4 Wire System we wouldn't have needed a transformer.

Tom O'Grady – All the contractors bid on the same.

Mrs. Kuhn – I did read from your memo that they all bid on the same it is just that if Duquesne Light made the error then shame on Duquesne Light you think they would know better.

Moe Rayan – Mrs. Kuhn just to give you a little bit of history on that. We have been in contact with Duquesne Light and at this point we have not been able to get Duquesne Light to verify what has been claimed by Chester Engineers. In the meantime, Chester Engineering still cannot provide us with any documentation to support their claim. At this point, we might have an issue like we did with Chester on other projects so there are invoices and stuff like that is being held on our part to make sure that we are just not spending the money for errors on engineer's part.

Mrs. Kuhn – well that is my concern. Because of the fact I am a lay person and I don't know the information but when we are paying Professional Engineers and that I would hope that they would be more accurate I guess. If they got misinformation that is one thing but right now we are back and forth, it is not me, it is him. I would like you to relay to them Moe to be more accurate in the information they are giving.

Moe Rayan – Well we are. We are in contact with both the engineers and Duquesne Light and all Duquesne Light is asking for is a contact name that Chester was in communication with just to verify and Chester is not available to produce that. And that is where it is right now.

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

Mr. Palumbo made a motion to approve **Resolution No. 2011-062 – approving** the 2011 through 2013 Labor Agreement between The Municipality of Penn Hills and The Professional Association of Paramedics and authorizing The Proper Municipal Officials to execute same.

Mr. Underwood seconded the motion.

Mayor DeLuca – before we open up for questions, the Manager is going to give a brief summary of what the contract includes.

Mr. Rayan – starting with the Classification of Paramedics in terms of the wages well we are able to maintain the 3% wage increase through the life of the contract. We added an additional classification to the crew, the EMT Classification to be utilized in the event the use of the third unit on the road. We were able to negotiate the ability to add the extra shift or extra vehicle. Did some housekeeping on the legal absence and sick leave and so on. Able to maintain the uniform allowance the same as the 2010 allowance per employee through the life of the contract. Changed the definitions throughout the staffing to be in compliance with the State definition of the Emergency Services and so on. The duration of the Agreement is a 2 Year Contract beginning January 1, 2011 and expires January 1, 2013.

Mrs. Kuhn – I just want to thank the Manager for the back-up material that we had Moe, it was very easy to follow because you had one section of the old and one of the new and you put in bold the changes that we had so I went through it and I went through it very easily because it was very easy for me to follow so I do appreciate it and so I want to thank everyone who was involved in having this Contract brought to its finalization. So thanks very much it was a very easy read for me.

Moe Rayan – you are welcome.

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

DISCUSSION SESSION

Howard Davidson – you have in your packet the Planning Departments first draft of HUD Year 38 CD Program Budget. This is after receiving information from citizens for various projects and taking a look at last year's activities. The Budget Page is one page in there if you want to take a look at that, it is a \$760,734.93 Budget that looks very similar to previous Community Development Program years. A couple of the major differences this year would be Reverend Kincaid has always been lobbying for a section of sidewalks on Frankstown up near Frankstown and Homewood. It is a worthy project and one that we thought we would consider so you see \$80,000.00 on sidewalk improvements and if you look at the details that would bring sidewalks from Stoneledge

up to the shopping center. Other than that we are continuing to fund all the Service Associations that funded in the past similar to last year, the Penn Hills Service Association, Lincoln Park Food Pantry, Jim Carnahan - the Food Bank at the Jefferson High Rise - continue to make payments on the Senior Citizen's Vehicle - keep our Rehab and Demolition Program operating and put the rest of the money into street paving for our Community Centers and Municipal Owned Buildings. I can schedule these for a Public Hearing. I am open for any comments right now. If you would like to add something right now. We will schedule for a Formal Hearing and adopt this in January.

Moving on to the next item I am not optimistic but we have an opportunity to apply for Gaming and Economic Development Funding for a project. One of the important details right away they are only looking at major Economic Development Projects. Projects that are ½ million dollars or more so I put together a few ideas for you basically I would like your opinion on which of the three. I need to hurry up and put an application together before the end of the month actually to be followed by a Resolution at your November Agenda a couple days after I actually submit the application. Does one of those three stir your interest more than the others?

Mayor DeLuca – Let me ask you this, do we have to have matching funds for this?

Howard Davidson – no but we have to have, matching funds help but the angle that I wanted to pursue with the EastGate Shopping Center Project that the County has already spent \$2,000,000 demolishing buildings over there and the church would be willing and anxious to be a partner with us so that would make that an attractive application. On the Slag Dump – Cement Plant I thought that USS Realty would be willing to partner with us as well. That would make an application like that attractive. Although I don't have that kind of partnership with the Bikeway, I think it is just popular to begin with. It is attractive to the people and we have established the relationship with the friends of the river, the County and City Planners and all the planning work is been prepared and has been sitting around for awhile. I like all three of them. Again I am not optimistic I would like to apply to \$1million dollars to do the project the way it needs to be done. I am willing to do the paperwork and submit the application. I would like you to give me a little guidance on which way you would like me to go.

Mayor DeLuca – Howard we can't apply for all three?

Howard Davidson – I don't think I could do the work fast enough for all three of them; I want all three of them too. If I had to pick one I would pick the bikeway. I don't want to say that it has a better chance of approval than the other two.

Mrs. Kuhn – Howard, I like the bikeway you know that from how many years ago when I was on Planning and we have been fighting that bike way for many years. We have the problem of the owner of the Railroad on the bike way.

Howard Davidson - The only way to correct that is to score on an application for funding and have the money and acquire that right of way. So you are right he is not going to be a partner until we get funding.

Mrs. Kuhn - I would like that and it would be an asset because so many people are into exercising and activity and you have the beautiful river there that we don't utilize but I don't see that that is a function that is going to come about because of what we went through. The owner is not really a cooperative owner and he puts up road blocks every time we try to do anything there.

Howard Davidson – yes, but we have never had the money, what we would apply for would be the money to acquire that right of way. If we were faced with potential need to condemn, I would back off right away and say let's go with these other projects, but if we were to score on just throw numbers out \$350,000 if we had that kind of funding available I think we could negotiate the purchase of that right away.

Mrs. Kuhn – now the only other thing is the other two would be something that would bring Economic Development into the Community. And I think that this point in time that is what everyone is looking for and I think maybe we would have a better chance of scoring on one of those two because of the fact the Government Officials who are charged that is what they are hoping to do too so that they can bring out into the public that they are promoting Economic Development. So I think that those two would be the two that I would be mainly interested in and the only thing that I would ask is with EastGate even though it is owned by Petra with you stating that the County has spent \$2,000,000.00 I think that if we could use that as a matching that we have already matched the \$2,000,000.00 maybe that would be my thought. With the Slag Dump is we have to do matching of any kind the Municipality is not in the position to do that so I am wondering if the EastGate would be the most reasonable one because of the fact it is Economic Development like I said everyone is interested in and plus the fact we can show the Government the \$2,000,000.00 has already been spent in taxpayers' money so maybe that would be a initiative to move ahead. Now that being said would we have a problem with Petra being that Petra does own that?

Howard Davidson – I haven't had a conversation but I know them and I would think that they would welcome this type of application. That would be the first thing I could find out tomorrow or within the week. If there is any reluctance on that part I can shift over to the Slag Dump.

Mayor DeLuca – I would say the EastGate Commerce but for like an Industrial Park but I think Petra wants some type of shopping center up there so I don't know if they would sign off on that. I think an Industrial Park up there would probably be great.

Howard Davidson – the application would be to invest money in infrastructure running the streets, sidewalks, storm sewers and the water lines and even do

landscaping and street lighting to the point where you have lots that are ready for building permits. We could remain flexible on terms on the potential land uses.

Mrs. Kuhn – If the monies we are getting in would be for the infrastructure would it be that once the infrastructure would be completed that the property would have to be used for something that would create tax revenue. I wouldn't want to have to go through all of this and have it be all this money go into the infrastructure and then it be that they were going because at one time it was brought up that If we would get the grant I wouldn't want it to be used for something that then turned around that the Municipality and the taxpayers weren't receiving something from it if it was something that was tax exempt. Who owns the slag dump?

Howard Davidson - you are just getting the details. I don't see why we can't control those details and work them out be it the Slag Dump or EastGate we want to do something that generates tax revenue and more importantly jobs.

Mrs. Kuhn – and that is what I am saying if we are going for it that is what I want to make sure that it was used for.

Howard Davidson - I am sure the County and the Gaming Economic Development Fund people have their own ideas about how they expect the money to be spent and I haven't spent a lot of time studying the details of their requirements either. Image they are going to come down the line.

Mayor DeLuca – I would start with the EastGate Commerce Center. Talk to Petra and let him know the idea that we are going to have and then if they are not for it then I don't think we should be fighting for it and then just go with the Slag Dump.

Howard Davidson – I thank you.

PUBLIC COMMENT

Hello, I am Patrick Varine. I am the editor for the Penn Hills Progress Newspaper. I just wanted to check with the Mayor and Councilman Underwood and Palumbo that you got the Candidates Surveys that I believe Ms. Sorce put into your Council Packets this week. We are just collecting them together for the end of this week to get them into the October 27 issue of the Progress.

Mayor DeLuca – I don't remember getting it.

Mr. Palumbo – yes I did.

Mickey O'Connor – 1095 Maple Avenue – back to a very old topic. Where does the problem lie with getting rid of the junk cars off of the street? In my weekly duties of going all over Penn Hills, there are a lot of them and I have reported some of them and they are still there month after month.

Moe Rayan – I just spoke with the Code Enforcement Director, Mr. Hunter and for a time it was some conflict, but we are back on track. We got it straightened out the other day.

Mickey O'Connor – I think Darlene gets tired of hearing from me. I come across these things week after week and I call her and she says it is on the list. I am out there knocking on doors serving papers and they are complaining to me about these cars that sit there for months and months. Not the property ones the ones on the street.

Moe Rayan – o.k.

Mayor DeLuca – thanks Mickey.

Mayor DeLuca – we are going to go into an Executive Session for Personnel Matters. I will entertain motion to adjourn.

ADJOURNMENT

Mayor Deluca entertained motion to adjourn.

Mr. Underwood made a motion to adjourn.

Mr. Palumbo seconded the motion.

Meeting adjourned at 8:24 P.M.

MAUREEN M. SORCE
MANAGER'S SECRETARY

DATE

