

NOVEMBER 21, 2011 BUDGET HEARING MINUTES

The November 21, 2011 Budget Hearing Meeting was called to order at 7:15 P.M. in Council Chambers at the Municipal Building. Mayor Anthony DeLuca presiding.

APPROVAL OF AGENDA ITEMS

Mayor DeLuca – Good Evening, we will call this meeting to order. The Agenda will stand as presented. Please stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

All stood for the Pledge of Allegiance.

ROLL CALL

**Mayor DeLuca
Mrs. Kuhn
Mr. Palumbo**

Dr. Kincaid and Mr. Underwood were absent.

Also present were Manager Rayan, Finance Director Schrecengost, Planning Director Davidson, Secretary Sorce.

In audience present were Administration Carson, EMS Fitzhenry, WPCD O’Grady, Code Hunter, Senior Center Zarotney, Parks Scaglione, Public Works Nosal & Bishop, Fire Marshall Mason and IT Day.

ORDINANCES

ORDINANCE NO. 2011-2538

Mrs. Kuhn made a motion to approve Ordinance No. 2011-2538 authorizing the incurring of Non-electoral Debt for the purpose of providing Funds for a Refunding Project, by the issuance of General Obligation Notes or Bonds in the aggregate principal amount not to exceed \$9,405,000; finding a sale by negotiation to be in the best interest of The Municipality; providing for maturities, interest rates and redemption features; covenanting to pay debt service; pledging full faith, credit and taxing power for the payment of the Bonds or Notes; appointing a paying agent, registrar and sinking fund depository; establishing a sinking fund; appropriating the Note or Bond proceeds; accepting a proposal; ratifying prior advertisement and directing further advertisement; authorizing the payment of expenses; ratifying the preliminary official statement; authorizing approval of the final official statement; authorizing the opening of a clearing fund; adopting a form of Bond or Note; authorizing the execution and delivery of a disclosure agreement; and repealing inconsistent ordinances.

Mr. Palumbo seconded the motion.

Mrs. Kuhn – Moe are we going to have Chip come up and give any highlights on this or basically I think we all know what has taken place from prior meetings but I just want to verify and ask certain questions. The Ordinance that we received didn't have the figures in it and tonight's do, is that correct?

Moe Rayan, yes that is correct.

Mrs. Kuhn – so all I am interested in is just to make sure and clarify it on the record that the date of the maturity for the new Bond finance is the same date as the maturity for the original so we are not extending any time on this new Bonding is that correct?

Chip – that is correct.

Mrs. Kuhn – and the second part is that the payment schedule for the new Bond finance is in fact the same as the original so it is not costing anything either, is that correct?

Chip – that is correct, it will pretty much mirror each other a couple of hundred dollars here, there and give or take just ask certain questions.

Mrs. Kuhn – so that basically then in my opinion it is a win win situation for the Municipality because we are not extending the time, we aren't increasing any costs but we are getting a front money, am I correct on this?

Chip – that is exactly right, that is correct.

Mrs. Kuhn – thank you very much.

Chip – you are welcome.

Moe – excuse me Mr. Mayor, Pat Healey our Bond Counsel was going to bring us up to date on where the proceeds are going to end up at and what are the minimums that we are expecting.

Pat Healey – well very quickly this is a not to exceed Resolution so the numbers in here are maximums, the actual pricing when the Bonds are sold by Piper and you entered a purchase contract will be lower, but for DCED approval purposes to get the ball rolling we use not to exceeds, that is a format that they accept. It will be less than this actual \$9,405,000 that you see here. Secondly the proceeds as you know will be to refund the 2004 “C” and 2004 “D” Bond Issues you have outstanding, your savings will be upfront and there is a provision added in here in addition to the numbers that requires that the minimum net savings for each of the two refundings. The “C” Refunding will be at least 3% savings to The Municipality and the “D” Refunding will be at least 3% net savings present value savings to The Municipality.

Moe Rayan – so if the proceeds come in less than the 3% and Mayor & Council choose not to go forward with the transaction then it will remain the same.

Pat Healey – that is correct. There isn't an authorization for the Mayor to sign a purchase agreement unless those parameters are met.

Mrs. Kuhn – thank you.

There being no further discussion the motion was approved by a 3-0 vote.

Mayor DeLuca – with that we will open up the Budget Hearing. Anyone here for the Budget Hearing that have any questions?

Mayor DeLuca – First we will do the Budget Message.

BUDGET MESSAGE – MOE RAYAN

Honorable Mayor and Members of Council:

Before I begin with The Budget Message I would like to inform you that we received notifications from The Bureau of Municipal Services that our estimated Liquid Fuels Allocation for 2012 identified in their September notice has been recalculated to reflect the 2010 U.S. Census Data. Accordingly our Liquid Fuels Allocation has been reduced from \$908,908 to \$830,788 a difference of \$78,120. Please be advised that the 2012 Proposed Budget before you this evening reflects the original estimate of \$908,908 dated September 2012. Therefore, we must adjust The Operating Budget accordingly to reflect the short falls of \$78,120.

The proposed 2012 Fiscal Plan is hereby presented for your consideration in the form of a General Operating Fund, Sewer Operating Fund, Highway Aid Fund and Annual Capital Improvements Budget.

GENERAL FUND SUMMARY

Fiscal Year 2011 Review

REVENUES: Overall 2011 Revenues for the General Operating Fund are estimated to be higher than the budgeted amount by approximately \$596,075. This increase is presented by increases in Act 205, Act 511 Taxes and Business Licenses and Permits.

EXPENDITURES: Expenditures for Fiscal year 2011 is estimated to be below budgeted amount by approximately \$775,627. The original 2011 Budget reflected an end balance of approximately \$2,653,924. As a result of close monitoring by Department Directors, the Finance Director and Manager, the projected end balance for Fiscal Year 2011 is estimated to be approximately \$4,025,626.

Year 2012 Summary:

REVENUES: 2012 Revenues are estimated to be approximately \$428,949 higher than 2011. The 2012 Budget as proposed, reflects a \$1,230,817 Fund Balance at Year End. Each Mill of the Tax Rate generates approximately \$1,365,929 in Revenue.

EXPENDITURES:

General Operating Fund Expenditures for 2012 are estimated to be \$26,604,323. This represents a 10.6% increase or \$2,551,520 from the 2011 Budgeted Amount. There are nominal decreases or increases in the overall Budget from 2011 to 2012 related to vehicle and equipment purchases, and capital expenditures.

Contractual wage increases for 2012 include 3.0% for Police, 3.0% MEO Building & Office, and 3.25% for The Department of Public Works. The Municipality is currently in negotiation with MEO who represent The Water Pollution Control Department. A 3.0% wage increase has been proposed for all non-union employees, management and non-management. The Proposed 2012 Budget reflects one new position in The Department of Public Works.

Vehicle and Major Capital Equipment purchases for 2012 include:

- (3) Patrol Vehicles**
- (1) Unmarked Police Vehicle (Investigative Division)**
- (1) Traffic Vehicle**
- (140) Portable Minitors/Radios (Penn Hills Volunteer Fire Companies)**
- (1) 5 Ton Truck with Plow & Spreader (Department of Public Works)**
- (1) Roadway Asphalt Paver with Trailer (Department of Public Works)**
- (2) Grooming Machines (Parks and Recreation)**

Other expenses attributable to the increase include:

- General Obligation Bonds – Principal**
- Municipal Insurances**
- Pension Transfers/Act 205 MMO's**
- Building and Structures**

The majority of General Operating Fund Revenues are realized through Real Estate Tax Collection, Earned Income Tax Collection and Realty or Deed Transfer Taxes. The Municipality provides many services including 24-hour Police Protection, Fire Protection, Refuse Removal, Recycling, Road Maintenance and Paving, Street Lights, Parks and Recreation, Library, and Senior Citizens Services.

Increase costs associated with the provisions of Municipal Services are being completely absorbed by The Municipality.

Please be reminded that as a result of unknown Revenue Income Rate once Act 32 Countywide Consolidated EIT Collection mandates take effect on January 1, 2012, the Administration will continue examining our Revenues and Expenditures throughout the year and make necessary adjustments to our purchases of Equipment and Machinery.

We are in the midst of an extraordinary financial crisis and current economic climate has contributed to a substantial decrease in revenue for all levels of Government. The decrease in Revenue that we are currently facing is not expected to disappear any time soon.

Additionally, it is anticipated that there will be a 20% Short Fall in our EIT Collection during the 1st and 2nd Quarters and a Positive Recovery during the 3rd and 4th Quarters.

Accordingly, I am recommending that Mayor and Council vote for The Budget as proposed to maintain a Fiscal and Sound Budget.

The Proposed 2012 General Fund does not require a tax increase and provides for a Positive End Balance to offset any unforeseen Revenue Short Fall.

SEWER FUND SUMMARY

Year 2011 Review

REVENUES: Sewer Fund Revenues for the Year 2011 are projected to be slightly higher than the 2011 Budgeted Amount by approximately \$18,756 which is attributable to Mayor and Council's Policy in Sewer Usage Fee Collections.

ALCOSAN, at its Board of Director's Meeting on 10/27/11, approved a Rate Increase of 7% which amounts to \$.33/1,000 Gal. or from \$4.68 to \$5.01. Accordingly, the Estimated Sewage Revenue for Penn Hills in 2012 reflects the 7% increase based on the Current Conveyance Rate.

EXPENDITURES: Sewer Fund Expenditures for the year 2011 are projected to be lower than the 2011 Budgeted Amount by approximately \$837,086 which is attributable to ALCOSAN Rental Expenses, personnel wages and benefits and close monitoring of the expenditures across nearly every line item.

As a result of close monitoring by the Water Pollution Control Department Director, the Finance Director and Manager, the End Balance for Fiscal Year 2011 is estimated to be approximately \$5,663,713.

Year 2012 Summary

REVENUES: Sewer Fund Revenues for Year 2012 are projected to be higher than the 2011 Budgeted Amount by approximately \$115,756 which is attributable to the Municipality working close with the Sewer Fee Collection Agencies and adhering to a strict collection policy.

EXPENDITURES: Sewer Fund Expenditures in Year 2012 are projected to be higher than the 2011 amount by approximately \$819,394 which is attributable to a strict compliance with the DEP Consent Order and Agreement, personnel wages and benefits, capital equipment and building upgrades/repairs. The Proposed 2012 Sewer Fund Budget reflected an End Balance of \$3,821,251. The Municipality will continue to proactively deal with sewage issues and move forward toward maintaining a stable Sewer Operating Fund through Professional Project Management and the careful monitoring of expenditures.

The Ending Balance for Year 2012 does not reflect any Debt Restructuring or Refunding. However, The Municipality is currently reviewing proposals to refund its two Debt Series “C” and “D” of 2004, General Obligation Bonds and Sewer Revenue Bonds.

CAPITAL IMPROVEMENTS FUND

2012 Summary:

The 2012 Proposed Capital Budget provides approximately \$246,202 in financing for a small variety of Capital Projects.

Many project requests will remain unfunded until Federal or State Grants can be secured or other revenue sources have been identified.

All approved Capital Projects are detailed in the Capital Outlay Summary contained within this document. Specific details for particular projects may be obtained through the Planning Department.

The 2012 Proposed Fiscal Plan as presented is balanced.

Department Directors will continue to be held accountable in 2012 to ensure their expenditures remain within approved Budgets. In addition, the current stressful financial environment presents additional challenges to the administration, staff and Members of Council and we all must make extra efforts to control cost in order to continue providing services to our residents and businesses at or near the present levels.

Before I conclude The Budget Message I would like to recognize and commend the Department Directors and Division Supervisors for their hard work and for looking out for their respective Department and be sensitive to our Taxpayers of Penn Hills. Also I would like to commend the Finance Director for working with me throughout six versions of this Proposed 2012 Budget and arrive to this document before you this evening. Thank you. Sincerely, Mohammed F. Rayan, Manager.

Mayor DeLuca – thanks Moe.

Jim Carnahan – 201 Jefferson Road – Since the Director of the Senior Center did not put the request for the additional two hours in the Data Processing, the need is still there because in fact recently out of the three A's came a directive that we have got to tie in more with these figures through the use of the co-pilot program. This has really extended the Data Processing Clerks volume of work. I just don't understand why we just can't get this across to anybody in the Municipality. There is a need for this. People don't understand it is going to affect the funding and the Senior Center needs the funding as it is. I just want to ask one question here, I see in the Public Works that there is an assistant Superintendant. It certainly wasn't in the 2011 Budget. When did that position get filled?

Moe Rayan – In October, 2011.

Jim Carnahan – well that is a few bucks there and I am sure if you people would really reconsider this about this Data Processing Clerk but I can't stress it enough. I am over there a considerable amount of time during the day and I can see what this woman is

putting out, what this Data Processing Clerk is doing. She is doing a fabulous job. The evaluation on her has been very good too. So she is doing the work. Let's considerate it, please.

Mayor DeLuca – thanks Jim.

John Capone – Fire Chief – North Bessemer Fire Hall – First I would like to thank the Manager, the Mayor & Council for over the last four or five years things have gotten a lot better with communication between the Fire Department and you guys. I can actually call the Manager now and he knows who I am and returns my call. We are still out there doing our job, we are running over 2,000 calls a year and we are still trying to raise money all the time you will see us on the street corners a couple of times a year to pick up a couple of thousand dollars and split up amongst the company to buy equipment. Tonight we are here, we had asked for \$125,000 to put towards the final change-over to the radios that the Federal Government is forcing into by the year 2013. I believe the Manager put in for \$63,000 and it is going to leave us about over \$60,000 short. The way that we had come up with this figure and it wasn't just a guess or anything like that I started with my own fire department which we have 41 people on the roster, I removed the seven people who retired, I have two people who are on a leave of absence which it comes out that I need 31 minitors. I believe Moe had figured 20 minitors per department plus we are also in a short fall, I still need to get three mobile radios in our vehicles and we are going to be four portable short, which in my own Department which is an average maybe some more or some less in The Municipality it comes up to \$19,325 which you multiply by seven departments comes a little over \$135,000 that we need just to get to where we are now. It is nothing better than what we have, I mean we are not getting improved. I would be perfectly happy if we kept the radio system that we have right now I think it is better than what we are going to get forced into doing. So this isn't like any kind of a ginger bread item or anything like that it is something that we are being forced into. The rest of the money that we are using everyday just to keep our fire equipment somewhat up to date. So, I would just like some consideration to maybe relook at that figure. I called the distributor and told him how many we were going to buy and the way

that they are selling these things because everybody is forced into it they know that they have us. So, there is not a big negotiation on price. Just hear to ask you guys for your consideration to try and get us a little closer to the number that we need. There may be some other departments that want to speak. Thank you.

Mayor DeLuca – thank you.

Mickey O’Conner – 1095 Maple Avenue – page 16 – question being on the 2011 Junkyard Permits is zero. We didn’t have a Junkyard in 2011? Or they didn’t pay? We had it in other years but not in 2011 we didn’t get any revenue evidently. On page 22 – extra bit of recycling grant money which is almost double jumps up and then goes back down again.

Ed Schrecengost – the State finally got up to date and paid us.

Mickey O’Conner – oh they paid us what they owed us before. Page 23 – is that the same case with the pensions? Did they finally get caught up or are we putting more money into them?

Ed Schrecengost – no they found extra money this year.

Mickey O’Conner – the other one would deal with your short fall with Liquid Fuels. I will renew my request again to reconsider some of the street lighting in Penn Hills because every street light costs us \$15.00 a month.

Mayor DeLuca – yes we looked at that Mickey and Duquesne Light won’t let us just unscrew the light bulb and stop charging us they want to take the whole fixture down and is that \$22,000 for each light we shut off?

Moe Rayan – around \$60.00 - \$80.00 to remove them.

Mickey O’Conner – I think if you would have done some last year you would be ahead this year. It is something you have to pay to

catch up and if they keep cutting your liquid fuel money you have to do something or else Moe has to sell a truck. One or the other.

Moe Rayan – it is nice to say let's shut street lights down but then we get the pressure from the people requesting new street lights so it is an idea Mickey and the Mayor directed me to look into it and look on the state roads and so on and we got the number back and it was crazy from Duquesne Light to remove them, it wasn't even worth looking into it. We can probably bring the option to Mayor & Council to maybe start reducing them but we started by looking on State Highways it is a lot easier for us to go that route than from taking them from the neighborhoods and so on. We looked at straight a ways and at bends, we have done a complete study on those state roads but the numbers didn't come back that was attractive to do it.

Mickey O'Conner – work on it little by little and get rid of them then you are not paying that \$15.00 a month for them either. They are not cheap, they sponsor light up night in the City. I will reserve comments for the next meeting. Thank you.

Len HRomyak – Old Hickory Drive – I would just like to know where in the new Budget the \$20,000 is for the Cyrus Hill, Twin Oaks Drive Project? What page?

Ed Schrecengost – what project is it?

Len HRomyak – the \$20,000 that we got from the Contractor over there to improve the road, move the bus shelter.

Moe Rayan – Rite Aid.

Ed Schrecengost – it is not in the Budget. We have a special escrow account set up for that.

Len HRomyak – O.K. is that money growing anything Ed, because we have had it for four years. Are we ever going to get that Project done? It has been since December 18, 2007.

Ed Schrecengost – we keep the interest in the General Fund.

Len HRomyak – are we ever going to get that Project done.

Moe Rayan – do you want to be in charge of it?

Len HRomyak – I would love to be in charge of it then we wouldn't need you or Mr. Davidson at all we could cut that expense. It is your obligation to get that done. It was in the meeting back in December 18, 2007 that it was allotted and it is still sitting there and we have forty to fifty children a day that are subject to a safety issue and nobody is addressing.

Moe Rayan – well Judge you and I talked about this more than once.

Judge HRomyak – yes and we are still talking about it and it is four years later.

Moe Rayan – right. The thing is we looked into putting the shelter across the street and the people didn't mind. I have it all documented the money is there.

Judge HRomyak – so why aren't we moving forward?

Moe Rayan – I am not sure what exactly needs to be done. Relocating the shelter you and I talked about that and nothing comes out of it. Probably to do something like that I don't know if a Town Meeting is necessary to bring some people from the neighborhood.

Judge HRomyak – they were all here.

Moe Rayan – I wasn't here then.

Judge HRomyak – I understand that.

Moe Rayan – So, we are probably going to have to start from scratch. I am ready to help and the money is available and Mayor &

Council are aware of that and it is not like we took it and went somewhere else and spent it, but at this point it is either renovate the existing one where it is at but apparently you and I don't know who else has a problem with that to remain where it is at so we are going to have to relocate that and it is more than just building a shelter on somebody else's right of way or somebody else's property.

Judge HRomyak – they allowed us to do that at the meeting of the Planning Commission – it is on the Minutes.

Moe Rayan – the Planning Commission or the Rite-Aid people?

Judge HRomyak – Rite-Aid gave us their permission at a taped meeting that they would allow the people to park in their parking lot for their children and we are still waiting for it.

Moe Rayan – o.k.

Mrs. Kuhn – Moe in fairness the Manager wasn't the Manager at that time in fairness to you Moe but what had taken place there was a Community meeting here in the Chambers and there was a lot of dissatisfaction about Rite-Aid being built in that location from the residence.

Judge HRomyak – it wasn't the Rite-Aid it was their access to Cypress Hill.

Mrs. Kuhn – so in order to accommodate the residence that this room was filled with, Rite-Aid did give permission to have this bus shelter moved to their property and they did give this escrow amount that they thought at that time was enough money to do that. So that was done if you want to check the minutes. Howard you were at the meeting you don't recall that?

Howard Davidson – inaudible.

Mayor DeLuca – you know what I mean can we get the information so we can get this resolved?

Moe Rayan – I know we have the money. The money is available that is not the issue.

Mrs. Kuhn – but the thing of it is Howard it was very precise at the meeting because I was sitting in the audience at the time and it was very precise because the residents were very upset and that was what Rite-Aid was giving so that they would appease the residents in the audience. All you have to do is the Judge gave the date of December 18, 2007 is when the meeting was so I mean you should be able to pull up the minutes.

Howard Davidson – I will take your word for it your understanding is that we should relocate the shelter to across the street. Is that what you are saying?

Mrs. Kuhn – it is not my understanding Howard that is what was stated at the meeting so to simplify this for this meeting Moe if someone could look at those minutes because of the fact it was in 2007 and we are at 2011 that is four years and if the money is just sitting in escrow there is no reason for that to be sitting.

Mayor DeLuca – yes.

Moe Rayan – the money is available and I have the account number upstairs.

Mrs. Kuhn – so if we could look that up because of the fact that is to my recollection that is what Rite-aid had put the money in the escrow account for was for the relocation and that is what they offered to the residents of Penn Hills.

Moe Rayan – o.k. well the thing is when the Judge and myself went out and looked at that corner and if you remember Judge we didn't think there was enough room to build that across the street we had to go on the property adjacent to that going up.

Judge HRmoyak – that is still Rite-Aid. The developer has all of that.

Moe Rayan – yes but the slope itself wasn't enough to accommodate the shelter. You and I looked at that and we talked about that and we thought that we could move up further and at that point the School District we thought the School District has something to do with or at least I thought the School District had something to do with it we communicated with the School District and they came back and I believe there were no jurisdictions for them or they didn't care or something like that and that is where it dropped. And every couple months I know you call me and remind me of it and that is why I asked you if you wanted to be in charge of it.

Judge HRomyak – just making sure it is in the Budget.

Moe Rayan – it is in there. It hasn't been spent.

Judge HRomyak – you say it is under a special number.

Moe Rayan – it has an account in receivables so I have the number upstairs.

Judge HRomyak – thank you.

Mayor DeLuca – when is the next meeting for the Budget?

Moe Rayan – December 5 and it is followed by a regular Council Meeting. It starts at 7:00.

Mayor DeLuca – so that is when the next Budget Hearing Meeting is so we will close this Budget Hearing. Motion to adjourn.

ADJOURNMENT

Mayor DeLuca entertained motion to adjourn.

Mr. Palumbo made a motion to adjourn.

Mrs. Kuhn seconded the motion.

Meeting adjourned at 7:49 P.M.

Maureen M. Sorce
Manager's Secretary

Date