

December 4, 2007, Council Meeting

Housing & Zoning:	Approved Vowinckel/Ganoe Sub-Division Request
Administration:	Monthly Reports; Discussed 2008 Budget; Approved to Advertise 2008 Budget, <u>Tax Ordinance # 2007-749</u> , Tax Resolution and Schedule Special Council Meeting to Adopt; Advertise Fee Schedule; Vacancies on Committees
Downtown Committee:	Holiday Activities Discussed
Public Works:	Leaf Drop Off
Public Safety:	Approved MS Walk
Housing and Zoning:	Approved Resolution #2007-250 Dealing with Missed Inspections
Recreation:	Improvements at Park
Mayor's Report:	Snow Ordinance in Effect; I-80 Symposium

A regular meeting of the Clarion Borough Council was held on Tuesday, December 4, 2007 in the Clarion Free Library. The meeting commenced at 7:00 p.m. President Wilshire and all Council Members were present. Mr. Ragon, Chief Hall, and Ms. Freenock were also present.

President Wilshire noted a change to the agenda. President Wilshire requested that Ms. Vavrek comment on the Public Hearing that was held immediately preceding this Council meeting. The purpose of the meeting was to hear citizen input on the simple sub-division proposed by Messrs. Ganoe and Vowinkel, of 305 Main Street, specifically the southeast corner of the lot. Per agreement between parties, the Vowinkels who are selling their property wish to satisfy terms of the agreement. Attorneys Terry Pope and Heeter spoke at the Public Hearing and explained that essentially, there was a land swap that permitted Vowinkel Tires and The Tavern to operate as they are currently situated. Ms. Vavrek made a motion, seconded by Mr. German, to approve the subdivision request. The motion carried unanimously.

The minutes of the November 6, 2007, Council Meeting were approved upon a motion made by Mr. Herman and seconded by Ms. Moore. Motion carried with a vote of five

yea with Mr. German and Ms. Leonard abstaining as they were not present at that meeting.

The minutes of the November 28, 2007, Work Session were approved upon a motion made by Ms. Moore and seconded by Ms. Leonard, with one correction. With respect to the Downtown Committee, Ms. Moore requested that the minutes be changed to reflect that initially she and other members of Council were told that it would be costly to repair the lights on Main Street and that too many of the lights needed repair. As it turns out, the cost involved was minimal and the lights were repaired in time for Light Up Night on November 19th. Motion carried with a vote of seven yea.

ADMINISTRATION:

The appropriations for the month of December were presented. A motion for approval was made by Mr. Herman and seconded by Ms. Vavrek. Ms. Freenock noted that the appropriations do not reflect the 2007 TAN which must be repaid by December 31. She asked that the motion be amended to include this repayment. This change was acceptable to Mr. Herman and Ms. Vavrek. The appropriations were approved by all Council members with the exception of Mr. Zerfoss. Mr. Zerfoss objected to the invoices submitted by Guardian Inspection Services, Solicitor French, and Attorney Strong.

The Treasurer's Report of Fund Totals, Budget Analysis and Overtime Comparison report were submitted.

President Wilshire stated that permission was being sought to advertise the proposed 2008 Budget. He also indicated that a Special Council Meeting would be held on December 19, 2007, at 8:00 a.m. in the Borough Office to adopt the budget and to take action on the 2008 Tax Anticipation Note.

President Wilshire asked Ms. Freenock to present the proposed 2008 budget. Ms. Freenock noted the decrease in revenues due to successful tax appeals. She also stated her preference for a tax increase of 3.2 mills; the projected surplus at the end of 2008 is \$7,000. Ms. Freenock explained that the fund balance left at the end of this year will be used to balance the budget next year. If the status quo is maintained, there should be a \$53,000 surplus at the end of 2007.

A \$7,000 surplus leaves a slim margin for error. In addition, she stated that there is no way to predict the increased cost of gas and oil. Ms. Freenock also stated that there will be a 5% increase in the cost of electricity; this expense can only be estimated as it will be impacted by usage.

Ms. Freenock noted that the average increase for a property owner in the Borough would be \$31.46 at an increase of 2.2 mills and \$45.76 at a 3.2 mills increase. Mr. Herman questioned how those amounts were determined. He stated that those amounts could be higher or lower based on the assessed value of an individual's property. Ms. Freenock concurred. Mr. Zerfoss feels that the numbers presented were misleading. Ms. Freenock

noted that the County has not been reassessed since 1976. She feels that the newer properties will be paying more per year and the older ones will be paying less.

Ms. Freenock also addressed the tax increase last year. The majority of that increase went to repay amounts that had been transferred pre-2006 from various accounts. A total of \$103,774.00 was repaid in 2007, leaving \$43,000 (or about 1.5 mills) of the increase to cover increased operating expenses. An over projection of revenue necessitated the transfers in order to balance the 2005 budget.

The state legislature revised the Emergency Municipal Services Tax to provide a \$12,000 income exemption to be effective January 1, 2008. It also changed the name of the tax to the Local Services Tax. As a result of the anticipated loss in revenue, which Ms. Freenock believes will approximately \$100,000, another tax increase is needed.

There is some question about the amount of LST to be collected. Ms. Freenock believes that she has overestimated the amount by \$17,000. Based on the numbers provided by CenTax, the Borough should collect \$73,884. However, she placed that number at \$90,000. Ms. Freenock reminded Council that $\frac{1}{4}$ of the tax will not be collected until the first quarter of 2009.

Ms. Freenock advocates that the Borough institute a capital reserve account. The purpose of the account would be to cover the cost of renovating or making major repairs to municipal buildings. The Fire Hall is in desperate need of repair. The budget as it now stands contains no funds to begin the repairs. Mr. Zerfoss agreed that repairs are needed but he feels that Clarion Borough should not shoulder the entire burden. He stated that in the past, the University and Clarion and Monroe Townships have helped with the associated costs. He also stated that grants may be available for this work.

Ms. Freenock stated that the building could possibly qualify for an historical preservation grant. Other grants are available to construct new fire halls. The Borough fire hall needs repairs that would fall under the ordinary maintenance category. This is one example of why the Borough should have a capital reserve. The initial proposed budget contained a \$50,000 line item for capital reserves. That has been removed.

Real estate revenues were projected at the historical collection rate of 93.24%.

The Public Safety budget has a line item for the purchase of three computers for the squad room and a backup server. It is hoped that grants are available for this equipment. These items will not be purchased if grant funds are not available. Mr. Herman explained that the Public Safety Committee will prioritize equipment needs once the status of any grants has been determined. Ms. Freenock explained that the second part of the Early Intervention Grant can be used to purchase hardware and software. If Chief Hall cannot locate any grants, it may be possible to purchase these items through Early Intervention; however, there may be a match required. Mr. Zerfoss questioned the line items for professional services and professional development. Ms. Freenock explained that development relates to any training the officers receive while services relates to

attorneys' fees. Mr. Zerfoss questioned the number of police vehicles and was told that the department maintains four.

Ms. Freenock stated that she projects a 30% increase in health care premiums. The increase this year was negotiated down by Mr. Herman from 40% to 25% following several months of discussions.

Mr. Herman inquired about the principal outstanding on the Note for the Public Works building. Ms. Freenock stated that the balance is \$529,747, with 17 years remaining on the Note.

Mr. Zerfoss questioned the estimated expenses for professional development and professional services as related to Housing & Zoning. Ms. Freenock explained that the professional services are the inspection fees paid to Guardian which are paid into the Borough by the permittee.

Under Public Works, money has been allocated for seasonal employees. That can be eliminated if necessary. There are several line items that were over budget this year. Those overages are a result of the cost overruns related to the construction of the salt building. Mr. German asked how far over budget the building went; Ms. Freenock responded that it was the equivalent of one mill. Due to the overrun, the Borough could not use Liquid Fuels money to pay for items in November and December that would normally be charged to that fund. Those expenses were paid from the General Fund. Ms. Freenock stated that there was a savings because the Public Works employees did much of the work. Mr. Zerfoss stated that \$5,000 was for engineering services due to the UCC. That expense was not anticipated when planning the project. The out of pocket expenses for the building were \$50,421; \$35,000 had been budgeted. The \$15,000 in cash plus the wages bring the overage to one mill.

Ms. Freenock reviewed the prior years' fund balance and the effect on current expenses. At the end of 2004, there was a deficit-expenses were greater than revenues; however, there was enough in reserves to cover the deficit. Again, in 2005, expenses exceeded revenues but there were insufficient reserves to cover the deficit. Thus, the year ended with a \$32,000 deficit. In 2006, revenues exceeded expenses but not enough to offset the prior years' deficit. Therefore 2006 ended in deficit. In 2007, revenues again exceeded expenditures and funds were used to cover prior years' expenditures. Based on current projections, there will be a surplus at the end of 2007. The proposed budget indicates that surplus will be used to balance next year's budget; that surplus is what will allow Council to keep any tax increase at a minimum. Mr. Herman questioned if the surplus could be greater than projected; Ms. Freenock agreed and reviewed the fund balances and the outstanding expenses. Today, Council approved the payment of about \$36,000 in expenses; the last payroll was \$44,000 and there are still 2007 expenses to be paid and two payrolls left in 2007. But she stated that it is possible that the surplus will exceed the projection.

President Wilshire asked if the current budget document restates prior years' budgets. It does not. This budget shows actual expenses for prior years. Susquehanna went to prior years' audits to break out what figures they could. In some cases, it was impossible to break out the expenses and thus the line item is blank. The accounting has been revised so that Council can now see exactly what things cost.

Mr. Zerfoss asked if the Borough was paying Susquehanna. Ms. Freenock stated that Susquehanna is there pursuant to the Early Intervention Grant. It has taken quite a while for them to complete their work, because the group came in 2006 before the Borough had drawn any money down to pay them. It took the State many months to fund the grant. In the interim, Susquehanna stopped working on Borough matters. The grant has been fully funded, and Susquehanna is in now to complete its five year plan.

The budget also calls for a recycling fund to be established and one mill will be dedicated to that fund. This is not an increase; the amount previously paid through the General Fund will now be paid through recycling so that Council and DEP can see exactly how much recycling is costing the Borough. Based on last year's expenses, there will be about \$3,600 which could be applied as a match to a DEP grant for education or to purchase bins. If Council does not want a separate account, the \$28,850 must be moved back to the General Fund.

Mr. Zerfoss stated that DEP should not be telling the Borough how to recycle. The brush drop off is a good thing and citizens are happy with it. Ms. Freenock stated that there is no money in the budget to purchase a leaf vacuum. She also stated that after being alerted by Mr. Zerfoss, she researched the files and located a letter agreement from DEP dated 1991 wherein DEP agreed to allow the Borough to use the drop off instead of a curbside program. Ms. Freenock wrote to Mr. McUmbler referencing the 1991 letter. No response has been received. Ms. Freenock has taken the position that until DEP does some actual monitoring, as stated in the 1991 letter, the request for the Borough to institute a curbside program is premature. It is possible that bins and educational materials will be covered by a grant but a match may be required. The Technical Assistance Grant offered by Mr. McUmbler is fully funded.

The budget reflects a transfer from the fire equipment account to the General Fund. This transfer is needed to help with the costs associated with operating the fire hall. This amount may change if the surrounding municipalities will help with the operating expenses.

The Pension and Escrow accounts are pass-throughs.

The Recreation account has no millage increase. Funds owed to the CDBG account were repaid this year. Any surplus in this account will be applied to the \$30,000 match needed for the DCNR grant.

With respect to Street Lighting, Ms. Freenock indicated that Mr. Herman was correct. The cost to install high pressure sodium lights will remain constant; increased costs will

be reflected in the monthly bills. Those costs will rise; increases have already been approved through 2010. Thus, it makes no sense to retrofit the lights now as it would increase costs during a period in which lights are not mandated to be changed. The proposed increase in Street Lighting has been decreased to remove the expense of the retrofitted lights. A small increase is still needed though due to the 5% increase in electric. Last year, the millage was decreased due to the surplus left at the end of the year. That surplus has been expended so an increase is needed to cover the anticipated costs in 2008.

The water company has had a rate increase of 9.4% approved. This too will increase the operating expenses of the Borough.

Mr. German asked if Ms. Freenock still advocated a 3.2 mill increase. Ms. Freenock stated she did and that extra millage would go into the General Fund to increase any potential surplus or to be used to fund capital improvements. Ms. Freenock stated that the extra mill is not in the budget, because she believes that it would not be approved by Council. The 2.2 mills is the bare minimum needed to balance the budget. A budget proposing a deficit cannot be presented to Council. Ms. Freenock further stated that she did not stick with the 3.2 mill increase as she did not want to present Council with a budget that it would not approve. Ms. Freenock stated that she would be happy to put the extra mill in the Budget. Mr. German stated that he would not be happy with that change.

The fee schedule was then presented. An increase of \$5.00 per rental unit is proposed. Also proposed is increasing the missed inspection fee by \$5.00. The fee for special events will increase \$5.00. For "All Others", a 1 day fee of \$30; 2-7 days \$100. ALF falls under the special event category. "All Others" include door-to-door sales etc. Demolition and sidewalk permits increase by 10.00 each. Solid waste licenses can no longer be issued by the municipality. There was mention of an assessment fee to be charged for improvements. This would capture those improvements for which a building permit is not issued. The County would make any adjustments to the assessed value. This matter was referred to Committee.

No changes were proposed for building or zoning permits or for pool passes. The fees collected for permits are to cover the Borough's cost for issuing the permit. These fees go into the General Fund. Salary increases in Public Works based on a 40 hour work week are \$5,200.00. Public Safety salary increases based on a 40 hour work week are \$5,266. Office staff increases equal \$3,808. Total increases are \$14,274 or roughly 1/2 of a mill. No overtime or holiday pay is included for PW or PS.

Mr. Herman noted a change must be made to the Tax Ordinance to reflect the actual increase in Street Lighting.

President Wilshire stated that Ms. Freenock recommends a 3.2 mill increase and asked for a motion. Ms. Moore made a motion to approve the advertising of the 2008 Budget with a 2.2 mill increase as well as Tax Ordinance No. 2007-749 and Tax Resolution

2007-251 and a special meeting to be held on December 18, 2007 at 8 a.m. in the Borough Office to approve the budget. The motion was seconded by Ms. Vavrek.

A roll call vote was taken with all in favor except for Messrs. Zerfoss and German voting no as they feel that expenses can still be cut. Mr. German thinks that each Committee could have done a better job crunching numbers. He understands that the situation we are in is from prior years. Mr. Zerfoss echoed Mr. German's comments.

Mr. Zerfoss also stated that a 29.5% tax base cannot sustain this community. The proposed bill to compensate communities for the amount of tax free property must be brought before the governor.

Mr. Herman agrees that there may be some soft numbers in the budget. But, where are they and how much can be cut? He does not want to have a shortfall at the end of the year. It is not fair for the Borough residents to pay for all of the tax-free property. We must continue to advocate for the Freeman-Moul bill. Ms. Freenock has already sent letters to the legislators. There should be more hard line cutting in the future as Ms. Freenock does more budgets.

Ms. Moore made a motion to advertise the fee schedule. The motion was seconded by Ms. Leonard. The motion passed with a vote of six yea with Mr. Zerfoss voting no as it is part of the budget.

The budget will be on display in the Borough Office, the public library and in the Law Library.

President Wilshire noted that there are several vacancies on Committees to be filled.

DOWNTOWN COMMITTEE

Ms. Moore stated that the downtown merchants have done a wonderful job preparing downtown for the holidays. There is a list of all holiday events in the store windows. The Chamber is once again offering Downtown Dollars for sale. Free parking is in effect.

PUBLIC WORKS

Mr. Zerfoss stated the report is in the packet. He also indicated that leaves can still be deposited regardless of any inquiries by DEP. Live trees from Christmas may be deposited there as well. The Borough will dispose of them.

PUBLIC SAFETY

Mr. Herman made a motion for Council to approve the annual MS walk with a change in location. The motion was seconded by Mr. German. The motion carried unanimously.

HOUSING & ZONING

Ms. Vavrek made a motion for Council to approve Resolution #2007-250, which deals with missed inspections. There has always been a policy but this resolution memorializes

it. The motion was seconded by Ms. Leonard. Ms. Freenock indicated that the missed inspection fee is listed on the fee schedule; however, it was never enforced. She also stated that a notice regarding this policy is sent out with the rental license invoice. It is being memorialized at the suggestion of the Borough Solicitor. If an owner refuses to have the inspection done, then the rental unit license can be rescinded. Mr. Ragon noted that the majority of the Borough's landlords are conscientious. This is not meant to derogate them. The motion passed unanimously.

RECREATION

Mr. Herman reported on the improvements to Paul A. Weaver Park. The project is almost completed. The remaining work will be done once the weather breaks. The cost of the project will not increase

MAYOR'S REPORT

Mayor Stroup noted that the winter snow ordinance is in effect. He also commented that child safety seat checks are done the third Monday of each month. The Mayor also commented on the successful symposium held on November 30 concerning the tolling of I80. At that meeting, the head of the Turnpike Commission stated that this not a done deal.

On a motion made by Mr. Herman and seconded by Mr. German, the meeting adjourned at 8:54 pm.

Respectfully submitted,

Nancy K. Freenock
Secretary