

**State College Borough Council
Work Session
Friday, December 10, 2004**

The State College Borough Council met in a work session on Friday, December 10, 2004, in the State College Municipal Building's Council Chambers, 243 South Allen Street, State College, PA. Mr. Daubert called the meeting to order at 12:00 p.m.

Present: Bill Welch, Mayor Welch
Thomas E. Daubert, President of Council
Catherine G. Dauler
Elizabeth A. Goreham
Craig R. Humphrey
Jeffrey R. Kern
James H. Meyer

Absent: Janet K. Knauer

Also present: Thomas J. Fountaine, II, Borough Manager; Ronald A. Davis, Assistant Borough Manager; Michele Nicolas, Director of Human Resources; Thomas R. King, Chief of Police; Mark Whitfield, Public Works Director; Timothy Grattan, Director of Information Systems; Amy R. Miller, Recording Secretary; Herman Slaybaugh, Zoning Officer; Linda Welker, Tax Administrator; Norma Crater, Accounting Supervisor; Mark Henry, Health Director; members of the media; and other interested observers.

Public Hour. There were no comments from the public.

Opening Calder Way at Atherton Street.

The owner of the Atherton Hotel requested Calder Way at Atherton Street be opened and that southbound traffic on Atherton be allowed to turn left into the hotel. Mr. Fountaine said the request was submitted to the Planning Commission but they recommended it not be approved.

Mr. Fountaine spoke with the owner of the hotel and advised him of the Planning Commission's decision. Council agreed that opening Calder Way and allowing the left turns would be dangerous and would create a backup of traffic on Atherton Street through the College Avenue intersection.

This item will not be considered further.

Employ a Consultant for a Market Feasibility Study of the Urban Village (UV) District.

Mr. Fountaine said that last week Council agreed to delay this issue until January. The reason Council is being asked to discuss this now is because Ferguson Township is moving ahead and has asked for a decision by December 13. Mr. Fountaine recalled that in April Council asked the Planning Commission to review future development plans for the UV district. As part of this project Council agreed to have Ferguson Township participate in the study for the entire UV district which includes land that lies in Ferguson Township. Three proposals were received and reviewed by a subcommittee representing both State College and Ferguson Township Planning Commissions.

The subcommittee recommends Synergy be appointed because they were within budget; however, they were impressed with Economic Research Associates' (ERA) background.

Mr. Carl Hess, Director of the Planning Department, joined in the discussion by telephone to answer any questions that Council may have had.

Mr. Kern thought ERA submitted the better proposal and their staff is more experienced. Ms. Goreham agreed and said, even though it will cost a bit more, ERA has more experience and should be hired. Mr. Humphrey said he heard so many positive things about ERA he cannot consider another firm. Ms. Dauler stated that, although she has been out of town and

has not looked at the proposals, it is important to consider the recommendations from the committee. Mr. Meyer agreed with Mr. Kern as well, but felt spending money on consultants was not essential and hoped the study will be enacted quickly.

Mr. Daubert asked Mr. Hess who would the supervise group; Mr. Hess replied staff would play a big part along with the two planning directors from the Borough and Ferguson Township.

Mr. Daubert requested that this item be put on the December 20 agenda.

Review of Proposed 2005 Budget.

Mr. Fountaine recommended Council begin by discussing the Emergency Management and Services (EMS) Tax and follow up with items previously discussed.

Mr. Fountaine stated the Governor signed a law that allows individual municipalities to enact an EMS tax of \$52. Of that, the State College Area School District would continue to receive \$5 and the remaining \$47 would come to the Borough. The tax is based on persons who are employed in the Borough of State College. Currently the Borough exempts the first \$1000 of income from paying the Occupational Privilege tax. Mr. Fountaine explained there have been discussions with the other municipalities in the Center Region about how to collect this tax. Disagreements have been primarily with the amount of exemption, but the consensus is to increase the tax and the exemption to \$3000. A summary of the impact of the tax on the Borough was distributed to Council showing exemptions of \$1000, \$3000, and \$5200.

Mr. Fountaine explained that, if the Borough collects the tax at the full \$52 and increases the exemption to the \$3000 level, it would result in additional revenue of \$1.077 million. With the exemption level at \$1000, the tax would generate about \$1.4 million annually. Mr. Fountaine said the issue is, does Council want to implement the EMS tax and at what level to set the exemption.

Mr. Kern suggested Council implement the EMS tax because the Borough has service costs that are related to property verses non-income-based taxes. The EMS tax would place the tax where the service burden is, but Mr. Kern did not wish to lower real estate taxes.

Ms. Goreham was concerned about low-income wage earners and asked if the tax could be collected quarterly. Mr. Fountaine said that the Borough does not have the ability to tell an employer how to collect the tax. Ms. Goreham asked if the tax could be first collected at a lower level and then increased to a higher lever at a later time. Mr. Fountaine said, "Yes, the tax could be implemented at a lower rate, but the maximum that can be implemented is \$52."

Mr. Fountaine stated that the tax can be used specifically for lowering property taxes, public safety, or road construction and maintenance.

Mr. Daubert noted that, if Council implements the tax with a \$3,000 income exemption, then the Borough's net revenue will be \$870,000. Next year, the Business Privilege Tax (BPT) is \$875,000 so it would be a wash if we eliminated the BPT. Mr. Fountaine said Council would need to increase real estate taxes in combination with the EMS tax in order to eliminate the BPT. He continued stating the EMS tax should be used with the homestead exemption so that owner-occupied homes can get the benefit. Mr. Fountaine reminded Council that property taxes cannot be raised the same year the homestead exemption is implemented. The budget would have to anticipate revenue needs for the next two years. The homestead exemption would be implemented in 2006, the same year the BPT would be repealed.

Mr. Meyer said tax reform is the only chance to repeal the BPT. Mr. Meyer said he cannot support a tax increase without a reorganization of taxes. He believed that a \$3000 exemption is a made up number; \$5,200 is reasonable because it is one percent of the \$5200. Council needs to decide what is fair. Mr. Humphrey said the key question is whether \$52 is appropriate; the Borough has everything to gain from increasing the tax. Ms. Dauler said an exemption of \$10,500 is minimum wage earnings for one year; many others work for less. She thought the poverty level should be considered for the exemption.

Mr. Daubert suggested Council ask all questions they wished to get answered for Monday night's budget review. He felt it was important to reinstate the 62nd police officer as well as the seasonal public works laborers. Ms. Dauler added it was just one year ago Council instated evening police hours and felt they should be added back into the budget.

Mr. Meyer questioned the cost of a new police officer. Chief King said the cost would be \$55,000 including benefits. He also stated that the Police Department has never had its full complement of officers because of turnover.

Another question asked by Mr. Meyer was in regard to revenue and ordinance violations. He said last year a part-time ordinance enforcement officer was in the budget; now that position is out. Mr. Fountaine said last year the position was in the budget but was not filled; now staff is recommending the position be removed.

Mr. Meyer asked for the balance in the insurance reserve and what is planned for it.

Mr. Meyer asked how much money is collected from non-residents who work in the Borough. Ms. Welker estimated that the Borough keeps about \$4 million out of the \$11 million collected. Mr. Meyer then asked, given the possible tax increase, will the tax office request additional employees. Ms. Welker replied that the Tax Department would not.

Mr. Daubert said a figure is needed for revenue from parking fine increases. Mr. Fountaine replied he already knew that \$123,000 came from after 6 pm enforcement and about \$91,000 from fines. Mr. Fountaine said he met with the downtown parking committee, and they do not wish to charge for parking after 6 pm. They are more concerned about raising fines to \$7. The other possibility is to raise the meter rates from \$.75 to \$1 per hour. Mr. Kern thought that the Borough should increase enforcement hours after 6 pm. This would encourage people to use the parking garages rather than on-street parking.

There being no further business, the meeting was adjourned at 1:45 pm.

Respectfully submitted by:

Barbara J. Natalie
Assistant Borough Secretary