

State College Borough Council
Work Session
Friday, November 19, 2004

The State College Borough Council met in a work session on Friday, November 19, 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 12:04 p.m.

Present:

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

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; Mike Groff, Finance Director; Norma J. Crater, Finance Supervisor; Ernest C. Dabiero, Purchasing Director; Timothy Grattan, Director of Information Systems; Cynthia S. Hanscom, Recording Secretary; members of the media; and other interested observers.

PUBLIC HOUR: There were no comments made by members of the public.

Closed Circuit Television Advisory Committee Report.

Mr. Fountaine reported that, on November 1, Council received a first-year report on experiences gained from using three public cameras on Beaver Avenue. In the report, the advisory committee recommended that Council:

1. retain the public camera system;
2. not add any additional cameras at this time;
3. move one of the three cameras located on East Beaver Avenue to the intersection of East Calder Way and McAllister Alley;
4. increase publicity of the existence of these public cameras;
5. develop and implement a public camera monitoring plan for 2005;
6. continue the advisory committee through 2005;
7. purchase an annual maintenance agreement for the cameras (about \$2,500.00 per year);
8. do nothing to purchase additional hard drive storage capacity but consider that again after the public camera monitoring plan is developed; and
9. review the *Use of Public Camera Policy and Procedures*, following a decision on these recommendations, to assure that the changes are included.

Mr. King reported the committee discussed the data collected over the past year and felt it was too early to make a decision. They were asking for an additional year to evaluate the cameras. He noted the department recently used video from the cameras for a "driving under the influence" arrest involving a pedestrian; the video would provide ample evidence to prosecute.

Ms. Goreham asked about the lifespan of the software. Mr. Grattan explained the annual maintenance agreement included all the software changes that would be necessary. The hardware would be depreciated according to schedule.

Mr. Humphrey asked about the development and implementation of a public camera monitoring plan for 2005. Mr. King explained that most surveillance cameras are monitored by a third party. The committee discussed the value of actively monitoring the cameras. He understood that was not Council's intent, but there may be a need to have the cameras monitored. As a member of the committee, Ms. Knauer said the committee would not want to amend the plan without Council approval and public input.

Ms. Goreham asked if there was a cost associated with each item. Mr. King explained the only known cost was the \$2500 for the maintenance agreement. The price for the fiber from East Beaver Avenue to Calder Way and McAllister Alley would have to be determined at a later date and would come back to Council for approval.

Mr. Daubert asked that this subject be placed on Council's next meeting for approval.

2005 Operating Budget.

Mr. Fountaine distributed the 2005 operating budget for the Borough.

Mr. Groff began by presenting the third quarter report for 2004. In summary, he noted that although expenditures were within what was budgeted, trends show a continuing increase on the drawdown of reserves. There is concern over the drop in revenue for fines, and interest earnings have declined. Coupled with that is an increase in employee pension and benefits and debt service.

Mr. Kern asked about the 9 percent drop in earned income tax revenue. Mr. Groff indicated part of the reason for the decline could be due to changes in Act 166, which made some things no longer taxable at the local level. He noted this is a matter of concern because it is \$175,000 less than budgeted. This is off-set by an increase in the Business Privilege Tax, for a loss of \$60,000 underbudgeted for all taxes. Mr. Kern asked if the loss in earned income tax was a result from the graduate housing moving to Ferguson Township. Mr. Groff indicated he did not have that kind of information available.

Mr. Daubert asked if the University provided information on their hiring rates. Mr. Groff stated between 2003 and 2004, there were only 194 more employees. The University averages about 300 new employees; therefore, employment has slowed.

Mr. Groff reviewed the general fund revenue comparisons noting that most revenue is below predicted amounts. One concern is fines and costs, which could be a result of lower fines levied by the District Magistrate or the ability to assign community service. Other reasons for the decrease could be because of the relaxation of enforcement and the expansion of the courtesy parking program.

Mr. Fountaine explained that House Bill 197, which proposes an increase in the occupational privilege tax, is before the State Senate. This would mean additional tax revenue for the Borough and would impact many of the decisions made in the 2005 budget, although he did not believe this would solve the Borough's budgetary concerns.

Mr. Fountaine presented a series of slides on the proposed 2005 annual budget beginning with a summary of general fund revenue and expenditures, summarized below:

<u>Revenue</u>		<u>Expenditures</u>	
Real Estate Tax	\$ 3,205,000	Admin/Fin/Tax/IS/Misc.	\$ 2,391,718
Earned Income Tax	\$ 3,940,0000	Police/Parking Enforcement	\$ 6,718,060
Other Taxes	\$ 1,645,000	Planning/Health	\$ 630,460
Other Revenue	<u>\$ 5,158,797</u>	Public Works	\$ 1,863,430
		Regional Programs	\$ 1,051,207
		Debt Payments	\$ 770,951
		Capital Projects	<u>\$ 520,775</u>
Total Revenue	\$13,948,797		<u>\$13,946,601</u>
		Add to Reserve	\$ 2,196

Mr. Fountaine maintained the primary goal was to ensure that essential public services are not affected, maintain the reserve at 12 percent of the budget, and maintain a financial rating of Aa3. He commended staff in putting the budget together. There were many hard decisions that had to be made and staff came back with a viable proposal.

Mr. Fontaine reviewed several items included in the budget. First, there would be a hiring freeze, with each vacancy reviewed on a case-by-case basis to determine if the position can be filled by cross-training and shifting assignments. There will be more inter-departmental work teams to coordinate the workload. Also, meeting costs should be reduced by making meetings more productive and reducing their overall number. Mr. Fontaine proposed to cover the revenue gap with recurring, non-elastic revenues by shifting the reliance away from fines and costs and increasing those taxes that would provide stability.

Mr. Fontaine reviewed items such as increased funding for the First Time Homebuyer Program and the re-write of the Borough's zoning ordinance. He also listed the Capital Improvement projects that would be included in the budget.

Mr. Fontaine said, to increase revenue, the budget proposes an increase in the real estate tax, the earned income tax, and in fees. The increase in property taxes would be 1 mill, from 5.7 to 6.7. This would mean a typical homeowner would pay \$75.00 more per year; the .1 percent increase in earned income tax would be about \$10.00 for each wage earner. Other increases in fees would occur with restaurant and retail food licenses and parking fees.

Mr. Fontaine noted several cuts in the budget, the largest of which included a \$311,002 reduction in personnel. Other reductions included freezing step increases for non-union personnel, the shift from paper to an electronic newsletter, and elimination of the Tree/Park maintenance contract.

Mr. Fontaine then reviewed the impacts of the budget within each department. Some of the impacts to Administration/IS/Finance were longer waits for customers, slowed processing of tax returns, stretched clerical staff to cover meetings, and the delay of electronic payment and data integration. Impacts to public works included reduced street tree pruning, slow response time for brush collection, reduced routine custodial and maintenance work at garages, and increased overtime at peak times during the year. For public safety, the impacts could include elimination of evening hours at the front desk, increased overtime, increased response time for non-emergency calls, and reduction in foot patrols. Impacts to the health and planning departments could include limited weekend and evening enforcement, slowed response to complaints, and a reduction in follow-up enforcement and staff support for ABCs.

Mr. Fontaine suggested that issues for discussion by Council should include the most appropriate way to raise revenue, be it through real estate taxes, earned income taxes, parking meter revenue, increased fines, or some other form. Council should also consider whether or not the changes to the Capital Improvement Program are appropriate. He asked Council to look over the budget to determine if they believe there are non-essential programs or services that should be reduced or eliminated. Thought should be given to the priorities for restoring the budget cuts or reducing revenue increases if new funding sources become available.

Mr. Fontaine concluded his presentation by listing the review schedule for the budget. He asked Council members to e-mail him with any questions they may have so that a response can be available at the next meeting.

Centre Region Council of Government (COG) General Forum Agenda

Council discussed items on COG's General Forum agenda for November 22. One item discussed was the purchase of the Oak Hall property for a park. Ms. Goreham noted that ownership versus development costs was an issue. Mr. Fontaine explained funding from the Department of Interior does not allow multiple municipalities to hold the deed; therefore, the proposal is to give COG ownership of the property; any development agreement would be set up later. Ms. Goreham noted that Ferguson Township does not want to be a part of the program.

Mr. Meyer suggested Council give their one-year notice to Parks & Recreation that they would be pulling out of the program. The Borough would have a whole year to rescind

the notice. It would send a message to Ferguson Township officials that they cannot operate as they have been in a Council of Governments. He also recommended that all CATA routes be eliminated that connect to Ferguson Township. This may be what is needed to send the message to Ferguson Township officials that there needs to be more cooperation.

Item of Information

Ms. Dauler reported the UAJA has decided to raise the tapping fee by 8 percent. Ms. Story indicated the tapping fee for the Borough will go from \$2,575 to \$3,162 for each equivalent dwelling unit (edu) and noted that staff is still trying to come up with a flow-based fee for non-residential uses.

There being no further business, the meeting was adjourned at 1:50 p.m.

Respectfully submitted by:

Barbara J. Natalie
Assistant Borough Secretary