

State College Borough Council
Special Meeting
September 13, 2004

The State College Borough Council met in a special meeting on Monday, September 13, 2004, in the Council Chambers of the State College Municipal Building, 243 South Allen Street. Mayor Welch called the meeting to order at 7:30 p.m.

Present: Bill Welch, Mayor
Thomas E. Daubert, President
Elizabeth A. Goreham
Craig R. Humphrey
Janet K. Knauer
Jeffrey H. Meyer
Jeffrey R. Kern

Absent: Catherine G. Dauler

Also present: Thomas J. Fountaine, II, Borough Manager; Terry J. Williams, Borough Solicitor; Ronald A. Davis, Assistant Borough Manager; Michele Nicolas, Director of Human Resources; Thomas R. King, Chief of Police; Carl R. Hess, Director of Planning/Community Development; Herman L. Slaybaugh, Zoning Officer/Planner; Michael S. Groff, Finance Director; Amy J. Story, Borough Engineer; Mark S. Henry, Health Officer; Timothy Grattan, Director of Information Systems; Penn Clark, Systems Analyst; Edward C. Holmes, Parking/Facilities Coordinator; Cynthia S. Hanscom, Recording Secretary; members of the media; and other interested observers.

PUBLIC HOUR. There were no comments from the public.

BEAVER AVENUE PARKING GARAGE

Mr. Fountaine said the bids for Project 24-2004, the construction of the Beaver Avenue parking garage, were opened on September 8. The availability of specifications was advertised in accordance with the Purchasing Ordinance. Seven contractors were pre-qualified to submit bids and attended at least one of the two mandatory pre-bid meetings. Of those seven, five submitted bids:

Contractor	Base Bid Amount	Bid Alternates					
		1	2	3	4	5	6
Leonard S Fiore Altoona, PA 16602	\$ 11,197,000	\$393,000	\$187,000	\$ (225,000)	\$(95,000)	\$ (55,000)	NO CHANGE
Massaro Company Pittsburgh, PA 15238	\$ 11,400,000	\$386,000	\$181,000	\$ (205,000)	\$(82,000)	\$ (17,000)	\$ (3,000)
Carl Walker Construction Pittsburgh, PA 15205	\$ 11,513,749	\$388,000	\$196,000	\$ (220,000)	\$(54,000)	\$ (35,000)	NO CHANGE
Mascaro Construction Company Pittsburgh, PA 15233	\$ 11,828,000	\$390,000	\$181,000	\$ (230,000)	\$(80,000)	\$ (55,000)	NO CHANGE
Alexander Building Construction LLC State College PA 16803	\$ 12,176,900	\$405,507	\$192,427	\$ (246,000)	\$(73,300)	\$ (78,000)	\$ 5,235

Staff reviewed the alternate bids and recommended they be rejected. Including the low-base bid of \$11,197,000, the total project cost estimate exceeds the July 12 estimate by \$710,167.

Mr. Fountaine explained that, based upon the timing and the anticipated amount of borrowing for the garage and intersection realignment project (\$16 to \$17 million), the financial advisor investigated the desirability of “bifurcating” or splitting the

borrowing into two separate bond issues, one to be sold in September 2004 and the other early in 2005. That would make the bonds more attractive to purchasers and enable them to be sold at a lower rate of interest.

Mr. Fountaine said less than \$10 million will be borrowed through each issued with a minimum "call period" of five years. The shorter call period gives the Borough greater flexibility in being able to redeem or refinance some or all of the bonds as market conditions warrant. Bifurcation also enables Council and staff to review proposed projects in the 2005-2009 Capital Improvement Plan and consider whether or not any of the projects should be financed through the 2005 issue.

Council discussed the alternate bids. Mr. Meyer suggested the snow removal system be rejected to save \$95,000. The heating costs associated with the system could add to the overall operating costs in the future. Snow removal would be more cost effective if contracted out or completed by employees.

Mr. Meyer suggested the thin brick façade be removed and replaced with brick-colored, textured concrete, which would save an additional \$225,000. Mr. Daubert believed the thin brick exterior should be included because the garage should look good and be built with an exterior that would last. Ms. Knauer asked about the alternate material. Mr. Holmes explained that it would be colored pre-cast concrete made to look like brick. He said there were different textures that could be chosen, but the mortar joints could not be mimicked. Mr. Kern agreed the thin brick overlay could be removed from the project; the garage was over budget and Council should do whatever is necessary to bring this project back in line.

Mr. Meyer moved to announce Council's intent to award the contract for Project 24-2004 to Leonard S. Fiore, Inc., of Altoona, PA, the low bid responder, in the base bid amount of \$11,197,000, contingent upon providing all required bonds and insurances, and reject all alternate bid items and all other bids. Mr. Humphrey seconded the motion.

Mr. Meyer moved to amend the motion to accept Alternate 4, which deletes the snow melting system for the sidewalks. Ms. Knauer seconded the amendment and the motion passed with a 6-0-0 vote.

Mr. Meyer moved to amend the motion to accept Alternate 3, which deletes the thin brick façade. Mr. Kern seconded the motion. The motion failed with a 2-4-0 vote. Ms. Goreham, Ms. Knauer, Mr. Daubert and Mr. Humphrey opposed.

Mr. Daubert referenced a September 13th letter from Robin Neff, Project Manager for the Beaver Avenue parking structure project, regarding her review of the subcontractors listed by Leonard S. Fiore, Inc. She recommended the Borough not accept Bay Harbour Electric as a subcontractor and require that Schindler Elevator provide proof the specified products can be provided without extensive redesign.

Mr. Daubert moved to amend the motion to incorporate Ms. Neff's suggestions. Ms. Knauer seconded the motion. The motion passed unanimously.

Council then voted on the original motion, as amended. The motion passed with a 4-2-0 vote. Ms. Goreham and Ms. Knauer opposed.

Mr. Meyer raised the issue of allowing residential structures to utilize the in-lieu-of-parking option. He noted that 10-12 spaces would provide an additional \$250,000 to \$300,000 to help defray the cost of the garage. Mr. Daubert disagreed because, in the past, the lack of parking being provided for residential structures was "killing the downtown." Mr. Kern commented it may not be appropriate to have 100 percent of parking provided through in-lieu but there may be a portion that would be appropriate without putting a hardship on the downtown. Ms. Goreham said residential parking is very important and should be provided on-site. Ms. Knauer felt the portion of a structure designated for non-residential use may be appropriate but not residential uses.

Mr. Meyer moved to authorize staff to come up with an in-lieu program that would include residential housing structures. Mr. Kern seconded the motion. The motion failed with Ms. Goreham, Ms. Knauer, Mr. Daubert and Mr. Humphrey opposed.

Ms. Knauer was opposed to this entire project. She believed the garage could be built with one less floor to reduce the cost. Mr. Meyer believed it would a waste of money to building the garage with one less floor because it would mean the loss of 100 spaces but would not result in a one-to-one savings. Mr. Humphrey agreed. Since the Borough already purchased the land, the 100 spaces are needed to make the project economically viable.

Ms. Goreham moved to ask for an estimate on what savings would be accrued with one less floor being built. Ms. Knauer seconded the motion. The motion failed with Mr. Kern, Ms. Knauer, Mr. Daubert, Mr. Meyer and Mr. Humphrey opposed.

Mr. Kern noted the fund balance would run out of money which would require taxpayers to make up the difference for this debt. Mr. Davis expected there to be a parking rate increase by 2013, which would increase the fund balance to cover the cost. Mr. Kern believed that the two existing garages would be 20-30 years old and require additional maintenance and repair costs that would dip into the fund balance. He added that when raising the parking rates, users feel the Borough is forcing business to go out of town. He believed there was a line at which rates would be too high. Teresa Sparacino, Executive Director of the Downtown Improvement District, commented that, regardless of whether or not parking rates are increased in the future, it was imperative that this garage be built to meet the need for parking downtown.

Pension Obligation for 2005

Mr. Fontaine said Act 205 of 1984 (as amended by Act 189 of 1990) requires that a budget for the Borough’s pension obligations for the upcoming year be submitted to Council prior to September 30th of each year. This budget is based on actuarial costs of the pension plan, obtained from the Borough’s actuary, and an estimated payroll figure, which staff develops in house. Next year’s pension cost is estimated to total, at a minimum, \$1,223,856, calculated as follows:

	<u>Police</u>	<u>General Government</u>
Normal Cost Percentage*	15.1%	8.5%
Administrative Expense Percentage*	0.2%	0.1%
Estimated 2002 Total with Payroll	\$ 3,789,675.00.....	\$ 6,203,943.00
Annual Cost ({1+2} x 3)	579,820.00.....	533,539.00
Amortization Contribution Requirement*	90,559.00.....	457,580.00
Financial Requirements (4 + 5)	670,379.00.....	991,119.00
Less: Member Contributions	189,484.00.....	248,158.00
Less: 10% of Negative Unfunded Accrued Liability*	0.00.....	0.00
Minimum Municipal Obligation (6-7-8) (due before 12/31/2005)	\$ 480,895.00	\$ 742,961.00

Mr. Fontaine noted this minimum municipal obligation (MMO) is 31 percent, or approximately \$289,000.00 more than last year. This is due to increased amortization requirements due to investment losses incurred in 2001-2002. The total MMO will be offset by state funds which are estimated at \$662,500, leaving a balance of \$561,356.

Mr. Daubert thought the percentage employees pay into the pension plan is too low, particularly when compared to what Penn State employees pay for their pension. He would like to revisit this at some point.

Ms. Knauer moved to receive the pension obligation estimate. Ms. Goreham seconded the motion, which passed with at 6-0-0 vote.

Request to Use Municipal Building Plaza and Sidewalks for a Rally/March

Mr. Fontaine noted that Mothers Opposing Bush (MOB) is asking for permission to use the Municipal Building plaza for a rally and then conduct a march along several streets in the downtown. Originally, the rally was to be held in Central Parklet but a conflicting event has forced this group to move to another location.

Mr. Daubert asked if signage could be prohibited. Mr. Williams noted the free speech issue may prohibit Council from restricting this event. A policy restricting signage for all public spaces in the Borough would need to be in place prior to the event.

Ms. Goreham moved to permit the use of the plaza and sidewalks for this activity as long as the participants do not block the sidewalk and do not block entrances to any buildings abutting the sidewalks. Mr. Kern seconded the motion. The motion passed unanimously.

There being no further business, the meeting was adjourned to a work session at 8:17 p.m.

Respectfully submitted by:

Barbara J. Natalie
Assistant Borough Secretary