

Meeting Minutes
State College Borough Council
Work Session
December 1, 2006

The State College Borough Council met in a work session on Friday, December 1, 2006, in the State College Municipal Building's Council Chambers, 243 South Allen Street, State College, PA. Ms. Ms. Dauler called the meeting to order at 12:08 p.m.

Present: Catherine G. Dauler, President of Council
Ronald L. Filippelli
Elizabeth A. Goreham
Donald M. Hahn
Craig R. Humphrey
Jeffrey R. Kern

Absent: Thomas E. Daubert

Also present: Thomas J. Fountaine, II, Borough Manager; Thomas S. Kurtz, Assistant Borough Manager; Carl R. Hess, Planning Director; Amy J. Story, Borough Engineer; Michael Groff, Finance Director; Tim Grattan, Information Technology Director; John Marchek, Risk Manager/Budget Officer; Norma Crater, Accounting Supervisor; Art Caccavale, Parking Manager; Amy R. Miller, Recording Secretary; Alan Sam, Arborist; Eric Brooks, Operations Manager; Ed Holmes; Facility Coordinator; Linda Welker; Tax Administrator; members of the media and other interested observers.

Public hour. There were no comments from the public.

2007 General Operating Budget. Mr. Fountaine explained that Council's upcoming meeting on Monday, December 4, 2006, would have no quorum. He said a quorum is not needed to conduct the public hearing on the budget. Therefore, the public hearing will be convened to record comments from those attending, and then recessed to Monday, December 11. At the December 11 meeting, if any issues come up at the hearing that needs attention, Council may act upon the issues. The meeting will then officially close and a work session will be convened.

Mr. Fountaine then suggested Council continue discussion of the 2007 operating budget.

Mr. Humphrey asked how the fund balance to begin 2007 was determined. Mr. Groff said the fund balance is a projection, not an actual figure for the difference between (1) projected 2006 revenues and the 2006 starting fund balance and (2) the projected 2006 expenditures. Mr. Fountaine added that the anticipated fund balance at the end of 2006 is higher than budgeted because the Emergency and Municipal Service Tax (EMST) was not revised as had been anticipated when the 2006 budget was prepared.

Mr. Groff said the target reserve in the fund balance is 12 percent of the budget to provide a safety margin for unexpected expenditures. Mr. Fountaine said the reserve is also used to level the cash flow when needed, such as the early months of the year before tax payments are received.

Ms. Goreham asked if home owners are required to live in a home purchased with the help of the Borough. Mr. Hess explained the First Time Home Buyer program does require the purchaser be the primary resident.

Mr. Humphrey asked how the First Time Home Buyer program is advertised. Mr. Hess said local realtors and banks inform prospective buyers about the program and signs are posted in grocery stores and churches as well as in other human service agencies.

Ms. Goreham asked if Borough employees can partake in the program. Mr. Fountaine said a program for employees has not been considered. Ms. Goreham suggested considering a plan for employees.

Ms. Dauler questioned the section on municipal facilities and the details on appropriations for personnel expenses where the maintenance and cleaning of contract services are provided to the library and CATA. Mr. Holmes said the small CATA office in the library is included in the expenses.

Mr. Filippelli asked what services are provided from municipal memberships. Mr. Fountaine said that the appropriation for memberships includes Council participation in the National League of Cities and State Associations' annual conferences and other events as well as dues.

Ms. Goreham questioned the budgeted unemployment compensation fund. Mr. Fountaine replied the unemployment compensation is part of the insurance reserve fund. There is an adequate fund balance in the insurance reserve fund in 2007 to fully fund the unemployment claims in 2007.

Mr. Hahn asked about rental income for the commercial space in the Beaver Avenue Garage. Mr. Fontaine said there was no annual rental income. He noted the commercial space was paid for in a lump sum of \$1.2 million when the 29 year lease agreement was made with the businesses located there.

Mr. Hahn suggested discussing broad issues of revenues and expenditures rather than individual line items. Ms. Dauler said Council should focus on a smaller scale at this time. Ms. Goreham asked about taxation and the over-estimated property tax receipts in the 2006 budget. Mr. Fontaine said the over-estimate of taxes was minimal (about 1 percent). He noted the shortfall was the result of a higher delinquency rate of tax payments in 2006, but all the taxes will eventually be collected.

Ms. Dauler said she would like to see better enforcement of the limits on conversions of single family homes to rental properties because she knows of three properties in her neighborhood that have become rental properties and wonders if the proper permits were obtained.

Council discussed the possibility of a special census to provide information on neighborhoods. Mr. Hess said properties, income and age of residents can be tracked via the census but a census has not been done for a number of years. Mr. Kurtz said Patton Township requested a special US census in the mid 1990's which was paid for by a private business. Mr. Fontaine said it would not be to the Borough's advantage to pay for a special census.

Ms. Dauler also said the School Board has been looking at a personal income tax in lieu of the earned income tax. Mr. Fontaine replied that by law the School Board cannot implement a personal income tax unless the real estate tax is lowered and the Borough is not allowed to make this change. He noted the Pennsylvania League of Cities and Municipalities is currently looking at tax reform issues.

Mr. Kern added the Borough should not rely on real estate taxes of aging homeowners that do not have an earned income. Ms. Welker said a large number of retirees rent and current data could be obtained from a census.

Mr. Filippelli said the Borough should develop a strategic plan to prepare for a worst-case scenario in the event of a tax revenue crisis. Mr. Fontaine agreed and said the Borough should prepare to deal with a deficit. Mr. Kern said the tax committee showed a similar type of scenario in the final tax study report.

Ms. Goreham suggested developing a strategy to protect and preserve taxable property values which may mean a reassessment for the County. She also suggested developers build apartment buildings, not dormitory like buildings, to bring back a more livable environment.

Mr. Hahn asked to what extent enforcement issues have changed due to the lack of resident managers in the apartment buildings and the increase of bars in the downtown. Mr. Kern added that low density rental housing surrounding the apartment buildings also contribute to enforcement issues. Mr. Fontaine said when the Borough implemented the rental housing suspension process some fifteen years ago the effort was directed at low density and single family rentals. However, the process should be reevaluated and additional rental properties be taken into consideration.

Mr. King commented that the impact of the apartments and bars is hard to evaluate. There are a couple factors with regard to the high-rises; there are more police calls and there is more of a party atmosphere. Mr. King said if the apartments had their own security and/or resident managers, there would be a lesser need for enforcement. Mr. King stated that owner-occupied condominium apartments would be a good thing; police calls are at a minimum in owner occupied areas. Mr. Fontaine said the rental suspensions do apply to the high-rise apartments.

Mr. Filippelli said condominiums should be treated differently than rental apartments where code enforcement is concerned. Mr. Fontaine said not all condominiums are owner occupied and many apartment buildings are not under single ownership. Mr. Kurtz added that if there are two identical buildings where one building is owned by an individual and the other has 12 owners, the same kinds of problems occur. Oftentimes, a single condominium owner is worse off than the owner of the entire building. Mr. Fontaine said the issue of code enforcement violations is accumulated by the individual units in a multi-unit building.

Items of information. Mr. Fontaine distributed information to Council regarding CDBG funding from PLCM for next week's National League of Cities meeting in Reno. He said the additional blue sheet attached to the agenda is a comparison of CDBG funding for college communities which can be utilized as needed when speaking with various colleagues at the meeting.

Ms. Goreham suggested if a Council member knows of a rental property that should be reassessed — such as a very large income producing property which presents itself as a modest property — the Council member should bring the information forward. Mr. Fontaine said some members of Council may want to meet with the Chairman of the Board of Commissioners on a regular rotating basis to discuss tax assessment issues.

Ms. Dauler suggested Council contact some university officials for a joint meeting with Scott Conklin to inform him of important issues before he takes office in Harrisburg. Mr. Fontaine suggested expanding the invitation to the entire delegation in the beginning of January before sessions begin.

There being no further business, the meeting adjourned to an executive session at 1:32 pm.

Respectfully submitted by:

Cynthia S. Hanscom
Assistant Borough Secretary