

**Borough of Somerset
Somerset Borough Council and the
Municipal Authority of the Borough of Somerset
Joint Meeting
November 19, 2012 – 7:00 p.m.**

Joint Meeting

The Borough Council meeting was called to order by Mrs. Ruby Miller, Council President.

The Municipal Authority meeting was called to order by Chairman Kuhlman.

Meeting opened with recitation of the Pledge of Allegiance to the Flag.

Present:

Paul Urbain, Ruby Miller, Frank Koval, Judy Pyle, Fred Rosemeyer, Wanda Miller, and Scott Walker, Council Members present.

Ben Vinzani, Jr., Borough Manager, Michele Enos, Assistant to the Manager, Brett Peters, Director of Finance, John J. Dirienzo, Jr., Borough Solicitor, Randy Cox, Chief of Police, Eric Critchfield, Consulting Engineer, William Meyer, Mayor.

Present:

Clyde Mostoller, Hank Parke, Joe Egly, Vincent Jacob, William Kuhlman, Municipal Authority Members. (Sign-in sheet is available on file.)

New Business – Joint Action

Management Agreement

The Solicitor referred to a proposed amendment to the Management Agreement (for the sanitary sewer system) between the Borough and Municipal Authority, to include our water system. Currently the Authority exists, but the Borough does the operations, with obligations of the Authority guaranteed by the Borough. The Somerset Borough Industrial Park Waterline Loop (PENNVEST Project) current project involves installation of the loop and tank work at the old State Hospital site.

Mr. Critchfield explained that we are looking to rebuild a replacement tank and build a water line connection to the two lines to create another loop to improve pressure and flow to the Borough and give a second feed from the east side of town, since we are taking a substantial amount of water from the Quemahoning Project.

Mr. Dirienzo said these contracts are already bid. Paying for it is anticipated to be by a single PENNVEST loan through the State Agency in Harrisburg that lends infrastructure improvement funds to municipalities, which they have approved. He explained interest rates and borrowing terms, which include payback over a 20-year period, resulting in monthly payments of \$9,653.00. The PENNVEST attorney suggested three possibilities available to us.

One is to amend the existing Management Agreement and to change the borrower and guarantor around so that the borrower would be the Authority and the Borough the Guarantor.

Option two was to do a lease agreement whereby the Borough would sell its system to the Authority, which would then lease it back. The Borough would pay rental payments to the Authority so it could pay its loan payments.

Third, was to merge the Borough and Authority by the Borough passing an ordinance that would undo the ordinance passed to create the Authority, essentially putting them out of business.

He said the advisable course is to amend the Management Agreement eliminating the Lease Agreement since it is the cheapest option, with the Authority being the primary obligor; the Borough being the guarantor. The revenue and taxing power pledges are the same; we merely straighten out the parties and amend the Management Agreement.

When a sewer project was done in 1984, part of the Sewer Project paperwork for the bond borrowing was the Management Agreement between the Municipal Authority and the Borough. Bonds were issued by the Authority, guaranteed by the Borough, and the Borough agreed to manage the system.

It appears that the Borough has been managing the Authority's water and sewer systems from day one. These revenues and expenditures are kept separate because of the various loans and pledging of the revenues. He said he prepared the amendment to the Management Agreement for both bodies' consideration. If passed, it takes care of what would be called a "defacto management agreement" whereby the Borough has been

managing both the water and sewer systems. This amendment to the Management Agreement will satisfy PENNVEST so that it can move forward and resolve the shortcomings of the previous agreement.

He advised this as the cheapest way to go, allowing us to proceed with funding the project in line with all other financing already in place, and clears up areas of uncertainty.

Motion –Somerset Borough Council

Mr. Rosemeyer moved to update the Management Agreement Amendment to include our water system - motion seconded by Ms. Wanda Miller.

Unanimously Carried.

Motion - Municipal Authority of the Borough of Somerset

Mr. Jacob moved, Mr. Egly seconded the amendment to the Management Agreement to include our water system.

Unanimously Carried.

Mr. Park moved, Mr. Jacob seconded authorizing a Resolution approving the PENNVEST Loan.

Unanimously Carried.

Municipal Authority Agenda

Approval of Minutes of the Previous Meeting

Mr. Parke moved to approve the minutes of the previous Joint Municipal Authority/Borough Council Meeting of August 27, 2012 – motion seconded by Mr. Jacob.

Unanimously Carried.

Adjournment

Mr. Parke moved to adjourn, seconded by Mr. Egly.

Unanimously Carried.

Borough Council Meeting

Moved by Mr. Urbain, seconded by Mr. Koval to approve the October 22, 2012 Council Meeting Minutes.

Unanimously Carried.

Opening of Bids

Sale of Surplus Equipment

Mr. Vinzani said no bids were received for the two 1994 GMC Pickup Trucks and one 1988 Custom Bucket Truck. He recommended authorizing a re-bid since the bid date has passed and we have now had new interest in the bidding. If no bids are received the second time, the Borough Code allows for competitive negotiation without going through bidding, and he suggested Council authorize public advertising for sale of these pieces of equipment.

Motion

Mr. Walker moved, Mr. Rosemeyer seconded to re-advertise for the three items.

Unanimously Carried.

General Public Comments

Jerry Lyons, Somerset Fire Department, reported 52 alarms in the month of October. During the recent hurricane there were 15 alarms in 15 hours. He commended Mr. Vinzani on his handling of this situation along with cooperation between the Fire, Police and Borough Departments. The alarms were mostly for downed trees, flooded basement situations, etc.

A major cleaning of the fire hall was performed and in December a crew from the state prison will re-paint the fire hall.

Payment of Bills

Mr. Koval moved to pay the following bills/requisitions – motion seconded by Mr. Walker:

Check Numbers 20715 to 20873

Total Amount: \$341,157.75

Unanimously Carried.

Old Business

Police Mutual Aid Agreement

President Miller said the D.A. spoke at the County Boroughs Association meeting and mentioned that she would like to have these Agreements executed by the end of the year, and that her office will pay for one advertisement for boroughs that cannot afford to advertise the ordinance.

The Solicitor emphasized that to make this workable we need to be sure that it does not get out of hand. In an emergency situation the concern is that there is a part to the Agreement that is not an entity, the detective group.

Chief Cox said the least frequent requesting entities for our assistance for other municipalities are usually not near enough to be asking for our calls, and no officer leaves the Borough without his authorization. He pointed out that even with his authorization the Borough is never left unprotected.

Detailed discussion followed, with questions concerning our calls to assist other municipalities; number of municipalities; boundary lines; number of municipalities as signatories to the Agreement; and those with opportunities to become signatories.

Chief Cox pointed out that he evaluates each situation as to when and under what circumstances our officers go out, and the Borough is always protected.

Sergeant's Position – Update from Public Safety Committee

Mr. Rosemeyer said the Committee is asking Council to approve three sergeant positions. Mr. Cox said this was his request since they plan on two sergeants. He said this would not increase the budget since the contract refers to O.I.C.'s, and sergeants.

Mr. Cox said his reason for asking for three was to save time in having to ask for another vacancy if this should come about. Mr. Dirienzo pointed out that eligibility to become a sergeant requires being a full-time officer with minimum years of service, in order to take the examination then a list is prepared and presented to Council for their selection.

A detailed discussion followed, with Chief Cox and Solicitor Dirienzo explaining questions regarding number of vacancies preferred, possibility of grievances, and the hiring process.

Mr. Cox pointed out the need for a designated supervisor on each shift. Mr. Rosemeyer said the criminal justice system history points out that you should not have a bargaining unit employee supervising a bargaining unit employee. Mr. Dirienzo said sergeants, lieutenants, etc. could form their own bargaining units. He said we have a bargaining unit comprised of all full-time and regular part-time patrolmen and this bargaining unit selected the teamsters union to be its agent, a collective bargaining agreement with the Borough of Somerset.

Motion

Mr. Rosemeyer moved, Mr. Walker seconded, to declare two vacancies for the Sergeant position.

Carried 6-1 (W. Miller voted “no”).

At this point President Miller mentioned that a request was received from John Coleman concerning master water issues of Messrs. Coleman, Knupp and Woy. A committee will be arranged to address this matter.

New Business

Motion

Mr. Rosemeyer moved, Mr. Urbain seconded to approve the following Resolution:

RESOLUTION NO. 2012-07

WHEREAS, the Borough of Somerset has by ordinance established the use of Certified Public Accountants to audit Borough Accounts, and;

NOW, THEREFORE, We, the Council and Mayor of the Borough of Somerset designate Friedline, Pipon & Company to audit Borough Accounts for the year 2012.

Unanimously Carried.

Metered Parking

Mrs. Ruby Miller asked for Council’s wishes concerning free parking during the Christmas Season. Chief Cox recommended giving free meter parking, and they will continue to enforce the 2-hour limit on the non-metered spaces then notify the press that there will be free parking at a meter for two hours, including the 10-hour meters.

Motion

Ms. Wanda Miller moved to have free metered parking during the Christmas Season plus free metered parking beginning on Black Friday and continuing through New Year’s Eve – motion seconded by Mr. Rosemeyer.

Unanimously Carried.

Year 2013 Budgets

Mr. Peters reported no tax increase in the proposed Tentative General Fund budget. Water rates are proposed to remain unchanged. A three cent (per hundred gallons of water used) increase is proposed for the Sewer Fund. Ms. Wanda Miller asked about the General Fund summary showing an amount for “other”. Mr. Peters explained that snow removal material is the largest item here, along with the Coxes Creek stream clearance and traffic signal materials.

Motion

Mr. Urbain moved to approve the tentative Year 2013 Budgets, to be finally adopted next month - motion seconded by Mrs. Pyle.

Unanimously Carried.

COMMITTEE, ADMINISTRATION, SPECIAL REPORTS

Manager’s Report

Mr. Vinzani reported on the following:

The Safety Committee received its annual certification by a representative from Selective Insurance, part of which makes us eligible for a 5% rebate on our Workers Compensation insurance.

The County Drought Task Force reports adequate water supplies.

The Finance Committee met during the budget process. He thanked all involved for their work on the budgets for the Council’s adoption of the tentative budgets.

Christmas decorations were installed November 4th.

President’s Report

President Miller reported on the following:

The Somerset County Boroughs Association held their banquet and elected the same officers for the following year. Somerset will host the March meeting.

The Somerset ship in New Orleans will be using wood paneling from trees cut down on Route 219. They are placing signs with names instead of having the rooms numbered. They discussed various suggestions, along with prices. All Somerset County boroughs will be represented on the ship.

Engineer's Report

Mr. Critchfield offered to answer questions on the Status of Projects Report. Mr. Vinzani noted that he will be retiring, and thanked him, on behalf of all, for his 35 years with the Borough.

Public Works/Equipment Committee

Mr. Walker reported that Public Works had an exceptionally busy month. They did a great job in preparing for the hurricane.

All helped to install the Christmas decorations in anticipation of light-up night.

The Borough has collected 12-1/2 tons of leaves, and additional drop-offs are expected before snowfall.

Public Safety Committee

Mr. Rosemeyer said the Public Safety Committee met and discussed an issue concerning our motorcycle, and possible purchases. They have one bike, with four officers trained to ride it. "Harvey Davidson" has two one-year old bikes in excellent condition. We could possibly get \$7,500 for our "Road King". Chief Cox said last comparison shows we can run a motorcycle for two weeks on the same amount of gas that a cruiser uses in one shift.

They discussed age, year, condition, prices of the bikes. Mr. Peters added that this is not in the budget; another source of funding would be needed. Mr. Vinzani pointed out that there is an amount allocated in the budget per capital. With the budget's final adoption, the Equipment and Public Works Committees set the capital purchase priorities after the first of the year.

Mr. Rosemeyer mentioned that we have a police officer leaving the Department, creating a position. Chief Cox asked if we could begin the hiring process, if we should come up with a vacancy before next meeting. Mr. Vinzani said we would need to officially add them to the roster of part-time police officers.

Finance Committee

Mr. Urbain reported that Mr. Peters prepared a balanced budget. He provided the following report of revenues and expenditures through October with no red flags:

General Fund Revenues: 98.67% – Expenses: 81.98%

Water Revenue Fund Revenues: 83.57% – Expenses 88.24%

Sewer System Operating Fund Revenues: 81.06% – Expenses 82.28%

Somerset, Inc.

Mrs. Pyle said the Somerset, Inc. meetings will be on Wednesdays.

Solicitor's Report

Attorney Dirienzo reviewed the question concerning the Fleetwood Folding Trailer Building. There was a pending real estate assessment valuation appeal and a sale transaction. The question becomes whether we are willing to agree to a reduced assessed value, which would have resulted in a refundable amount back to the taxpayer. We agreed to the reduced value, but instead of a refund we asked for the credit against the next taxes.

Because of the sale and change of ownership, the refund needs to be made since the new taxpayer is entitled to the credit; he said he explained to them that when we talked with them previously the amount was approved, but only as a credit instead of a refund.

He received a letter from the School District Solicitor, to the Assessment Solicitor, and they are agreeable to the reduced new assessed value for year 2013 and are not conceding any refund and/or credit for the year 2012 tax year. Our question is, instead of going along with the refund, do we want to stick with the School District, and that the tax is paid with no refund or credit. This is the position that the District has taken.

The Manager asked if he considers this to be a correct position – Mr. Dirienzo said he would have preferred that the assessed value not be changed; essentially agreeing to a fair market value would be applicable for year 2013 instead of dealing with the refund for year 2012, affecting Borough finances.

The assessed value changed, with the sale and change of ownership. Supposedly the assessed value we now have is what this property would have been worth, times two, in 1996, the last county-wide re-value. The previous owner was saying that this assessed value was too high to begin with and should have been lower.

Mr. Vinzani asked about going along with the School District - Mr. Dirienzo said the appeal would continue and it is up to the taxpayer whether they want to continue. He said we have a motion on record to agree to the reduced value for year 2012 and allow a credit against future taxes for the difference in the amount. If no action is taken we agree to the reduced amount and allowing a credit for the Borough taxes for year 2013. Only problem is a different person paid the tax in 2012 because of the sale.

Motion

Mrs. Ruby Miller moved to go along with the School District, agreeing to the reduced value, becoming effective beginning with tax year 2013 – motion seconded by Mr. Koval.

Unanimously Carried.

Adjournment

Mrs. Wanda Miller moved to adjourn – motion seconded by Mr. Koval.

Unanimously Carried.

8:39 p.m.

Benedict G. Vinzani, Jr., Ph.D.
Borough Manager/Secretary