

Borough of Somerset Committee of the Whole

November 13, 2017 5:00 p.m.

Meeting was called to order by President Ruby Miller, opening with recitation of the Pledge of Allegiance to the Flag.

Roll Call:

Council Members present: Ruby Miller; Fred Rosemeyer; Judy Pyle; Pam Ream; Sue Opp; Steve Shaulis; and Gary Thomas. Mayor Scott Walker also present.

Absent was Junior Council Member Maria Weimer.

Also present were the following: Borough Manager, Michele Enos; Director of Finance, Brett Peters; Chief of Police, Randy Cox; Solicitor James Cascio; and Consulting Engineer, Tom Reilly.

Announcements:

(a) None

Approval of Minutes of Previous Meeting:

(a) All minutes are approved at the regular Council Meeting.

General Public Comments:

(a) None Registered.

Policy Agenda:

Old Business:

(a) None

New Business:

(a) Request Form Submitted by Manager Enos and Director of Finance Peters:

1. 2018 Operating Budgets – Discussion on General, Water and Sewer Funds.

Mr. Peters presented a copy of the Operating Budget, Capital List and updated graph of the General Fund Cash to members of Council. He presented the information for discussion. He stated that on the General Fund, he's budgeting for a \$50,000 deficit. The Water Fund is at a \$45,000 deficit. The Sewer Fund has a healthy surplus. Mr. Peters stated that he wanted to see how Council wanted him to handle the deficits. He stated that his goal from the meeting was to get direction from Council, so we can adopt a tentative budget at next week's Council Meeting.

Mr. Thomas stated that he's against a tax increase. He expressed his suggestions on where the percentages of the budget should go.

Ms. Enos pointed out that the Operating Budget, with some of the items Mr. Thomas was referring to, is separate from the Capital Budget. Ms. Enos stated that at the last meeting, Mr. Peters handed out to Council all of the Capital Budget Requests and the Cash Flow Chart that showed what monies we have in our savings and reserves. The information Mr. Peters handed out to Council at this meeting, was the normal, everyday Operating Budget. This information shows the revenues, expenditures, and accounts for all Departments under the General Fund. This information has nothing to do with Water and Sewer.

Mr. Peters mentioned that the total expenditures under the General Fund is \$3,478,758.00 for the proposed budget.

Mr. Thomas expressed his concern about the road conditions in the Borough. He stated that their neglect is not helping the infrastructure in the Borough. He stated that he feels that a higher percentage of the budget needs to be used to address this need. He also stated his concern about aging equipment at the Public Works Department.

Ms. Enos stated that she understood his concerns completely. She stated there is no question that the roads need a lot of attention. She reiterated that the items on the Operating Budget is how we function on a daily basis, everything we do, every service we provide and everything that is by contract from January 1st to December 31st. The information provided is what it costs us to provide normal operations. Ms. Enos stated that additional paving and equipment are all Capital items. The paving for 2018 is proposed and figured into the budget for 2018. She stated that some items, requested for Public Works, can be multi-funded depending on their use. Ms. Enos mentioned that this has helped us over the years.

Mr. Thomas stated that if we cut down expenses, we could have money left over for items such as paving.

Mrs. Miller stated that we can't cut down normal every day expenses.

Mr. Rosemeyer rhetorically asked, "What would happen if we cut the entire budget by 10%?"

Ms. Enos stated that she and Mr. Peters would need some direction from where Council would like to do that.

Chief Cox mentioned that with this year's Police budget of \$1.67 million, 93% of its budget is used for personnel costs. So the Department is running on the remaining 7% of the budget, which is equivalent to \$110,300. He stated that a great majority of the personnel costs are locked in by contract and negotiated. Chief Cox stated that right now, the Police Department is 47% of the total General Fund Budget. So, he mentioned, that if he knocks 7% of the budget down, he'll have nothing to run the Department on. He stated that is where he has trouble with cutting the budget. Chief

Cox stated that if you look at the revenue the Police Department brings in, which is \$92,000.00 a year, and subtract that from our Operating Budget, we're actually only 44% of the total budget.

Mrs. Ream stated that the only way to cut the Operating Budget for the Police Department is to cut staff, or to make a change in the way things are scheduled i.e., uncovered shifts and having less overtime hours. She mentioned that Council has talked about this multiple times before.

Chief Cox stated that cutting staff actually increases overtime.

Mrs. Ream stated that she understood this, and was not advocating uncovered shifts. She asked Chief Cox how else he could cut his budget if he's only operating the Police Department on 7% of his total budget. Mrs. Ream answered her question by stating that you would have to have open shifts. She asked if they were willing, as a Borough Council, to have open shifts?

Discussion was then held about cutting the Police budget by reducing the number of people on a shift. All agreed, though, that this would be unsafe. Discussion was continued with answers to questions regarding how the Police Department is staffed during daylight hours, and what employee's specific job assignments are.

Ms. Enos stated that she and Mr. Peters are looking for direction from Council on where they would like to see those cuts made.

Mrs. Ream mentioned that from her, Ms. Enos and Mr. Peter's perspective, we have to run our budget as tightly as we can, but it is still going to be difficult to find the additional funding we need.

Mr. Rosemeyer mentioned that all Departments have to have budget cuts, not just the Police Department.

Ms. Enos mentioned that what she and Mr. Peters are doing is providing Council with the best information they have based upon our trends, where we're at and what the cost of business is in the Operating Budget. She stated that Council are the ones that have to give them the direction on what they would like to see happen.

Chief Cox spoke with Council on the subject of how many Officers are employed by the Department, are scheduled, reasons why not all Officers are actively working, and why many overtime hours have been worked. He stated that because they have fewer Officers working, it drives up overtime.

Solicitor Cascio mentioned that we are roughly \$56,000.00 or 1.6 % short of the total money raised by millage. He stated that if Council were to raise millage by one-half mil it would entirely cover, for example, the Proposed 2018 Budget in the Street & Storm Sewer Material category on the General Fund Summary. He then reviewed the other things in the General Fund. Solicitor Cascio stated that what's driving the increase, is, obviously, the need for more street work that Mr. Thomas is talking about.

Mr. Rosemeyer suggested taking money out of our savings account strictly for paving the streets.

Ms. Enos stated that it's all a part of Capital, and if Council wants to fund additional monies for the streets, then they can do that through the Capital Project.

Mr. Thomas questioned where the Liquid Fuel Fund monies were used, because it was used other places than on the streets.

Ms. Enos stated that it went for electricity for all of our streets lights and road salt.

Mr. Peters stated that these two things eat up our Liquid Fuel Fund monies.

Discussion was held on how the Liquid Fuel Fund monies are handled for these other expenses.

Discussion was then held on how all employees pay a percentage for their own health insurance through payroll deduction.

Mr. Rosemeyer expressed his concern about the old copper lines in the Borough that are breaking everywhere. He expressed that we also need to address this issue, too, because the lines aren't getting any better.

Ms. Enos agreed to the fact that a lot of water lines and sewer lines need replaced in the Borough. As a result, this needs addressed. Ms. Enos also stated that, as Solicitor Cascio brought out, we are projecting an almost \$56,000 deficit. Ms. Enos stated that it's up to Council if they want to fund the deficit, or want to use the reserves to fund that deficit. She stated that they have to keep in mind that they have to fix this trend, at some point, because it will continue on.

Mr. Peters stated that if we do nothing, we have the reserves, but there will be no money going into the reserves for 2019. He stated that you can probably make your Capital Purchases this year, but past 2018, we will have no surplus to put in there, past 2018.

Ms. Enos stated that we will still be dealing with the deficit in the Operating Budget.

Again, Mr. Peters stated, that for this year, he's projecting we have a "break even," and it may be better than that. He stated that when he is preparing the budget, he has to assume a bad case scenario. He stated that this is how we got the surpluses we have, because he assumes worse than what it really is. Mr. Peters stated that he is assuming bad again, for November and December, because it can be worse. He stated that if we have a bad storm, or a Skiver issue that can make all the money go away.

Ms. Enos stated that everything we budgeted in the Operating Budget that we didn't spend, we put away.

Mr. Peters stated that if we end up with \$2.4 million dollars this year, we put \$400,000.00 away for Capital Funding. As a result, we could purchase the entire Operating Budget List, if Council so chooses. This money would cover the list and the \$50,000.00 deficit that he's projecting. Mr. Peters stated, that this time next year, when we're budgeting for 2019, if we stick to the \$2,000,000 reserve line, there will be no Capital Fund monies.

Mrs. Pyle stated, that getting back to where a large part of our money is going in Police cost or personnel, Chief Cox, again, was questioned by her on what the staff's assignments are in the Police office during daylight hours, and who is all scheduled there.

Chief Cox discussed what the employee's daily job duties entail, and what needs to be done in order to have adequate shift coverage.

Mrs. Pyle stated that she is looking for a way to make cuts somewhere in the Police Department to make up \$50,000.

Chief Cox stated that he was able to look at figures as far back, as records went, to 1987. With regard to Police staffing, there were 11 Officers total; 7 full-time, 4 part-time. Today we're at 19 Officers total, if everyone were working; 7 full-time and 12 part-time. So our Officers increased by 72% since 1987. However, our call volume has increased 188% since 1987. Chief Cox stated that by putting into perspective what those Officers do, our call volume in the past 10 years has increased 18.8%, and this year we're projecting to be 5% greater than we were last year, and we're doing it with less Officers. He stated that, as a result, it is costing us more because of the overtime. Chief Cox mentioned that instead of functioning with 13 Officers available for active patrol, we're down to roughly 8.5. This is including the 120 Patrol Shifts that those people during the day do, that Mrs. Pyle mentioned.

Mrs. Pyle stated that her suggestion is to try and re-work the Police schedule to come out at least with \$50,000 with just making better use of the employees there. Chief Cox stated that before he received Sergeants in 2010 to do Administrative work, in the 6 years prior, he had to develop a system to tend to the Administrative details of the Department. Using the people who were OIC's at that time, Chief Cox divided up Administrative duties, because he could not do all things needing to be done by himself. He stated, that on an average work week, he works a lot of extra time beyond 40 hours. Chief Cox mentioned that he picks up extra shifts and works from home, which he doesn't charge for. He stated that he can't do anymore. He needs people to do certain job duties, which includes their assigned Administrative work. He stated that he doesn't know how to solve that problem. Chief Cox explained that for this year, the way that Brett is projecting the budget, he's probably going to be nearly \$42,000 under budget. He stated that last year, he was probably twice that much under budget. He stated that what he doesn't draw down in the Police Departments budget for the year, stays in the General Fund as surplus, or is used for other General Fund purposes. Chief Cox mentioned again, about the projected \$42,000.00 surplus in the Police Department's budget for this year. He stated that next year, he's asking for 2 Police Cruiser's. He stated that if he could look at purchasing one of the two needed Police Cruiser's now, based on the projected surplus, then that would reduce his request for next year to only one Police Cruiser.

Mr. Peters stated that if Chief Cox wants that to happen, it can certainly happen with the projected Police Departments surplus.

Mrs. Pyle stated that she's looking for cooperation to spend as little money as possible in the Police Department. She stated that she's not looking for Chief Cox to do without a person, but to do what he can do to reduce costs.

Chief Cox stated that he didn't disagree with Mrs. Pyle, but stated that if he wasn't doing what he could do, he wouldn't be looking at a \$42,000 surplus. He stated that he doesn't want to be discounted for the fact that he already tries to do this.

Mrs. Pyle stated that she feels there should be more equity in the budget for other Borough Departments that are in need.

Mr. Thomas commented that he does not favor a tax increase. He stated that he would like to see the Borough try to function within a budget that is close to last year's budget. He stated that individuals are encountering him and asking him, as a member of Council, to keep the taxes low. He stated that other surrounding Municipalities have kept their taxes at a minimum and are functioning.

Mrs. Miller stated her concerns about School Taxes continuing to rise, and how the Borough is suffering for it.

Ms. Enos stated that if Council is struggling with a tax increase to fund the deficit, all that she and Mr. Peters are looking for, is if Council wants to leave it as a deficit, wants to fund it with reserves or does Council want cuts somewhere else made? She was asking Council to give her and Mr. Peters direction that Council felt comfortable with.

Mrs. Ream stated that the eventuality is that we have to have a tax increase. She stated it is unavoidable, because with costs continuing to rise, how will it be funded? She stated that she's not in favor of a tax increase, either, but that she doesn't know how else, at this level, it can be avoided.

Mrs. Pyle stated that she is asking for every Department Head to look for every way they can save. She stated that she "pinches pennies" everywhere she can at her own business, so she doesn't have to raise prices on her clients. She commented, "cut where you can cut" and this keeps you from having to raise taxes, even if it's just this year. She stated that this is what she is asking.

Mr. Peters asked if there were any services we could cut. He asked if we need a Playground Staff. He stated that this is a service we provide for our community, but it certainly isn't a necessity.

Ms. Enos stated that one of the reasons we have the playground staffed is that we couldn't using the wading pool if it wasn't staffed. Staffing is required for the pool. It's a liability issue.

Mr. Peters also suggested looking at what the Borough donates to. He stated that we have already significantly cut back.

Discussion was held on who the Borough donates to. These donations include the Fire Department, Ambulance Service and the Library, which can be used by everyone. It was also mentioned that the Borough donates to the Humane Society and the 4th of July Fireworks. It was discussed what services would not be necessary to fund in order to cut costs.

Mrs. Miller mentioned that taxes were not raised since 2011. Rising costs of labor and healthcare, and other Borough needs, are what is driving the need for an evitable raise in taxes.

Mr. Peters stated that our Water Fund Budget is close enough, and with the reserves we have, he stated that he's not prepared to ask for a rate increase for this year. He stated that we're fine there, as well as with the Sewer Fund. Mr. Peters mentioned that the County is proposing to increase the Que rates.

Mr. Shaulis asked Mr. Peters if we can start looking at replacing some of the lines we're having problems with.

Ms. Enos stated that we can get into replacing a main line that could cost \$250,000.00 to \$500,000.00 depending on the length. She stated that these are the things we should be looking at, which are under the Capital Budget. She stated that there are areas to cut, and we can do that as long as Council is comfortable with cutting services. Ms. Enos stated that we can't maintain the same level of service at the same price. She stated that there will be things that we have to cut, that we don't have a choice on, in order to tighten the budget.

Mrs. Ream asked Chief Cox if there were "benchmarks" they follow in the Police Department, for the Officers, based on their number of arrests. She stated that she is looking at productivity within the Department.

Chief Cox mentioned that they do analyze productivity, and the most common benchmark is the 80/20 Paradigm. He stated that the Officers are Union, so they are unable to do anything with a low performing Officer other than talking to the Officer about his poor performance.

Mrs. Ream stated that there has to be productivity standards out there that we could be benchmarking. She stated that we need to be looking to see if there is anything we can do. She commented that there has to be "benchmarks" out there for the Police Department.

Chief Cox mentioned, again, that the most common benchmark out there is the 80/20 Paradigm. He stated the reason they use this 80/20 is because that protects the Department from being accused of instilling a quota in any way. Chief Cox then invited Mrs. Ream to come to the Police Department so he could show her the 80/20 Paradigm that's run on the computer. He also invited any other member of Council to do the same if they're interested in seeing this program.

Mrs. Ream stated that if you consistently have a bad performer, who consistently has poor evaluations, and you have a corrective action policy, there is a way to get them “out the door.”

Mr. Rosemeyer stated that if the Officer’s Supervisor is documenting poor performance consistently, without harassing the employee, the State will support you.

Mrs. Ream commented about the importance of evaluating an employee for poor performance.

Chief Cox mentioned that poor performers have total control over their performance after presented with poor performance results. They can change those results and become a better performer.

Discussion was held about adopting a tentative budget at the next Council Meeting.

2. 2018 Capital Budgets – Discussion on General, Water and Sewer Funds.

Mr. Rosemeyer stated that when you get to the point where things need replaced, such as the needed Police Cruisers, then you have to replace it.

Mrs. Pyle stressed her concerns whether we have the funds for the Cruisers.

Mr. Peters stated that if we follow our plan on moving anything over \$2,000,000.00 in the General Funds, into a separate fund for Capital, he’s guessing we should be able to handle any, or all, of the requested purchases. He stated, with that being said, 2019 is a different story. Mr. Peters is projecting to transfer \$400,000.00 at the end of this year. He stated that we can spent it all in one year on everything on the request lists, but then there will be no more new money going into the Capital Fund, because we will not have an actually budgeted surplus in 2018.

Mr. Rosemeyer asked Ms. Enos if she could ask the Department Heads what they could do away with, and ask them to eliminate something on their request lists. He stated that they should decide what they can live without.

Discussion was held about the Public Works Department leasing equipment instead of purchasing it.

Ms. Enos brought out that we’d have to make sure we have the funding for all the years you commit to lease.

Mr. Peters commented that it doesn’t make it any cheaper to lease, with all the others costs involved in leasing, such as interest paid.

Discussion was held about asking Department Heads what their “must haves” are on their Request Lists. The Request Lists were reviewed again by Council, and suggestions made, about the requests.

(b) Request Form Submitted by President Miller:

1. Discussion concerning the employee Christmas Party.

Ms. Enos stated that the Christmas Party costs approximately \$2,000.00 to hold.

Mrs. Miller stated that in the last few years, there has been very poor attendance at the party. She suggested giving employees a half a day off before the holiday instead of having the party.

Mr. Rosemeyer stated his concerns about this.

Mrs. Ream voiced her concerns about this, as well.

Ms. Enos stated that she consulted with Solicitor Cascio on “the half day” subject, in anticipation of this being discussed. She stated that Solicitor Cascio suggested involving the Union in this decision.

Chief Cox commented that he doesn’t feel the Christmas Party is a very good use of tax payer’s money.

Further discussion was held about the party.

All Council Members agreed upon the Christmas Party being cancelled permanently.

Ms. Enos stated that if we need to “tighten our belt”, we can start eliminating these things. She stated that, yes, it will be difficult, and it will be difficult with the Public at times too, but we can do that.

Mr. Thomas suggested that each Department could have their own personal party.

Ms. Enos stated that this would be permissible.

(c) Request Form Submitted by Manager Enos:

1. Resolution – Appointing a CPA firm to audit the Borough’s Accounts for 2017.

Ms. Enos explained that this is something that we do annually to audit the Borough’s accounts for 2017. This will appear on the Agenda for the next Council Meeting.

2. PennDOT Resolution – Authorizing execution of a Sidewalk Maintenance Agreement. (Turnpike Bridge Project)

Ms. Enos explained that this Resolution, involving the Turnpike Bridge Project, will also appear on the next Council Meetings Agenda.

3. Resolution and Cooperation Agreement – 2017 CDBG with the Redevelopment Authority and County of Somerset.

Ms. Enos stated that this is done annually, as well. We enter into an agreement for Administrative Services provided through the Redevelopment Authority to administer our Community Block Grant Funding.

4. Resolution and Lobbying Certification Form – PennDOT Uptown Sidewalk Replacement Project.

Ms. Enos stated that this will be for the Uptown Sidewalk Replacement Project, with construction starting next year. You have to enter into this agreement, which is part of the Grant Funding.

She mentioned that it will include new trees, new electrical, upgrades of the sidewalk and everything will be incorporated into this.

5. Military Banners – Request from Tom Joyce to honor veterans by having a banner project in the Borough.

Ms. Enos stated that we received a request for a Military Banner Project. Tom Joyce, who is a veteran, and advocates for Veteran Affairs, sent a request to the Borough, asking us to hang Veteran based banners on our telephone poles, throughout the Borough, in honor of those Veterans that served in war. She stated that they would purchase the banners, and all the necessary materials and hardware, to hang them throughout the Borough. They would be asking the Borough to administer this. This means that the application would come here, people would be bringing pictures of their Veterans here that they would want to do a banner for, we would be scanning it and sending it to the banner company. The banners would come to us, and our Public Works Department would be responsible for erecting these banners. Ms. Enos stated that 15-16 years ago, REC and Penelec both told us not to seek official approval to hang anything on their utility poles, because we weren't going to get approval from them. They stated that they would look the other way, but if it became an issue down the road, they wouldn't give authorization ahead of time to hang banners on utility poles. Ms. Enos stated that Mr. Joyce approached Somerset Township. The Township contacted the utility company, and in turn, the utility company stated that they were not going to give the Township permission to hang the banners on their utility poles. Somerset Township, in turn, told Mr. Joyce that they would not do it. So the Borough was, thereafter, contacted by Mr. Joyce.

Discussion ensued with all Council Members regarding this, and the decision was to not give permission to Mr. Joyce's cause.

(d) Donation Requests:

1. Somerset Area Ambulance Association - Requesting us to consider a donation for year 2018.

Ms. Enos stated that the Somerset Area Ambulance Association did not ask for a specific donation amount, but she mentioned that, in the past, we have made a donation of \$1,000.00 a quarter, which is a total of \$4,000.00. This will, also, be on the Agenda for the next Council Meeting.

(e) Year to Date Financial Report – Provided through the month of October 2017.

Mr. Peters had given Council the information for the Year to Date Financial Reports through October 2017. Mr. Peters explained the new format for the Financial Report to Council. He mentioned that we are 83.33% of the way through the year. The following Funds Revenues and Expenditures are based through the month of October 2017:

<u>General Fund:</u>	Revenues – 91.96%;	Expenses – 78.26%
<u>Water Revenue Fund:</u>	Revenues – 136.21%;	Expenses – 117.61%
<u>Sewer System Operating Fund:</u>	Revenues – 79.09%;	Expenses – 74.83%

Mr. Peters stated that if Council had any questions, at a later time, feel free to contact him, and he would do his best to answer them.

(f) Manager's Report - Reports distributed to Council for all departments for the Month of October 2017.

Ms. Enos stated that if anyone had any questions regarding any Departments, after Council had the opportunity to read all the information, please give her a call and let her know.

(g) President's Report - Given by Ruby Miller.

Mrs. Miller thanked Public Works for the leaf collection and Christmas Tree.

(h) Somerset Inc. Report - Given by Judy Pyle.

Mrs. Pyle commented about upcoming events.

Discussion was also held regarding traffic control for all the events.

Mrs. Pyle stated that “Light-Up Night” is upcoming. Also, upcoming, is “Holiday Open House”, “Small Business Saturday”, and the “Cookie Tour”.

She also mentioned that on Trinity Park, 2 phases are totally and completely done. There is still no word on the Grant, which would help to finish it up.

Mrs. Pyle also mentioned a meeting she attended, at Regina’s request, about the lake on the North Lot Recreation Area. She stated that it is Regina’s long term goal to see a walking path and bicycle path there, and try to coordinate that with the people who are working on the project.

(i) Somerset Volunteer Fire Dept. Report - Given by Steve Shaulis.

Mr. Shaulis mentioned that the Fire Department had 18 calls for October.

The utility vehicle has been down, for almost 2 weeks, with a starter problem. There have been multiple problems with this, and it is barely 1-year-old.

Mr. Shaulis mentioned that the Fire Department had an almost near catastrophe at Luther P. Miller’s approximately 2 weeks ago. They were very fortunate that none of the

propane tanks exploded. The potential was there for a major situation, that fortunately, did not occur.

Mr. Shaulis also mentioned that the 2018 Cash Calendars are in, and ready to be purchased, for \$30.00.

(j) Engineer's Report - Given by Tom Reilly.

Mr. Reilly stated that the Hickory Hill Water Tank's final inspection was last week, and everything is complete. The Borough was provided the final pay estimate to pay the contractors to get the project finished up.

He also mentioned that the Subsidiary Water Allocation Permit was received last week, so it's done.

For the Industrial Waste Pre-Treatment Program, Mr. Reilly stated that they are doing the local limits re-evaluation that's required to be done every 5 years.

Mr. Reilly stated that the project of "rotating distributors" down at the Sewage Treatment Plant is done and closed out.

He also mentioned that all the work is done on the Sludge Pumps and that contract is almost closed out.

Executive Session – None

Adjournment

Motion

Mrs. Ream moved to adjourn, motion seconded by Mrs. Opp.

Motion Unanimously Carried.
7:48 p.m.

Michele A. Enos, Borough Secretary