

## **Borough of Somerset Committee of the Whole November 13th, 2018 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; Pam Ream; Sue Opp; Steve Shaulis and Gary Thomas. Mayor Scott Walker also present.

Absent was Council Member: Judy Pyle.

Also present were the following: Borough Manager, Michele Enos; Director of Finance, Brett Peters; Solicitor James Cascio and Consulting Engineers, Tom Reilly and Jake Bolby.

### **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:*

1. 2019 Budget Process – Review of Operating Budgets for all Departments.

Mr. Peters distributed the draft for all Operating Budgets to all members of Borough Council.

Mr. Peters first reviewed **2019 General Fund Summary**. He explained that he is projecting to end the year with \$916.00 with no tax increase, basically a balanced budget. He further explained that this does not take into consideration any of the Capital Requests that came in, the Act 172 Fire Department Tax Credit, nor the

Somerset Inc. donation. It takes paving down to \$100,000.00. He brought out that this puts the Borough in a “break even” position with no tax increase.

Reviewing the **General Fund Cash Balance**, Mr. Peters explained that he is projecting that we are going to end this year slightly above \$2 million dollars with a “break even” budget. He explained that the General Fund Cash Balance will end up somewhere around \$2 million dollars at the end of 2019.

Mr. Peters stated that if Council wants to do any of the Capital Requests that came in last month from all Departments, then that would take everything down to basically \$2 million dollars. Mr. Peters stated that there will be no money for any Capital Purchases after 2019 without some sort of increase in revenues or decrease in other expenditures.

Discussion was held among Borough Council regarding the General Fund Cash.

Mrs. Ream brought out that Council earlier agreed that the General Fund Cash reserves would not be taken below \$2 million dollars. She stated that this was based on other projects that could come up unexpectedly. She stated that Council needs to look ahead, and plan ahead, for what may come up to protect the Borough. She stated that you cannot predict what may happen.

Ms. Enos brought out that the first 5 months of the year, when no taxes are coming in, the Borough uses the reserves to operate. She stated that we have to have reserves in the General Fund for those purposes.

Mr. Peters reiterated that if all the Capital Requests are purchased for 2019, it will take our Cash Reserve down to \$2 million dollars at the end of 2019. He stated that for 2020, if there’s any Capital Requests that Council wants to see done, it will take 1½ mills to fund it if Council wants to maintain \$2 million dollars in the General Fund Cash.

Mr. Peters next explained the **Water Fund**. He stated that we have water reserves in the Water Fund. He brought out that he is still not prepared to recommend a rate increase for the Water Fund yet. He stated that our current operating expenses may be a little more than our operating revenue, but we have the reserves to handle it.

Also, based on conversations and meetings regarding the PENNVEST loans, Mr. Peters stated that the Borough probably stands the best chance of getting grants for these Water Fund Projects based on how much we have to raise the rates for the customer. He feels that there is an incentive *not* to do anything this year. But next year, we will have to raise water rates more, in order to increase our chances of getting grant money. Mr. Peters brought out that there are no guarantees that we’re going to get grants, but our best chance is showing a higher rate increase next year.

Mr. Peters next discussed the **Sewer Fund**. He brought out that the Borough had over \$500,000.00 worth of Sewer Projects that we needed to get done. He

mentioned that he is recommending raising the sewer rates by .05 cents/per hundred gallons this year, which would be around a 5% increase over our current rate. He stated that we have a lot that needs done at the Sewer Plant that is not going to go away.

Mr. Peters asked Council for direction for a tentative budget. He stated that if Council desired to make all the Capital Request purchases, and if the Borough is going to have any money for 2020, then Council needs to consider a tax increase or consider cutting other services.

All of Borough Council agreed on the .05 cents/per hundred-gallon sewer rate tax increase.

Mr. Peters lastly mentioned the monies in the **General Fund**. He brought out that we have \$174,719.00 available for Capital. We have \$170,478.00 worth of requests to be funded out of General Funds. He stated that the balance left in the General Fund would be approximately \$4,000.00.

Ms. Enos stated, in review, that if the Borough funds all the Capital requests in the General Fund this year, we will have \$4,000.00 left over. If we want to maintain a \$2-million-dollar reserve in the General Fund, we will be covered for 2019. However, there will not be any money left in the Capital Budget for equipment in 2020.

*2. 2019 Budget Process – Review and finalize the Capital Requests for all Departments.*

Discussion was held on what requests Council was willing to purchase, and what Council desired to remove from the budget.

Discussion was also held whether to raise Borough taxes for General Fund purposes in order to plan for years beyond 2019. An adoption of tentative budgets will be held at the next Council Meeting.

*3. Letter from Somerset Inc. – Requesting financial support to be considered during the 2019 Budget Process.*

Ms. Enos stated that she received a letter from Somerset Inc. requesting that we become a financial contributor. Discussion followed on ways to potentially fund their request.

*4. Act 172 of 2016 – Discuss establishing a tax credit to volunteer firefighters and first responders.*

Continuing our discussions concerning this Act, Ms. Enos mentioned that she had asked the Somerset Volunteer Fire Department what they would like to

see. She stated that their desire is what was proposed to her for Borough Council's consideration.

Discussion amongst Council was held on how all Volunteer Firefighters and First Responders could also be involved in events and fund raisers, such as ticket sales, in order to receive a tax credit.

Ms. Enos stated that if the Borough adopts the same Ordinance that Somerset Township adopts, it is going to result in completely different tax credits for individuals who would receive the tax credit.

Solicitor Cascio brought out that the draft of the PA State Legislation does not recognize that multiple Municipalities may be involved who have differing tax rates. The tax base in Somerset Borough is not the same as Somerset Township.

Mr. Shaulis added that not all volunteers own a home, and may rent. He stated that, in all fairness, he feels that the tax credit should be strictly on *earned income*, not based on *real estate*. A *real estate* tax credit would only work if all individuals would live in the same Municipality where the tax base is the same.

Solicitor Cascio read information from the statute which discusses how volunteer service hours need to be documented in order to qualify to receive a tax credit under the Volunteer Service Credit Program.

More discussion, and suggestions, were held on how a tax credit could be applied to an individual who would be eligible for it by volunteering, and if the tax credit would draw individuals into the "Recruit & Retain" Program to become a volunteer.

It was agreed upon by all of Borough Council to set up a meeting with the Fire Department's Board to further discuss this topic.

*5. PA Municipal Code Alliance, Inc. – Discussion concerning entering into an agreement for third party administration and enforcement of the residential and commercial building inspections under the Uniform Construction Code.*

Ms. Enos stated that Solicitor Cascio, Mr. Tom Jury and herself met with the representatives from PA Municipal Code Alliance. She mentioned that Mr. Jury is going to be retiring at the end of this year from his full-time position, and will be helping the Borough out approximately 8 hours a week to retrain for Planning and Zoning Permits, because we will continue to provide this service here. She stated that it is more cost-effective to do this "in-house".

Ms. Enos stated that PA Municipal Code Alliance will be brought on as a third-party consultant and a Building Code Official. A draft of a Resolution prepared by Solicitor Cascio, based upon their meeting and conversations with PA Municipal Code Alliance, was distributed to Council.

Ms. Enos brought out that we are going to try to establish a fee schedule with the PA Municipal Code Alliance. She stated that what they discussed, and what other

Municipalities have done, was adopt their fee structure. She stated that the fee would be passed on to the resident, and a 10% fee would be collected through PA Municipal Code Alliance for administrative purposes. The Borough would handle the paperwork.

Ms. Enos stated that it is not going to cost the Borough anything for Inspection services, and mentioned that it is for Residential and Commercial Inspections. She brought out the services we will be keeping “in-house” is the Property Maintenance Code and anything Planning and Zoning related.

Ms. Enos brought out that we have used PA Municipal Code Alliance in the past, and they have been great. She mentioned that other Municipalities have also recommended them.

Ms. Enos mentioned that anything that Mr. Jury is currently inspecting is going to remain with him until the project has been completed and closed out. PA Municipal Code Alliance will take all new construction and renovation.

Ms. Enos mentioned that there are so many certifications right now, and constant training to be certified, that this is the best way to go. She stated that PA Municipal Code Alliance work all their costs into the Permit Fee structure that they have set up. This will be passed onto the resident or commercial business owner who wants to obtain a Building Permit for any kind of construction or renovation.

*6. Somerset Borough Ordinance No. 1370 – Ratification of temporary traffic/parking control arrangements as invoked by our Chief of Police.*

Chief Cox mentioned that this was for Father O’Neill’s funeral. They took South Columbia from Patriot to the school, and parked cars on the western side of the street to accommodate the folks who attended the funeral.

Solicitor Cascio stated that the way the Ordinance is drafted is that Chief Cox and Mayor Walker have the authority to suspend parking regulations until the next Council Meeting. He stated that Council would not have to do anything unless they want to continue this.

Chief Cox stated that the reason he had this put on the Agenda is that he wanted to notify Council that it was done.

*7. Donation Request – Somerset Area Ambulance Association is requesting a donation for 2019.*

Ms. Enos mentioned that this donation of \$4,000.00 a year is part of the budget that Council received.

*(b) Year to Date Financial Report – Provided through the month of October 2018.*

Mr. Peters distributed the Year-to-Date Financial Statements, through October 2018, to members of Borough Council. He mentioned that we are 83.33% of the way through the year.

|                      |                    |                    |
|----------------------|--------------------|--------------------|
| <u>General Fund:</u> | <u>Water Fund:</u> | <u>Sewer Fund:</u> |
| Revenues – 92.05%    | Revenues – 81.64%  | Revenues – 81.52%  |
| Expenses – 88.53%    | Expenses – 74.92%  | Expenses – 65.96%  |

Mr. Peters stated that if Council had any questions, he would try to address them.

*(c) Manager’s Report – Reports distributed to Council for all departments for the Month of October 2018.*

Ms. Enos brought out that because monthly reports were prepared late in October, Council will be given the updated monthly reports in December.

*(d) President’s Report - Given by Ruby Miller.*

Mrs. Miller thanked Mr. Shaulis for the meal he prepared for the Council Meeting.

Mrs. Miller also thanked the EADS Group for paying for the recent Somerset County Boroughs Association Banquet.

*(e) Somerset Inc. Report - Given by Judy Pyle.*

*(Mrs. Pyle was not present. No Somerset Inc. report was given)*

*(f) PSAB Report – Given by Fred Rosemeyer.*

Mr. Fred Rosemeyer mentioned there was no new information to report for PSAB at this time.

*(g) Somerset Volunteer Fire Department Report - Given by Steve Shaulis.*

Mr. Shaulis mentioned that the Fire Department had 23 fire calls during the month of October 2018.

He also mentioned that the “Cash Calendars” are for sale for 2019, and are \$30.00.

Mr. Shaulis also brought out that the Fire Department provided the breakfast for the Christmas Lights.

*(h) Engineer’s Report – Given by Tom Reilly or Jake Bolby.*

The Engineer’s stated that they had no new information to report.

*(i) Mayor's Report – Given by Mayor Walker*

Mayor Walker acknowledged how Chief Cox and himself changed the parking regulations around to accommodate the funeral of Father O'Neill which, he felt, was the right thing to do.

**Executive Session – To discuss potential litigation.**

**Motion**

Mrs. Opp moved, seconded by Mrs. Ream to go into Executive Session to discuss potential litigation.

Motion Unanimously Carried  
7:16 p.m.

**Back in Regular Session:**

7:31 p.m.

**ADJOURNMENT**

**Motion**

Mr. Thomas moved to adjourn, motion seconded by Mrs. Opp.

Motion Unanimously Carried  
7:31 p.m.

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Michele A. Enos, Borough Secretary