

TOWNSHIP OF O'HARA
SPECIAL COUNCIL WORKSHOP MINUTES
NOVEMBER 21, 2017

I. OPENING PROCEDURES

- A. Call to Order by Vice President Vogel at 7:00 p.m.
- B. Pledge of Allegiance led by Vice President Vogel.
- C. Roll Call

Council Members Present: Charles A. Vogel, Vice President; Mark F. Rothert, Second Ward; Scott Frankowski, Third Ward; Allison Garcia, Fourth Ward; Cassandra Eccles, Fifth Ward; John R. Denny, Jr., At-Large

Absent: Robert John Smith, President

Also Present: Ted Curran, MBA, CMA, Treasurer, Julie A. Jakubec, CPA, CGMA, Township Manager; Charles W. Steinert, Jr., P.E., Township Engineer; James R. Farringer, Police Superintendent; Loren R. Kephart, Public Service Superintendent; Cathy Bubas, Manager's Secretary

Manager Jakubec informed Council that President Smith was out of town for a family matter.

Vice President Vogel requested a moment of silence in memory of New Kensington Police Officer Brian Shaw who was killed in the line of duty.

II. CITIZEN COMMENTS CONCERNING NON-AGENDA ITEMS

No comments.

III. REVIEW AND DISCUSSION

- A. Discussion Concerning Category 4 Licensed Casino Facilities

Manager Jakubec referenced an email received from Pennsylvania Family Council, and a letter from State Representative Tony DeLuca, explaining Act 42 of 2017, which authorizes the placement of ten (10) Category 4 casinos in the Commonwealth. Category 4 casinos are defined as "mini" or "satellite" casinos owned by current casino licensees. Act 42 also grants municipalities the authority to prohibit the location of a mini or satellite casino within the municipality. In order to do so, the municipality must pass a resolution prohibiting Category 4 casinos and deliver a copy of the resolution to the Gaming Control Board by December 31, 2017. The Manager suggested further discussion, and if Council desires, the attached proposed resolution could be included on the December agenda for consideration.

Vice President Vogel requested further explanation of ‘Category 4 casinos’. Manager Jakubec explained a Category 4 is a smaller casino and could be opened by a current casino owner with an existing license. It could have 300 to 750 slot machines at each licensed facility. Vice President Vogel added a Category 4 casino could also have up to 50 table games.

Potential locations for Category 4 casinos in the Township were noted. Mr. Denny, Jr. questioned if Council does not pass the resolution by the deadline, and someone wanted to open a Category 4 casino, is zoning in place to prevent a Category 4 casino from coming into the Township. The Manager recalled the Solicitor had indicated it would be very difficult to stop at that point.

Vice President Vogel clarified if the resolution is not adopted now, it could never be adopted, and questioned if the resolution is adopted if it could be rescinded. Manager Jakubec recalled the Solicitor expects the law to be adjusted. She noted potential problems that go hand-in-hand with casinos.

Ms. Eccles questioned how the Township would benefit and the Manager stated tax revenue from LST and sales tax.

Vice President Vogel confirmed the Rivers Casino could open a satellite. The Manager stated the Rivers Casino could, but Nemaquin could not.

Vice President Vogel suggested Council ponder the resolution and further discuss in December.

B. Review of the Proposed 2018 Operating and Capital Budgets

Manager Jakubec stated the proposed budget does not include any tax increase. She provided an update on the fund balance, noting the numbers are very tight. She noted fund balance increased because the road improvement program cost was \$100,000 under budget. The numbers could change due to building sales, or if Earned Income Tax comes in more than projected. Though the Government Finance Officers Association recommends a fund balance between 8 and 10%, her personal preference is 15%. The Manager focuses on the General and Sewer Funds, as they drive most of the activity.

The Manager noted the assessed value of one mill is \$1,228,146. The Township has a tax collection rate of 98%.

The Manager explained the total revenue summary notes the revenues expected to be received. Mr. Denny, Jr. inquired about a breakdown of revenues by percentages. Manager Jakubec stated real estate taxes make up 22% of revenue; Act 511 taxes make up 44% and 22% is sewer revenue.

Mr. Rothert noted when the community center is closed out there will be less money borrowed, and questioned if that money would come back as revenue to the Township. Manager Jakubec stated the excess money would be rolled into some type of committed fund balance for capital projects. The community center fund will cease to exist after 2017.

The Manager reviewed real estate/property taxes, noting \$2,076,180 is budgeted which is 98% of the assessed value. Delinquent taxes are primarily from a bunch of small parcels as a result of constructing Route 28. Ms. Eccles noted a significant difference between year-end 2017 and 2018.

Manager Jakubec explained assessed property values increased. She noted when a property sells the school district usually appeals the assessment based on the sale price, and has been very successful.

The Manager stated the largest tax revenue is the Act 511 Earned Income tax, which is .8% because the Township is Home Rule, and LST tax which is \$52; \$47 goes to the Township and \$5 goes to the school district. Mr. Denny, Jr. asked what the Earned Income tax would be if not a Home Rule municipality. Manager Jakubec explained .5% is the maximum; Home Rule is unlimited.

The Manager continued reviewing sources of revenue, including mechanical device fees and real estate transfer tax, which is from property sales.

Manager Jakubec referenced various permit fees, noting building permits are the largest. By law the Township may not charge more in building permits than the costs associated with a building permit; the Township cannot make a profit from a building permit fee.

The Manager noted the majority of fines come from Police issuing citations. She stated some Officers also increased the focus on traffic, including speed controls. Police Superintendent stated just recently there has been an increase from the District Magistrate's office.

Manager Jakubec stated interest earnings have been very small.

The Manager referenced Federal, State and Local grant revenues, which the Township has been very successful in obtaining grants, in addition to state subsidies for utilities, volunteer fire department relief, and pensions which are fully funded and the Township's distress rating is 0%. She also noted the ARAD (Allegheny Regional Asset District) subsidy is based on the Township's share of a County sales tax.

Mr. Frankowski questioned how the ARAD distribution is determined, which Mr. Denny, Jr. explained.

Mr. Curran noted grants are good, but are relatively small. Manager Jakubec stated it depends on the year. She acknowledged there are not as many grants available, but she has also found private foundation grants, such as the Firehouse Subs Foundation and applied for search and rescue truck. Since she began working for the Township, the total grants awarded is about \$2,500,000. Mr. Curran indicated with all the time and paperwork to apply for grants, it is a lot of work. Manager Jakubec stated grants are one thing she enjoys writing. She noted large grants awarded through CITF and recently drew down a GEDF grant for \$99,000 for the Saxonburg Sewers. Mr. Curran wished there were bigger-dollar grants available.

Manager Jakubec noted business licenses include the cable franchise fee from Comcast and Verizon for doing business in the Township. She also stated that all Township residents have a choice between the two cable companies.

Manager Jakubec referenced one of the larger miscellaneous items is the transfer from the sanitary sewer fund to the general fund to pay overhead. The transfer was suspended but has been reinstated. Because the Township is self-insured through the MRM Trust and liabilities are

under an insurance company, the Township receives a dividend. The employees' health care contributions are pre-taxed and recorded as revenue.

The Manager stated the sewer fund is a separate enterprise fund, and is supported by user charges. She was not proposing an increase for the Township, but a sewer study would be done after the Saxonburg Sewer Project is done. She noted ALCOSAN sewer rates will increase by 7.5% for 2018. Manager Jakubec explained the fund also supports all sewer operations, including consent work, pump stations and the operation of the entire sanitary sewer system.

The Manager continued reviewing expenditures and expenses by fund. Administration includes governance, finance and taxation. She noted staff salaries were reallocated to match current duties.

The Manager stated taxation is the collection of taxes. Jordan Tax collects Real Estate taxes and Keystone Collections collects Earned Income tax. Since Joyce Murdy prepares no lien letters, part of her salary is included under taxation.

Manager Jakubec stated Community Development includes engineering, code enforcement, building inspection, planning and zoning, which are Chuck Steinert and part of the Manager's Secretary's salaries. The Township currently uses an outside contractor for code enforcement and building inspections because historically it has proven less costly than having a staff member. The contractor is not paid when not working in the Township and no benefits are provided by the Township. Ms. Eccles questioned if the Township provides a vehicle for the contractor's use. The Manager stated the Township allows the contractor to use a Township vehicle if one is available.

Manager Jakubec stated a proposal is included in the budget for one additional Police Officer in 2018. She referenced a calculation from the International Association of Chiefs of Police which was used to determine staffing levels. The results support 16.8 Police Officers and the Township has 13 Police Officers, one Sergeant and one Police Superintendent. The goal is to have three Police Officers on duty per shift; currently there are two Police Officers on each shift. In anticipation of new construction along Saxonburg Boulevard and the proposed R-47 Development, call volume is most likely to increase. Mr. Denny, Jr. stated with where the 2017 budget is ending, it seems like a significant cost increase with hiring one Police Officer. Manager Jakubec explained the Township did not have a full Police force, and was down by one Police Officer for at least six months in addition to others off on disability.

The Manager noted the Township contracts with Hoffmann Kennels for animal control, including barking dogs, and verifying dogs are licensed and vaccinated. Hoffmann Kennels also picks up dead deer on Township property. It was noted Hoffmann Kennels tries to find a no-kill shelter and homes for animals.

Manager Jakubec stated Pleasant Valley Volunteer Fire Company and Parkview Volunteer Fire Department/EMS are the Township's two fire and emergency service providers. The Township also has mutual aid agreements. The Township provides Parkview and Pleasant Valley each with \$75,000 annual subsidy and \$75,000 is shared among Sharpsburg, Aspinwall, Fox Chapel and Blawnox fire departments based on call volume. Mr. Frankowski requested information on the number of volunteers. The Manager noted per Act 172, any volunteer desiring the local tax rebate must submit a form by the end of November for Council to certify in December. Mr. Frankowski also noted some communities have not enacted Act 172.

Manager Jakubec noted Parkview EMS is the designated ambulance provider, though the Township has mutual aid agreements with other entities. The annual subsidy for Parkview EMS is \$20,000. The Township also pays for fire and ambulance vehicle insurances. It was noted a majority of vehicles are owned by the Township.

The Manager stated Emergency Management is a small, but important budget item. Currently Police Superintendent Farringer is the Emergency Management Coordinator, along with two deputies.

Vice President Vogel recalled having a portable generator and asked what happened to it. Mr. Kephart stated the Fire Police had four generators which are in the Police garage. The generators have not been run for years and probably need new carburetors. Manager Jakubec suggested checking the generators and as a goal for 2018, run the generators once a month.

Manager Jakubec noted Public Service includes waste collection, road maintenance, leaves and brush collection, and sewers. She explained once the trucks pass a house after December 1st, they will not be back. Leaf collection will be completed.

The Manager noted a significant increase for trash collection which was bid through the North Hills Council of Governments. The fee also includes collection of recyclables and Household Hazardous Waste, such as old televisions. An article explaining the Household Hazardous Waste Program was included in the Township Newsletter.

Manager Jakubec noted a slight increase for the municipal building and operations budget for MS-4 work needed in the public service department garage. She stated Tony Farbacher is the Mechanic and keeps things running; the budget also provides maintenance and road repairs, storm drain improvements, basin repairs, and replacement of tin whistle pipe.

The Manager noted salary reallocations for Parks and Recreation, in addition to funds for supplies and amenities. She stated through a generous donation from the Kratsa Family a dual coaster, which is similar to a mini zip line, will be added to the "Celebration Station" playground at Squaw Valley Park, as well as new signage.

Mr. Stewart suggested adding one extra grill at each pavilion at Squaw Valley Park. Manager Jakubec stated the Parks and Recreation Commission has recommended as each grill rusts away to replace it with a bigger, flat-top grill.

The Manager stated she has been working with Beulah Frey's family on a rededication of the park adjacent to the community center. She noted a memorial rock with a bronze plaque will be prepared with wording approved by the family and a photo of Beulah Frey. She anticipated the rededication to occur in the spring.

Manager Jakubec noted the \$120,000 allocation, as in past years, to the community center for operations. Vice President Vogel recalled hearing glowing reports that the community center is rolling in cash and questioned the need to continue the Township allocation. As it is now, the Township pays the community center \$120,000 and the community center pays it back to the Township for the bond payment. The Manager indicated the bond payment is currently less than \$120,000, but the bond payment was structured to increase over time. Mr. Curran questioned how

long the Township is committed to providing the allocation to the community center. Vice President Vogel stated as long as Council authorizes. Manager Jakubec recalled the community center opened in November 2015, but was not fully operational until April 2016. Mr. Denny, Jr. stated the community center is owned by the Township and it is an amenity to the Township. He did not oppose an annual contribution to the community center. If the community center does not perform the Township can take it back. Vice President Vogel stated it is in the Township's best interest to see that the tenant is able to pay its bills, but at some point, we may need to wean them off. Mr. Rothert noted the Township's money represents 8% of the revenue. Mr. Denny, Jr. suggested inquiring from neighboring municipalities that have built new community centers what their on-going support is, if any. Mr. Rothert noted most municipalities operate the community center, and do not lease it. He also stated the community center budget was approved last evening and they are putting a significant amount of money in the debt fund and not paying down the debt. They are making the interest payments, and putting together a long-term budget so they can maintain the building. Manager Jakubec indicated annual inspections do occur to ensure the building is maintained and any problem is addressed.

Manager Jakubec stated the sanitary sewer budget is in line with past years. The Township pays ALCOSAN to treat the sewage. Required Consent Order work at last tally was more than \$4,300,000 for lining and other work. The fund is generated by user charges.

The Manager noted the Township debt includes the 2014 bond issue refinance and Penn Vest loans. A portion of the debt is paid through the general fund and the portion for sewer projects, mainly Penn Vest loans, is paid through the bond and sanitary sewer fund. The Township bond rating is AA. She also anticipates borrowing in 2018 for the Saxonburg Sanitary Sewer Project. Mr. Frankowski noted as the project gets pushed back the cost increases. Manager Jakubec estimated the Saxonburg Sanitary Sewer Project and Brownhill Bridge Replacement to cost between \$5,000,000 and \$6,000,000. She stated the Township is not a high borrower and Council has been very prudent.

Manager Jakubec noted the pension fund is slightly over-funded on the non-uniformed defined benefit and uniformed defined benefit plans. Employees contributions for the non-uniform plan is 3% pre-tax, and the uniform plan is 3% post-tax. With state aid the Township meets the funding obligations annually.

The Manager reviewed minor changes to Capital Improvements, such as less roads would be milled and paved, and instead, chip and sealed; money allocated in 2017 will transfer into 2018.

Vice President Vogel noted \$143,000 allocated in 2017 for the Crofton pump station, and year-end estimate \$10,000, which was to be done by the end of the year. He questioned the status of the project. Mr. Steinert, Jr., P.E. explained there is \$5,000 to demolish the building and add some landscaping. Most of the work occurred in 2016. In addition, some of the Powers Run Project was wrapped in with the Crofton pump station. Manager Jakubec verified the transformer has not yet been removed by Duquesne Light Company. She explained money was allocated in 2016 and 2017 due to timing.

Mr. Curran referenced a proposal from RIDC and questioned if there are any kind of material costs included in the budget. Manager Jakubec stated funds have been allocated for some paving and patch work in RIDC next year. The Township Engineer is collecting data concerning the sidewalk

/pedway for review in 2018 and possibly budget for 2019. She also noted ADA considerations, which would add to the cost. It is not possible to get from Freeport Road and up Alpha Drive and be ADA compliant. If sidewalks are installed each property owner will be assessed and they will have to maintain the sidewalk, which is a conversation to be had with the whole RIDC Alliance Group.

The Manager referenced other sections included in the budget document, such as accounting codes, wage ranges, and employee wages broken down by cost center, and tax rate comparison to other municipalities.

Mr. Denny, Jr. questioned how long the tax rate has remained flat, which the Manager stated 17 years, though she could not promise no tax increase for 2019.

Mr. Frankowski thanked the Manager and her secretary for the work in preparing the budget. The secretary clarified that she does not prepare the budget document, the Township Manager and Joyce Murdy prepare the budget document.

IV. CONCERNS OF COUNCIL

Ms. Eccles stated she thought the Falconhurst residents would receive notification in the mail about the work being done for the emergency exit. Mr. Steinert, Jr., P.E. stated the contractor was to notify residents.

Mr. Frankowski stated he attended a North Hills COG dinner to ensure a quorum. He noted the salt contract is coming up and municipalities will be able to piggyback on the County's contract.

Ms. Eccles recalled a noise complaint from skeet shooting behind the Fox Chapel Golf Club. Manager Jakubec indicated they have been doing it forever and the noise is not that loud. Ms. Eccles suggested asking the golf club to let the resident know when and the hours skeet shooting is scheduled, and if they will be having a fireworks display. Vice President Vogel indicated the Township could request the information and if any residents call, staff could convey the information.

Mr. Curran questioned what kind of items that could skew things adversely are in the budget. Manager Jakubec stated if the economy tanks, if businesses cannot pay taxes, or unexpected events. Mr. Curran noted the Township's wage tax is higher than most municipalities, and real estate tax is lower. Vice President Vogel preferred people with income to pay the tax as opposed to senior citizens. He stated it has been that way a long time, and would rather pay the tax instead of his mother, who is on a fixed income. Mr. Curran noted other municipalities are not Home Rule, and Manager Jakubec stated the other municipalities are subject to the 1% cap. She noted the Township has not raised real estate or earned income taxes for 17 years and has maintained the same level of services.

Vice President Vogel inquired about the sewer work along Neilson Avenue. Mr. Kephart stated the storm sewer work is finished, but needs cold patching and should be done this year. He noted the roads have not been evaluated for paving.

Vice President Vogel stated the recreational fire permit instructs residents to call the Police one hour before lighting the fire and the phone number is for the Police Secretary. He will be having a recreational fire tomorrow evening and would call when he gets home from work to notify the Police. After office hours, he will leave a message with the secretary, who does not get the message until Monday. Manager Jakubec stated the two desks for Police Officers have phones with extensions that people could leave messages on. Then the Police Officers on duty could check the messages. Police Superintendent Farringer noted if residents called the non-emergency 9-1-1 number dispatch would forward the message.

V. CONCERNS OF STAFF

Manager Jakubec requested Council to remain for an Executive Session to discuss labor and legal matters.

Vice President Vogel thanked people in the audience for attending the Workshop.

VI. ADJOURNMENT

The Special Workshop adjourned at 8:51 p.m. and following a short break Council entered into Executive Session.

Cathy Bubas, Manager's Secretary

Attachment(s): Sign-In Sheet(s)