

December 23, 2009, Special Council Meeting
Minutes

A special meeting of Clarion Borough Council was held on Wednesday, December 23, 2009, at the Clarion Borough Office. President Wilshire called the meeting to order at 8:00 a.m. All Councilmembers were present. Also present were Mayor Stroup, Chief Hall, and Messrs. Ragon and Stutzman, and Mss. LaVan and Freenock. Councilmember-elect Walters was also present.

On a motion by Mr. Hopkins with a second by Ms. Leonard, the minutes of the December 1, 2009, Public Hearing were approved by a vote of five yea, with Mr. Herman and Ms. Vavrek abstaining as they were absent from that meeting.

The minutes of the December 1, 2009, Council Meeting were approved by a vote of six yea following a motion by Mr. Herman and a second by Mr. Hopkins. Ms. Vavrek abstained as she was not present at that meeting.

Ms. Leonard made a motion to approve the minutes of the December 8, 2009, Special Council Meeting; the motion was seconded by Ms. Vavrek and passed by a vote of six yea, with Mr. Herman abstaining as he was not present at that meeting.

ADMINISTRATION

Ms. Freenock explained that the Minimum Municipal Obligation (MMO) for the Police Pension Plan was revised based on the Valuation Report that was received in November. The MMO reflects a 1½% contribution from the police, which is the subject of the resolution which is next on the agenda, is necessary. Ms. Freenock stated that this is the first time in many years that a contribution from the police will be needed. In the past, the state aid received was sufficient to cover both the Police and Non-Uniformed Plans' MMOs. In 2010, Council will have to contribute the equivalent of 1 mill of tax money into the Non-Uniformed Plan to meet the MMO requirement. The Resolution to be adopted states that in 2010, the state aid that is calculated based on police units will be contributed to that Plan. This should not be seen as a precedent. In each successive year, Council will have to determine how to allocate the state aid.

In addition, Ms. Freenock stated that the contributions by the employees to the plan belong to the respective employee. For example, the 1½% paid in by the Chief will not go to Officer Peck's retirement. The Police Plan is ahead of schedule, that is, the assets are greater than the accrued liability. The MMO amount then is lower because 10% of the value of the Plan can be used as a funding adjustment on the MMO. The MMO for the Non-Uniformed Plan reflects that an amortization payment must be made, because the accrued liability in that Plan is greater than the assets.

Finally, Ms. Freenock stated that the police have expressed some frustration with the fact that all of the state aid allocable to them was not placed into the Police Plan. Ms. Freenock stated that she advised the police that the law indicates how unit values are calculated but does not state how the aid is to be distributed among pension plans. That

is Council's decision. In the past, the aid received was sufficient to cover both MMOs and the state aid was allocated to do that with no contribution from the Borough and only .5% contribution by the non-uniformed employees. Due to market conditions, that has now changed.

Mr. Zerfoss stated that perhaps Mockenhaupt should be replaced, because they caused this problem and are responsible for the short time frame in which Council has to implement the contribution. Ms. Freenock stated that Mockenhaupt is the actuary, and they have nothing to do with the Plan's performance. The Valuation Report is prepared as of January 1, 2009, but is not filed with the State until March 30, 2010. That is just how it is done.

Mr. Herman stated that Ms. Freenock was concerned throughout the police negotiations that a contribution would be needed in 2010 but did not have the numbers to back-up that concern until the Valuation Report was received. Mr. Herman confirmed with Ms. Freenock that all of this was discussed with Attorney Rich Miller and with the officers prior to today.

On a motion by Mr. Herman with a second by Ms. Vavrek, the 2nd Revised MMO for the Police Pension Plan in the amount of \$48,247, was approved by a vote of six yea with Mr. Zerfoss voting no.

Resolution No. 2009-296 requiring Police contributions of 1½% to the Plan was approved by a vote of six yea, with Mr. Zerfoss voting no, following a motion by Mr. Herman and a second by Mr. Hopkins.

Mr. Herman made a motion, seconded by Ms. Leonard, to adopt Ordinance No. 2009-768, amending the General Employees' Pension Plan. The motion carried with a vote of six yea, with Mr. Zerfoss voting no.

Mr. Hopkins made a motion, seconded by Ms. Vavrek, to approve Resolution No. 2009-297, the 2010 Fiscal Year Budget.

Mr. Herman commented that there are some good things in the budget and that there is no tax increase. He believes that Council was more involved this year in the budget preparation than ever before. Each line item was reviewed and analyzed; there was a lot of good discussion. Mr. Herman believes that paying off the Borough's major debt is a good thing and that it may eliminate potential problems.

Mr. Herman stated that the amount of tax-exempt property in the Borough is an ongoing problem. He indicated that Representative Freeman's bill will be reintroduced. Pittsburgh and Philadelphia are continually bailed out by the rest of the State. Now he believes that the voters of Pittsburgh and Philadelphia can help us and themselves by dealing with the issue of tax-exempt property.

Mr. Herman stated that his only problem with the budget is the increase in the rental unit license fee. He understands why it is necessary he just believes that it should be delayed a year as we are in a recession.

Ms. Moore stated that she is the pivotal vote. She believes that this is not the most wonderful budget-we are just moving money around-but there is no tax increase. She is going to trust people to do what they said, i.e. scheduling overtime and streamlining the inspection process. Two of the new members of Council have good financial instincts and she is hopeful that they will prevail.

Mr. Zerfoss stated that he is against the budget. There was more discussion about this budget than on any other during his 30 years on Council. He supports the increased inspection fee, but we must ramp up the inspection program. Seventy percent of the Code Enforcement Officer's time should be spent doing inspections. Lay-offs were discussed and there is discussion about hiring someone to assist with inspections. Mr. Zerfoss questioned if this is fair.

Mayor Stroup agrees that a \$15 increase is not prudent. He feels that the estimated revenues are conservative. The Mayor also expressed concern that the fund balance is being eaten up.

When queried, Ms. Freenock responded that she has received no calls from the public regarding the proposed budget.

President Wilshire stated that his position has not changed. He expressed appreciation for all of the work that went into preparing this budget. The payment of the mortgage is a good thing, but there should be a corresponding deposit of what was the monthly payment into a capital reserve.

He also feels that although the roads do need to be repaired, using money from the CAA sale proceeds for this purpose is not appropriate. In the past, Liquid Fuels money was used for paving. He is afraid that the CAA sale proceeds will give the Borough a false sense of security.

Finally, President Wilshire stated that inspections must be better managed before he could support an increase in the fee. Mr. Wilshire then called for a roll-call vote on the 2010 Budget, the results of which were as follows: Mr. Zerfoss: no; Mr. Herman: no; Ms. Leonard: yes; Ms. Vavrek: yes; Ms. Moore: yes; Mr. Hopkins: yes; and, President Wilshire: no. The motion carried.

Mr. Hopkins made a motion, seconded by Ms. Vavrek, to adopt Tax Ordinance No. 2009-770 and fee schedules. The results of the roll call vote were as follows: Mr. Zerfoss: no; Mr. Herman: no; Ms. Leonard: yes; Ms. Vavrek: yes; Ms. Moore: yes; Mr. Hopkins: yes; and, President Wilshire: no. The motion carried.

Mr. Herman made a motion seconded by Ms. Vavrek to approve the 2010 salary schedule; it was unanimously approved following a roll call vote where all members voted yea.

Ms. Vavrek made a motion, seconded by Mr. Hopkins to make the office staff whole with respect to the 5% health insurance contributions that commenced in June and stopped per motion at the last Council Meeting. At that meeting, it was decided that the office staff would follow the police contract regarding health insurance premiums. Mr. Zerfoss stated that the contribution was started in an effort to influence police negotiations. Mr. Herman stated that the intent and the collection of the contribution were honorable. This was done in an effort to set the table for fair, future negotiations. President Wilshire stated that negotiations were conducted in good faith, and he does not like how taking the proposed action looks. He called for a roll call vote as follows: Mr. Zerfoss: yes; Mr. Herman: yes; Ms. Leonard: yes; Ms. Vavrek: yes; Ms. Moore: yes; Mr. Hopkins: yes; and, President Wilshire: no. The motion carried.

Mr. Hopkins left the meeting at 8:50 a.m. and did not return.

PUBLIC SAFETY

Mr. Herman made a motion to adopt Ordinance No. 2009-769, amending Chapter 205 of Clarion Borough's Code of Ordinances titled "Vehicles and Traffic" removing parking on the southeast side of Sixth Street except certain hours. The motion was seconded by Ms. Vavrek and carried by a vote of four yea, with Ms. Moore and President Wilshire voting no.

Mr. Herman then made a motion to advertise Ordinance No. 2010-771; Ms. Leonard seconded the motion. Ms. Freenock stated that this was part of the arbitration award. Essentially, it removes the liability for Killed-in-Service benefits from the Borough and places it on the Commonwealth. If the Borough does not take this action, payments due under the pension plan to the survivors of an officer killed-in-service would be used to offset the Commonwealth's obligation. This change is recommended by the Borough's labor counsel and is in accordance with Act 51 of 2009. The motion carried by a vote of five yea with Mr. Zerfoss voting no.

MAYOR'S REPORT

Mayor Stroup thanked Council for the last four years and indicated that it was a pleasure to work with everyone.

MANAGER'S REPORT

Ms. Freenock noted that the Public Works Department has filed a grievance regarding the 5% contribution to the pension plan.

Old Business

Mr. Herman stated that the Sign Ordinance must be revisited. He stated that it is not business friendly and in fact discourages new businesses. He feels that the playing field

needs to be leveled so that new business can have the same signage as existing ones. Signs draw customers into a business.

Correspondence

Ms LaVan read a letter from the Clarion Area Chamber of Business & Industry regarding its decision to discontinue Spring Fling.

There being no further business to come before the meeting, on a motion by Mr. Zerfoss, with a second by Mr. Herman, the meeting adjourned at 9:00 a.m.

Respectfully submitted,

Nancy K. Freenock
Borough Secretary