

JOHNSTOWN CITY COUNCIL
BUDGET WORKSHOP MINUTES
Wednesday, October 21, 2020

City Council met in a stated session for the general transaction of business. Mayor Frank Janakovic called the Workshop to order at 5:00 p.m.

Mr. Britt offered the invocation. The Pledge of Allegiance was recited.

The following members of Council were present:

Mr. Arnone, Mr. Britt, Mr. Capriotti, Mayor Janakovic, Reverend King, Mrs. Mock, Mr. Vitovich (7).

Also present were John Trant, Interim City Manager; Robert Ritter, Finance Director; Elizabeth Benjamin, Esquire, City Solicitor; Chad Miller, Interim Police Chief; Robert Statler, Fire Chief; and John Dubnansky, Director of Economic Development. Present via telephone was Deborah Grass, Act 47 Coordinator.

Mr. Trant referred Council members to information regarding changes to revenue line items per Council comments at the last budget workshop. Expenditure line items would also be discussed. He indicated the entire budget information was also provided, as well as the Salary and Wage Ordinance and Budget Ordinance.

Robert Ritter, Finance Director, noted Sargent's advertising fee for the Point was moved to the Capital Fund. He noted approximately \$50,000 is currently in the account.

Council members were referred to the Expenses portion of the budget for further discussion of legislative body expenses, which he indicated remained the same. Salaries for the City Manager, Executive Secretary, Pension Clerk, a new position, Human Resources Director and Assistant Human Resources and Insurance were noted.

Mr. Trant stated Ms. Cushing's position would be split into two positions, Executive Secretary and City Clerk, and a Human Resources Director/Assistant City Manager would be hired. There was discussion regarding the labor council position.

Mr. Ritter referred to the DCED grant money, which would help to cover the cost of a City Manager. The total cost for a City Manager including salary, hospitalization/life insurance, and car allowance would be approximately \$150,000.

He discussed The Difference Card, which helps organizations build the most cost-effective health plan, administers the policy, and pays the difference, for instance, in a deductible that when used would need to be reimbursed by the City. Mr. Trant explained it would be the same network of providers and still Highmark. The City would need to make sure it was consistent with the collective bargaining agreements, and there would be no impact to the mechanics on the employee end. Mr. Ritter noted it would be a \$320,000 savings. There was further discussion.

Mr. Trant commented that union negotiations are "good," and progress was being made on all three fronts.

Mr. Ritter noted a resolution would be forthcoming for HUB International to administer The Difference Card. He indicated, with regard to Pennsylvania Unemployment, the City would be self-insured as of January 1, 2021, and would only need to pay the claims of unemployment and not the unemployment tax.

Deborah Grass, Act 47 Coordinator, provided an overview of revenue impacts due to COVID. She noted, in 2015, the audited fund balance was a little over \$1 million. Over the past five years, hard decisions were made. The debt was restructured, and there were staff reductions. She commended Council for their efforts during that struggle.

She noted the decrease in revenue was due to there being no increase in real estate assessments, which settled around \$15 million or \$15.5 million.

Ms. Grass stated the unemployment rate through July remains higher than the national rate at 18.4 percent due to COVID, which had an impact on the earned income tax and some of the business taxes.

She referred Council to an overview of information from January through September explaining that revenues were up over 9 percent this year due to the one-time deposit of \$1.1 million in the first quarter. Taking that number out, there was still a slight increase about a percentage or so.

Real estate taxes collected in the first quarter provided a two percent increase from 2019. The earned income tax was less than one percent and may slow more in the fourth quarter.

Significant decreases were shown in parking lot taxes and tickets, as there were months when no tickets were written at all. Amusement permits were 50 percent lower than 2019.

Ms. Grass noted that mercantile taxes were running about four percent behind, and business licenses are down 11 percent from 2019. The privilege tax was up about one percent. As expected, state aid was down approximately 3 percent. She noted liquid fuel taxes were down about 10 percent across the Commonwealth due to lower gasoline taxes being collected.

Ms. Grass recommendations were basically to hold the revenue and not to expect increases.

She indicated that excess funds would be realized in the current year as MMOs will be reduced before the end of the year, but additional post-employment benefits (OPEB) would need to be considered. She noted there was no provision in the exit plan that requires contribution to that plan, but it was still a liability that would need to be funded. Mr. Ritter stated it was approximately \$1.2 per year, which was mostly healthcare for retirees.

Mr. Vitovich commented that he had a pet peeve with "rogue" parking lot attendants who charge \$5 to park while the Vine Street Garage sits empty. He suggested charging \$3 to park, rather than "getting nothing at all." Mr. Ritter commented that the City was supposed to receive 10 percent of those profits. There was further discussion regarding that matter. Mr. Arnone suggested that these rogue attendants be billed, just like vendors.

Robert Ritter, Finance Director, referred Council members to the spreadsheet for further discussion of the proposed revenue line items for the 2021 budget.

He compared the \$14,850,714 that would be budgeted with last year's figure in the amount of \$16,571,799. Mr. Ritter discussed the difference was due to the TAN loan, the sewer fund transfer, but projected a slight surplus so none of the fund balance would need to be used.

Mr. Ritter explained that the real estate liens of \$7,000 was the estimate of the tax lien company for next year. The cable franchise fee was reduced approximately \$20,000 as there are less people using cable. There was further discussion regarding the fee.

Mrs. Mock suggested that advertisements be started for Roxbury, now that the rink is completed, and Sargent's Stadium at the Point. Mr. Arnone suggested that Lamar or another sign company, such as Minahan, be contacted regarding the matter to sell the spots with the City receiving 50 percent. Mr. Ritter commented that \$5,000 was added into the revenue for advertisement at the stadium. There was further discussion regarding a line item for maintenance of playgrounds. Reverend King commented playgrounds were last inspected

by the insurance company and suggested an employee go through the actual certification course. Manager Trant noted, from a liability standpoint, the City would be better off hiring a third party. Mrs. Mock commented that a grant was pending for Roxbury Park.

Mr. Ritter referred to local payments for discussion, including \$358,828 from the Johnstown Housing Authority. Mr. Arnone noted the amount was based on the increase given to the Fire and Police. The local police contract is \$134,000, which is the Johnstown School District, Dale Borough, and Middle Taylor.

Mr. Ritter stated the golf contract revenue is \$19,500, with approximately \$1,500 in green fees and \$18,000 in rent. There would be further discussion regarding this matter.

With regard to Sargent's Stadium at the Point, \$51,344 for Bishop McCort and \$15,000 for the new baseball team. Mr. Ritter will check into why there was no fee from UPJ as they play baseball there in the spring. It was noted that the contract with Sargent's is \$15,000 per year for five years.

Reverend King suggested that a director of recreation or manager be hired to ensure that matters are taken care of at Roxbury, Sargent's Stadium at the Point, and the City's playgrounds.

Mr. Ritter summarized that advertising revenue is \$15,000 from Sargent's for Sargent's Stadium at the Point, with an additional \$5,000 for other advertising. There was further discussion regarding that account. Mr. Ritter noted it was in a separate account.

He stated there is \$125,000 under miscellaneous revenue; \$90,000 from the sale of the bulldozer and the remainder for selling different equipment and automobiles.

The contract in the amount of \$81,500 with the Johnstown School District for two policemen was the last amount discussed.

Interim Manager Trant stated adjustments would be made based on the discussion and the revised revenue and expenditures would be reviewed at the next workshop.

ADJOURNMENT

There being no further business, the Workshop concluded at 5:44 p.m.