

Borough of Ben Avon Heights

Wednesday October 22, 2014 – Special Budget Meeting Minutes

The meeting of The Finance Committee was held at Shannopin Country Club at 7:00 P.M.

Present:

Council Members: Berardi, Davis, Isherwood, Keelan, Kolenda, Smith

Mayor: Dismukes

Secretary/Treasurer: Raves

Residents: Kim Cuneo, 3 Biddeford; Susan Dismukes, 22 Clovelly; Robert Frisch, 15 Devon; Patrick Lope, 21 Devon; Larry Martin, 11 Devon; John Radcliffe, 14 Wilson; Anna Rice, 7 Devon; Susann Schneider, 7 Biddeford, Matt Wensel, 11 Devon.

The meeting was called to order at 7:00 PM by Mr. Davis:

Mr. Davis reviewed the meeting memo from the “pre-budget meeting” of the Finance Committee held on Thursday September 11, 2014.

BAHB Net worth, in “Other Accounts” = \$467,000 (as of 9/11/14)

BAHB debts = \$546,089 (as of 9/11/14)

Estimated Fixed annual costs = \$400,000

Estimated 2015 income = \$383,000

Mr. Davis pointed out that in 2013 we were required by law to drop our millage rate from 6.5 to 5.75 in order to not receive a “windfall income” due to the County’s 2012 reassessments. Now, due to appeals, we have taken an approximate 10% hit to our total Real Estate revenue; therefore dropping our Real Estate Income. The majority of this change is due to Shannopin’s assessment appeal. This would cause Council to raise taxes to just get back to where our income was previously.

This scenario indicates that we will need to take money from our Reserve account to pay the estimated fixed costs or raise taxes 1 mil.

Note: the cost of road salt has been reported to be increasing significantly this year.

Discussion took place regarding the Estimated cost to rebuild the section of Wilson Drive from New Brighton to Penhurst will cost approximately \$100,000; or to increase the taxes by approximately 4 mills.

What can the Borough do to reduce annual costs was the next discussion. The following items were discussed.

- 1. Have residents pay for trash pick-up. Trash pick-up would cost each household \$165.52 annually in 2015. We have two more years on this contract.*
- 2. Cut the police force and have the State Police patrol (Discussions noting what good service we get from OTPD took place.) We have 4 more years on this contract. Mr. Frisch noted that the state police would take forever to get to the Borough if they were the force covering our Borough.*

Council noted that these items were just for discussion... these items are not a fixed cost and were up for discussion only.

A Straw Poll of the Council members who were in attendance was cast asking who would be in favor of raising taxes. The final vote was 4 in favor of raising taxes/ 1 Against Raising taxes.

Mr. Frisch had submitted a list of questions prior to the meeting and those were reviewed...

1. What "Other Accounts" does BAHB have
 1. Budgetary Reserve, (RAD) = \$6,698
 2. Escrow Account, (This is not our money. It is being held for Hauling Permit Bonds). \$10,113
 3. Liquid Fuels = \$11
 4. Planning Commission = \$39,794 Note we have entered into a 4 four municipal agreement to proceed with master planning. Our zoning Ordinance is very old so it needs to be revitalized.
 5. Reserve Account = \$359,465
 6. Sewage Fund = \$39,534
 7. 2012 Construction Loan = \$27,693
2. How much is in the Reserve Account. As of September 30, 2014 the balance was \$359,465
3. Debts. We have 2 loans:

AIM Loan Paved Clovelly Road. \$64,760 with two payments left... One annual payment due each November

2012 Construction Loan, \$482,089... Built the retaining wall at Briar Cliff, Repaved the section of Wilson, New section of Sewage line, and resurfacing sections of Stratford and Biddeford. Quarterly payments of \$17,247.00 ... Maturity Date July 18, 2022

4. Annual 2015 cost for garbage and recycle pick up per household is \$165.52. Additional \$144.00 for Rear Yard Pick-up
5. Annual costs for upkeep and maintenance for the park...The 2013 costs for the Park were \$10,480.73... Year to Date 2014 = \$7,870.16. There have been no expenditures on the tennis Court for the last three years. 2010 there were repairs and resurfacing costs of \$3,980.00
6. What were the Mandatory Sewage Repair costs for 2014 and what will the bills be for 2015? Mr. Isherwood reviewed the last eight year's expenditures. We have 2014 costs for Engineers and O&M totaling \$5,854. And in 2013 the totals were \$18,748.15... All paid from the General Account... the Sewage Account covered billings from Jordan and refunding Shannopin CC.

The overall costs for the Consent Decree Sewer work over the last 8 years...

2007	\$ 70,000
2008	\$128,200
2009	\$104,500
2010	\$ 69,100
2011	\$ 19,800
2012	\$ 92,300
2013	\$134,000
2014	\$ 16,000

8 year total to date.... \$633,900

Mr. Frisch asked if the surcharge covered the costs from 2014 and will it cover the 2015 costs? Mr. Isherwood and Mayor Dismukes reviewed the Wet Weather Consent Decree and the fact that the Borough has been mandated to complete specific sewer line repairs to date and to be aware that there will be additional future repair mandates. The Mayor added that the County has instructed the Borough to develop a vehicle to collect money in order to pay for these future repairs. These future requirements are why we need to build up the reserve account. We have not really spent the money from this account to date.

7. The loan for the Sewer Repairs and Roadway Improvements will be due in 2022. The bulk of the costing took place in 2012 and 2013.
8. Council decided that to mill and overlay the portion of Wilson was not worth the cost of \$75,000.00. And that a total rebuild of the section of road would be approximately \$110,000.00.

Questions from the residents were reviewed. Susann Schneider asked how much would be saved if we were to use the State Police. That figure is not known. The idea of eliminating our police was just for discussion purposes. Mrs. Kim Cuneo asked what the millage rate drop was in 2013. We are going to discuss that next.

Mr. Davis then reviewed the history of the millage rates.

In 2013 the Borough was required to drop our millage rate from 6.5 to 5.75 in order to not receive “windfall” due to the County’s reassessments. The calculations were based on the following:

2012 value estimated at \$34,531,435

2013 value estimated at \$42,712,600

In 2013 taxes at 5.75 mills would generate \$245,597. (We collected \$238,893)

In 2014 taxes set at 5.75 mills were calculated to bring in \$245,463. (To date collections are \$197,097)

The Borough’s current total value calculations are as follows:

2014 billings value from Berkheimer	\$42,802,800
Values added in 2014	\$ 271,000
<u>Value decreased in 2014</u>	<u>\$ 4,644,400</u>
Estimated value for 2015	\$38,429,400
Negative difference of	\$ 4,373,400 due to value adjustments

The largest adjustment was Shannopin’s decrease which reduces the Boroughs income by approximately \$25,500 per year. The County’s decision is retroactive to 2013 so the Borough is short approximately \$51,000 or 1.3 mills income.

Mr. Davis reviewed that at this new calculated 2015 value, we would need to set the millage at 6.4 mills to bring us back to a \$245,590 annual income from Real Estate Taxes which is what we sought to bring in the last two years. Please remember that this will still require drawing from the Reserve Fund to balance the budget. One idea was to set the millage at 7.7 for one year then we would regain the money we lost in the last two years.

The group discussed that this rate would only keep us “treading water” and that there would be no money for repairs. Mr. Radcliffe suggested rising the taxes so we are not treading water in the future so we can do work.

Susanne Schneider asked if the 7.7 millage rate would leave the police and garbage services alone. That is correct but we will be still taking money from our Reserve Fund.

Then Mr. Davis then focused on the Borough’s Debt. Mrs. Raves discussed our two loans. And the payments for both were discussed. The idea of taking out a new AIM loan was reviewed. Mrs. Raves stated that the new rates are at 1.34%. We might be able to borrow approximately \$160,000; however, an Application will need to be submitted to see if we would be permitted to borrow any money.

If a new loan was successfully achieved the payments will then need to be added to our budget.

Mr. Frisch noted that he felt that having residents pay their own garbage would be a more equitable solution since the cost of the trash pickup is about equal to 1 mill and that same mill income from Real Estate income would cost the more expensive homeowners more than the less expensive homeowners.

Mr. Davis brought up the fact that we pay for Crossing Guards, but the resident involved felt that the Crossing Guards were an expenditure that adds to the neighborhood.

Another item to consider per Mr. Davis would be to eliminate the street lights... do we need them? The residents in attendance felt that they were important.

Mayor Dismukes noted that the Fire Contract was just extended for an additional 10 years without any increase.

Discussion of how well serviced we are from the Ohio Township Police Department took place.

Mayor Dismukes noted that a conscious decision was made by Council several years ago to rebuild the roadways correctly, not to simply overlay them. Mr. Radcliffe stated that Wilson Road is a good presentation of how the roadways positively impact the neighborhood.

Mr. Frisch noted that he had talked to Ohio Township's manager and stated that they determined that the section of Wilson between Penhurst and Perrysville can be overlaid for under \$20,000.00. He urged Council to contact them and have the road superintendent give us a firm price for this section of road. Mr. Frisch felt that we would be better off putting the rebuilding of this section of roadway in approximately 5 years. Mayor Dismukes noted that we can do this, but we have payments due on existing loans, we are now in compliance with the Consent Decree and we believe that the future Consent Decree costs will be more expensive. Council decided to rebuild the roadways correctly so that future resurfacing could be a simple overlay process. Mr. Davis informed the residents that we are planning to maintain the new sections of road by having them crack sealed. The contractor will be performing the work in early November.

Mr. Davis stopped the roadway discussion because the main focus of this meeting was to figure out what millage rate would be presented to Council at the November meeting for 2015.

So, what millage rate can we agree on? The millage rates of all Allegheny County municipalities were reviewed.

Council would like to know how much a third party would charge to collect garbage payments. It was stated that we all know that this type of billing will cost the individual homeowner more annually.

Mr. Radcliffe complemented Council for keeping our costs under control and running an efficient community. Unfortunately, the bills from years ago are catching up with us now. Mr. Frisch stated that the residents that he has talked to were in favor of raising taxes.

Discussion took place that 7.95% would be a good rate to present to Council at the next meeting. Anna Rice thought the rate should be at least 8%, and stated that "Council needs to be responsible to the community, not the individuals."

Mrs. Raves was asked to write a letter to the residents to inform them that the proposed millage rate at 7.95%. At this time, the payment for garbage and police will remain with the Borough. We can look into this for 2016 but at this time it might be too difficult to extract ourselves from the contracts at this time.

Council will look into borrowing additional money as well.

Mayor Dismukes thanked the residents who came to the meeting for their interest and time.

Finance Committee will recommend a 7.95% millage rate to Council at the November meeting. Mrs. Raves was requested to get information regarding the local Council of Governments.

Mr. Isherwood informed the residents that we looked into changing the street lights to new technology that is less expensive to operate; however, the payback would take approximately 30 to 40 years.

The meeting adjourned at 8:34 PM.

The next monthly meeting is Wednesday November 12th at 7:00 at Shannopin Country Club.

Submitted by Denise Raves, Secretary