

SHARON CITY COUNCIL

Purpose: Special Council Meeting
Date: Monday, January 5, 2009
Time: 4:30 P.M.
Location: Sharon Municipal Building Council Chambers

Note: Executive Session held prior to meeting to discuss contractual issues.

MINUTES

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL - Present:

TIME: 4:56 P.M.

Council:

President Heutsche
Mr. Flower
Mr. Connelly

Mr. Donato
Mr. Messina

News Media:

Attorney Madden - City Solicitor
Mayor Robert J. Lucas
Sharronda Faber - City Clerk

Courtney Anderson - The Herald
Jeanne Starmack - The Vindicator

Dept. Heads:

Terry Whalen - Fire Chief
Michael J. Menster - Chief of Police
Diane Thut - Treasurer
John Cave - Street Dept.

Also Present:

L. Reeher
Fred Hoffman
Ron Maurice
Tom Burke
Carol Swartz
Edward Palanski
David U'Halie
Terry Bowan
Carol Rombold
Ray Dunham
Carol Dunham
Roland Curry
Linda Rueberger

Delores Jisko
Carl DiFeo
Bob Means
Chris Gavin
Gerald Smith
Sam Messina
Kenny King
Vikki Gruitza
Bill Stigliano
Darryl Torrence
Bob Vadala
Ann Lepak

PUBLIC HEARING FOR ORDINANCES

Public Hearing for Ordinance #23-08, introduced by Mr. Flower December 23, 2008 - SECOND AND FINAL READING

An Ordinance fixing the tax rate for the Fiscal Year 2009 at 21.47 Mills of each dollar of assessed valuation.

Mr. Noel Moss inquired about the numbers for offsetting the decrease in real estate mills and increase in Wage Tax. He discussed his own calculations, which he stated show a surplus of \$221,000+. He commented that the issue is the burden being placed on wage earners and he questioned why not just raise the wage tax by ½ %? Chris Gavin stated that he also ran the numbers and discussed the median income for the City. He stated that the median wage earner would pay less if Council passed a 4 mill increase. He discussed the jump in earned income tax and that he believes it is too high of an increase for an initial jump. He stated that from a standpoint of the school district, the Homestead exemption gave homeowners a return. He also discussed a comparison of taxes in Sharon and neighboring municipalities. Carol Swartz stated that she is happy that real estate taxes are being reduced, but thinks the wage tax increase is too high. A resident in attendance (Andy P.) encourage Council to think about young people in Sharon and what a burden this will be for them - they will not be able to afford to buy houses in Sharon. He stated that he disagrees with the 2.25% wage tax. Ed Palanski advised that he recently spent three hours with John Evans and the Mayor reviewing the budget last week, and he stated that the issue is what happens to the revenues of the City. He stated that he is satisfied that the shift will be revenue neutral, but suggested that the City look at economic trends for the next 30-60 days before making such a dramatic shift in taxes. He stated that no one knows what the 2009 taxable income will be for the City. He explained that employers in the area are reducing their work weeks substantially, the numbers are getting higher for the number of lay offs; there is less overtime and more being reduced to part time. He suggested that they look at the drop in revenue. He asked Council to delay their action to study it further and suggested that they contact employers to find out their intentions. Mayor Lucas advised that he met with Mr. Palanski and Mr. Evans and discussed his projected \$132 million income. He stated that under the Home Rule form of government, because the shift must be revenue neutral, the only way this will work is not to do it in increments, but rather to do it all at once (increase wage tax). He stated that if it does not work, then they could lower it down the road. He pointed out that the City has not raised taxes since 2007. He stated that Council has three choices: 1.25% tax increase, no tax increase, do the proposed shift in taxes. He stated that if a budget is not passed, the City will not receive the TAN note, and they need to pay the bills. He advised that if the TAN note is not received, the City could go "belly up" by the end of the month. He stated that he believes this is the time and place to do this (tax shift). He stated that he reviewed his data with the accountants and Dennis George (who helped with the Early Intervention Study). Noel Moss inquired about the Home Rule Charter to Atty. Madden and how the millage reduction was calculated. Atty Madden advised that it was based on the evidence available and that the figures proposed comply with what's required in the Home Rule Charter. Chris Gavin stated that he believed that an advantage to living in Sharon was the lower wage tax rate, but now that the City is increasing theirs and lowering the real estate mills, the comparison to Hermitage shows that taxes in Sharon are still higher. John Stamotavis, who is a resident of Ohio but works in Sharon, expressed his dissatisfaction with the proposed shift. Bob Means inquired about what would happen if there is a deficit at the end of the year - will the City then increase the real estate taxes? He also inquired about how much time each person spent analyzing the data before deciding on the tax shift. Mr. Heutsche stated that he spent many hours

researching this and in meeting with the Mayor, City Solicitor, auditors, and financial consultants. Mr. Donato and Mr. Flower echoed his sentiments. Mr. Flower stated that he has faith in the numbers reviewed by the City's auditors and financial consultant. Mr. Heutsche discussed the need to have a balanced budget and stated that he was thankful the Mayor found a way to balance a budget with no tax increase. Mr. Means asked if Council had considered cutting services. Mayor Lucas advised that when he become Mayor there were 135 employees; there are now 71 employees. He attributed some losses to crossing guards, library employees, and having less employees in the police and fire departments. Mayor Lucas stated that he wishes the Home Rule people would spend time in the City building. He advised that by not replacing a Finance Director the savings to the City has been approx. \$75,000. He stated that the Home Rule people need to take time to look at the personnel in the City.

**Public Hearing for Ordinance #27-08, introduced by Mr. Donato December 23, 2008 -
SECOND AND FINAL READING**

An Ordinance adopting the Capital Improvements Budget for the Fiscal Year 2009 as \$1,883,554.00.

**Public Hearing for Ordinance #29-08, introduced by Mr. Donato December 23, 2008 -
SECOND AND FINAL READING**

An Ordinance appropriating specific sums estimated to be required for the specific purposes of City Government, herinafter set forth, during the Fiscal Year 2009, as the sum of \$8,007,332.00.

**Public Hearing for Ordinance #33-08, introduced by Mr. Flower December 23, 2008 –
SECOND AND FINAL READING**

An Ordinance amending the Codified Ordinances of the City of Sharon, **Part Eight** - "Business Regulation and Taxation;" **Title Four** - "Taxation;" **Chapter 840** - "Earned Income Tax;" **Section .02** - "Imposition of Tax," to raise the rate of tax for 2009 and thereafter from 1% to 2.25%.

**Public Hearing for Ordinance 34-08, introduced by Mr. Flower December 23, 2008 -
SECOND AND FINAL READING**

An Ordinance authorizing a Collective Bargaining Agreement with Local 417 of the International Association of Firefighters for the period beginning January 1, 2009, through December 31, 2012.

TABLED AT THE REQUEST OF MR. HEUTSCHE.

Mr. Heutsche discussed his intention to table this Ordinance. Sam Messina stated that he opposes a four year contract because he believes it is too long; he believes that two years is more reasonable considering the tough economic times. He asked Council to reconsider the contract. Bob Means stated that he believes that services need to be cut in the Fire Department. He suggested looking at consolidation to lower costs. He advised that the way times are now, the City needs to take a hard look at the paid fire department. Mr. Heutsche stated that there are only two paid fire departments in the County and Farrell has a part time paid fire department. He stated that the Sharon Fire Dept. entered into a multi-municipal agreement with Farrell and so it's not as

though the City is not looking at these things. He also stated that the Mayor is looking into making proposals to other municipalities for savings. He stated his opposition to the City going to an all-volunteer fire department. Mr. Means suggested that Sharon consolidate with Farrell and Hermitage to downsize to cut expenses. Carol Swartz inquired to members of the Fire Department about what they are giving up in the Contract. Mike Unrue, President of IAFF, stated that they are taking two years of wage freezes and contributing to health care. Mrs. Swartz stated that as a resident, she is thankful for having the best police and fire departments in the valley. Mr. Unrue stated that in our City the houses are so close together, that if there were a volunteer fire department, the response time would be too long to save houses or lives. He asked what a life is worth? Mayor Lucas explained the premium sharing for health insurance and that in the new contract full time firefighters will be replaced with part time firefighters. He also discussed the hang-up in the police department for hiring due to pension issues, stated that over \$20,000 has been spent on the issues, and that the fire department has agreed to whatever third class city code provides. He also discussed grants received by the fire department that they themselves secured. He stated that all the unions care about the City - they live here too. He advised that this Council is not trying to "hand string" the new City Manager or to make it difficult for him/her. He also advised that negotiations are ongoing with AFSCME, who has gone from 40 to 12 members. He commented that he is trying to do what's right for the City. Fred Hoffman suggested that the contract be looked at from a positive standpoint: no money will be spent going to arbitration and the City is not letting all the Contracts run out for a new City Manager to have to try to settle. He stated that he believed City Officials and firefighters to be reasonable in their negotiations. Sam Messina discussed the closing of Westinghouse and a trend to be too greedy in union contracts. He asked why they have to settle on a four year contract rather than just two years. He stated that he does not want to see the City closed down; the City is hurting - just look at all the for-sale signs. He suggested settling a two year contract, then renegotiating in another two years.

PUBLIC COMMENTS

PUBLIC COMMENTS:
REFLECTED ABOVE

WORKSHOP

Resolution #03-09 - Garbage contract - Mayor Lucas explained that there are four options and what they are; he recommended Option #3, where every person will pay \$3 towards recycling and leaf pickup costs. Mr. Flower inquired if there is a mandate for recycling. Mr. Means inquired if the City went out for bids. Mayor Lucas advised that it was bid through MCRCOG and that there were two bids, with Tri County being the lowest. Mr. Donato inquired if they go with Option #3, how will residents get recycling cans. Jerry Bowser, of Tri County Industries, advised that everyone in the City would pay for recycling under Option 3, even if they don't use it, and it would also cover three leaf pick-ups per year. Motion to go to Option #3: Mr. Flower, Second: Mr. Messina. Vote: Yes - Mr. Donato; Yes - Mr. Messina; Yes - Mr. Flower; NO - Mr. Connelly; Yes - Mr. Heutsche.

Resolution #04-09 - Sharon Police Dept. hiring policy - Mr. Heutsche explained that under the new Home Rule Charter, there is no longer Civil Service in the City. Chief Menster presented Council with a proposed policy to govern candidate selection.

ORDINANCES

MOTION that Ordinance #33-08 entitled "An ORDINANCE of the Council of the City of Sharon, County of Mercer, Commonwealth of Pennsylvania, amending the Codified Ordinances of the City of Sharon, **Part Eight** - "Business Regulation and Taxation;" **Title Four** - "Taxation;" **Chapter 840** - "Earned Income Tax;" **Section .02** - "Imposition of Tax," to raise the rate of tax for 2009 and thereafter from 1% to 2.25%" **pass FINAL reading by title.**

Motion: Mr. Flower

Second: Mr. Donato

**Vote: Yes - Mr. Donato
Yes - Mr. Messina
Yes - Mr. Flower**

**Yes - Mr. Connelly
Yes - Mr. Heutsche**

MOTION that Ordinance # 23-08 entitled "An ORDINANCE of the City of Sharon fixing the tax rate for the fiscal year 2009 for general City purposes, the sum of 16.47 mills on each dollar of assessed valuation; and for debt purposes, the sum of 5 mills on each dollar of assessed valuation, or the total of 21.47 mills" **pass FINAL reading by title.**

Motion: Mr. Donato

Second: Mr. Connelly

**Vote: Yes - Mr. Messina
Yes - Mr. Flower
Yes - Mr. Connelly**

**Yes - Mr. Donato
Yes - Mr. Heutsche**

MOTION that Ordinance # 27-08 entitled "An ORDINANCE of the City of Sharon adopting the Capital Improvements Budget in the amount of \$1,883,554 for fiscal year 2009" **pass FINAL reading by title.**

Motion: Mr. Connelly

Second: Mr. Messina

**Vote: Yes - Mr. Connelly
Yes - Mr. Donato
Yes - Mr. Messina**

**Yes - Mr. Flower
Yes - Mr. Heutsche**

MOTION that Ordinance # 29-08 entitled "An ORDINANCE of the City of Sharon appropriating specific sums estimated to be required for the specific purposes of City Government during the fiscal year 2009 in the amount of \$8,007,332" **pass FINAL reading by title.**

Motion: Mr. Flower

Second: Mr. Donato

**Vote: Yes - Mr. Flower
Yes - Mr. Connelly
Yes - Mr. Donato**

**Yes - Mr. Messina
Yes - Mr. Heutsche**

MOTION that Ordinance #34-08 entitled "An ORDINANCE of the Council of the City of Sharon authorizing a Collective Bargaining Agreement with Local 417 of the International Association for the

period beginning January 1, 2009 through December 31, 2012" **pass FINAL reading by title.**

Motion to TABLE - Mr. Heutsche Second: Mr. Flower

Vote: Yes - Mr. Connelly Yes - Mr. Flower
Yes- Mr. Donato Yes - Mr. Heutsche
Yes - Mr. Messina

ORDINANCE #34-08 TABLED

MOTION that Ordinance #01-09 entitled "An ORDINANCE of the Council of the City of Sharon authorizing the lease of 1000 square feet of the Municipal Building to the City of Sharon Sanitary Authority for office purposes for and in consideration of \$12,000.00 for a term of one year; authorizing the sale of certain vehicles and equipment to the Sharon Sanitary Authority; authorizing a contract for administrative services; and appointing an agent for PA One Call Services; all effective January 2009" **pass FIRST reading by title.**

Motion: Mr. Donato Second: Mr. Connelly

Vote: Yes - Mr. Flower Yes - Mr. Messina
Yes - Mr. Connelly Yes - Mr. Heutsche
Yes - Mr. Donato

RESOLUTIONS

MOTION that Resolution #01-09 entitled "A RESOLUTION of the Council of the City of Sharon, Pennsylvania, appointing Mike Conato as Council President" **be adopted.**

Motion: Mr. Flower Second: Mr. Connelly

Vote: Yes - Mr. Flower Yes - Mr. Messina
Yes - Mr. Connelly Yes - Mr. Heutsche
Yes - Mr. Donato

MOTION that Resolution #02-09 entitled "A RESOLUTION of the Council of the City of Sharon, Pennsylvania, appointing Frank Connelly as Council Vice-President" **be adopted.**

Motion: Mr. Messina Second: Mr. Heutsche

Vote: Yes - Mr. Messina Yes - Mr. Donato
Yes - Mr. Flower Yes - Mr. Heutsche
Yes - Mr. Connelly

MOTION that Resolution #03-09 entitled "A RESOLUTION of the Council of the City of Sharon, Pennsylvania, authorizing a three-year Contract with Tri-County Industries for Garbage Collection for

2009" **be adopted.**

MOTION to amend to go to Option #1 by Mr. Connelly; Second by Mr. Messina.

Motion: Mr. Donato

Second: Messina

**Vote: Yes - Mr. Donato
Yes - Mr. Messina
Yes - Mr. Flower**

**Yes - Mr. Connelly
Yes - Mr. Heutsche**

MOTION that Resolution #04-09 entitled "A RESOLUTION of the Council of the City of Sharon adopting a policy for the hiring of personnel in the Sharon Police Department" **be adopted.**

Motion: Mr. Flower

Second: Mr. Connelly

**Vote: Yes - Mr. Connelly
Yes - Mr. Donato
Yes - Mr. Messina**

**Yes - Mr. Flower
Yes - Mr. Heutsche**

<u>COMMENTS:</u>

NEWS MEDIA:

Courtney Anderson - The Herald - Inquired about changing the garbage contract to Option #1. Mr. Connelly advised that with so many other changes in the City, he wanted to keep the garbage service the same for residents. Mayor Lucas advised that this option will reflect an increase of approx. \$4.70/month. Ms. Anderson inquired about the hiring policy for the Police Dept., and if this means that hiring will be done soon. Mr. Heutsche advised no, that there is still a pension issue to work out. Ms. Anderson inquired about where things are with the AFSCME Union. Mr. Heutsche advised that they met before the holidays, and that negotiations are ongoing. Inquired to Mayor Lucas about the 2008 surplus. Mayor Lucas advised that it is about \$200,000 - in the black. Ms. Anderson inquired about an increase to Centax in the new budget. Mayor Lucas advised that it is due to the amount corrected and added that Council plans to re-negotiate with Centax. Inquired about the Code/Zoning Officer. Mayor Lucas explained that Frank Smeraglia is now in Community Development to work with the lead-based paint program. Ms. Anderson asked if the issues with the \$46,000 in CDBG funds for extra patrols has been resolved. Mayor Lucas advised that it's in the police budget. The police officers will be paid straight time and the money will be reimbursed and put into overtime line item.

Jeanne Starmack - The Vindictor - Inquired to Chief Menster if the scheduling issues due to lack of manpower have been resolved. Chief Menster advised that they have not, since the City still has not hired.

Joe Biro - WPIC - Inquired when the Wage Tax increase would go into effect. Mayor Lucas advised he will contact Centax and they will contact employers. He stated that businesses have been "taking it on the chin" so they need to be given a break - to help them stay open. Mr. Biro inquired if the increase in wage tax will help improve cash flow. Mayor Lucas stated that it's "anybody's guess." He also stated that Council will plan to hire a City Manager before the Mayor's term ends to help make the transition smooth. Ms. Anderson inquired if there is any money in the budget for a City Manager. Mayor Lucas publicly thanked Del Williams who is retiring as a code officer. He advised that Mr. Williams will not be replaced until March, and the money will be used to pay the salary for the City Manager. Mr. Heutsche deferred to Mr. Palanski, and stated that it is on the agenda for the Home Rule

Transition Committee meeting on Monday.

CITIZENS:

None.

MAYOR LUCAS:

It's been a long meeting and a long year. Congratulations to Mr. Heutsche as outgoing Council President and to Mr. Donato on being appointed as new Council President.

MR. FLOWER:

Congratulated Mr. Heutsche for a job well done, and wished Mr. Donato good luck as Council President.

MR. CONNELLY:

Congratulated Mr. Heutsche and Mr. Donato.

MR. DONATO:

Thanked Council for appointing him Council President and commended Mr. Heutsche.

MR. MESSINA:

Stated that during his first year on Council Mr. Heutsche was a valuable source; it's been a learning year and the past two months have been rough. Looking forward to upcoming year.

MR. HEUTSCHE:

Stated that he is glad the past year is over and is happy to let someone else take the reigns. Hopes that the next year is not as difficult - it will be a transition period. Thanked the City Clerk and City Solicitor for their support and assistance, and thanked the rest of Council and the Mayor. Stated that he believes they have a good handle on the City's finances.

ADJOURNMENT:

Meeting adjourned at 6:29 P.M.

Motion: Mr. Flower

Second: Mr. Donato

Vote: Yes - Mr. Flower

Yes - Mr. Donato

Yes - Mr. Connelly

Yes - Mr. Heutsche

Yes - Mr. Messina

COUNCIL PRESIDENT

ATTEST:

CITY CLERK