

SHARON CITY COUNCIL

Purpose: Public Hearing
Date: Wednesday, November 20, 2013
Time: 6:00 P.M.
Location: Sharon Municipal Building Council Chambers

MINUTES

CALL TO ORDER

TIME: 6:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL –

PRESENT:

Council:

___ President Heutsche

Yes Mr. Palanski

___ Mr. James

Yes Mr. Connelly- (came at 6:15)

Yes Mr. Burke

News Media:

The Herald

Scott Andrejchak –City Manager

Attorney Madden – City Solicitor

Lori Merolillo – City Clerk

Dept. Heads:

Terry Whalen - Fire Chief

Michael J. Menster - Chief of Police

John Cave - Street Dept.

Janet Thomas- Community Development

Robert Fiscus- Director of Code

Ken Griffith- Finance Director

ATTENDANCE:

Janet Thomas

John Cave

Brian Kepple

Carol Swartz

Todd Carenbaugh

Dave Kepics

Ken Griffith

Rev. Adam Trambley

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- I.) LEGAL NOTICE – *The City of Sharon will hold a Public Hearing on Wednesday November 20, 2013 at 6:00 p.m in the City Council Chambers, Sharon Municipal Building, 155 West Connelly Blvd., Sharon, PA, to present the City of Sharon's 2014 Budget.***

The purpose of the hearing is to discuss the proposed 2014 Operating Budget

PUBLIC COMMENTS:

Brian Kepple asked about the small cut in the Little League Fund which he thought was \$1000. Mr. Andrejchak explained that it was reduced but they could discuss it. Mr. Palanski added that funding Little League shouldn't be a function of the City even though it has been in the past, but Mr. Kepple said that the City doesn't fund a lot of recreation anymore. Mr. Andrejchak also added that this budget is a draft and if Little League wanted to write a letter to the City explaining what the money is used for then he can re-evaluate the funding. Mr. Kepple wasn't sure if it was being phased out and since the Recreation Board has been dissolved maybe the City can revisit the recreation budget. Mr. Andrejchak agreed to look at it at the end of the year.

Mr. Palanski commented that after reading and looking over the Budget Mr. Andrejchak and staff did a really good job putting everything together and to come up with a \$8 million budget which was only \$65,000.00 more than last year and should be commended for that. Mr. Palanski wanted to make it clear to the public that the City saved \$250,000.00 on health care which really helped balance the budget. Mr. Palanski added that the City lost \$280,000.00 from the sale of the Sewer Authority to balance the budget which was at one time income and wasn't going to last forever. Mr. Palanski said as Mr. Andrejchak indicates in his letter the City benefited from some good fortune but Mr. Palanski asked Mr. Andrejchak what the expense threats will be for 2015 because health care would not stay the same Mr. Palanski presumed. Mr. Andrejchak replied that the pension costs that will increase in 2015 and the City experienced in 2013 an increase in Pension costs in 2012 and they were able to deal with that and it was \$130,000.00 expense in 2013 when the budget was done. Mr. Andrejchak said heading into 2014 the pensions for Police and Fire and Non Union are potentially staying the same, but we have had discussion with our new pension manager and we have had discussion with our accuary and we are on notice that we should expect a few hundred thousand dollars of increase in the 2015 MMO. Mr. Andrejchak also added that when they do the budget this time next year we should anticipate that the pension bills will be a few hundred thousand dollars more. Mr. Andrejchak said the Pension funds have been performing well in 2013 and they had a meeting with the Pension Fund advisor and the Police and Fire funds have actually grown about 2 million dollars in 2013 because of growth investments but that growth won't be picked up on the Act 205 reports and wont translate it as a MMO reduction until 2016 so when they do the 2015 MMO it will only look at what has happened up to January 2013 and it won't take into account any growth. Mr. Andrejchak explained that it will be a challenge for the City to balance budgets and this budget was a challenge because we lost \$280,000.00 but saved \$250,000.00 from healthcare but in the meantime there's other costs that are increasing but it was easier to do this year's budget compared to last years. Mr. Andrejchak wanted everyone to understand where the pension bills are going and said as soon as they get a number on what the pension bills are going to be in 2015 he feels that it will force Council to have an earlier discussion about the budget next year which means they may be discussing the budget in August instead of November. Mr. Palanski added that health care can go who knows where, because it has gone down this year 25% and 3% last year so we are down 28-30% but that can all come back at one time the way it is going. Tammy Fuchs added that they were looking at different plans such as going with a 2 year plan to lock in the rates but Highmark sent a letter explaining that when they looked at our current rating which was extremely high, Highmark explained in a letter that we were lucky to get the rate that we did get. Mr. Palanski added that based on the information regarding healthcare then we can expect for healthcare to go up but we can cross our fingers that it won't. Mr. Palanski said that the other concern that he sees and would like to have a handle on it is looking at the total value of unused sick time payouts as they sit now. Mr. Palanski explained that since he has been on council he has not seen anyone who is retiring leave with less than \$18-20,000 which has never

been funded but those employees have it coming and it has to be paid out so Mr. Palanski would like to take that into account now. Mr. Palanski also added that the other thing that has not been funded is the retiree insurance and the actuarial study will be done again next year which Mr. Palanski thought it was done every 2 years but the last time the City was on the books for 8.8 million and he would like to see when the current eligible retirees reach the first date they can retire and use this year's health care costs and start to project that out so the City knows when that comes on board because right now we are paying a quarter of a million dollars for retiree health insurance. Mr. Palanski added that when he started on Council the amount was around \$300,000.00 and that fluctuates with the number of people but with a \$8.8 million liability that means at some point that's going to swell to \$700,000.00 in a year and Mr. Palanski feels that it needs looked at. Mr. Palanski doesn't think we are out of the woods yet but added that everyone is doing a good job and the City has done a nice turnaround heading at least part way out of the woods but it's going to be a long, hard road that we have.

<u>ADJOURNMENT:</u>

Meeting adjourned at 6:20 P.M.

Motion: _____

Second: _____

Vote: ___ - Mr. Connelly
 ___ - Mr. Palanski
 ___ - Mr. James

___ - Mr. Burke
___ - Mr. Heutsche