

Mount Joy Borough Council
Special Budget Meeting Minutes
November 19, 2019

The Mount Joy Borough Council held a special meeting on November 19, 2019, at the Mount Joy Borough Council Chambers.

Council President Hall called the meeting to order at 6:30 PM.

Invocation was given by Mayor Bradley, followed by Pledge of Allegiance.

Roll Call - Present were: Councilors Deering, Eichler, Hall, Millar, Reese, Youngerman and Mayor Bradley. Councilors Fahndrich, Feuerstacke and Ginder were absent.

Also present were; Public Works Director, Dennis Nissley; Borough Manager, Samuel Sulkosky; and Finance and Business Administrator, Jill Frey.

Public Input Period

No Public Input

On a **MOTION** by Reese, and a second by Youngerman, approval was given for the agenda for the November 19, 2019, Special Meeting. *Motion carries unanimously.*

Eichler called for an executive session to take place immediately. Hall added item 6A to the agenda as an Executive Session.

Council went into executive session at 6:35pm. Council returned from executive session at 7:20pm. Hall announced that in executive session they discussed legal and personnel matters.

A **MOTION** was given by Youngerman, with a second by Reese, to consider Resolution No. 30-19; Giant Food Stores Intermunicipal Liquor License Transfer.

Millar asked if this is the original agreement or if anything has changed. Hall said that there are some changes, for example, there is a limitation to the amount of drinks you can serve on site, etc. and that the Liquor Control Board had certain rules change. *Motion carries 5 to 1. Hall voting no.*

Hall referred Agenda Item #8, Discussion of Third-Party Engineers, to Public Works committee. Deering stated that Council received four firms to review; Gilmore & Assoc., HRG, CS Davidson and Michael Baker.

A **MOTION** was given by Deering, with a second by Reese, to move forward with Gilmore & Associates as the 3rd party engineer to review the Borough Stormwater Basin. *Motion carries unanimously.*

Hall opened the floor for discussion of the 2020 General Fund Draft Budget.

Youngerman stated that there seemed to be magic bullets in the past and we do not seem to have that this year, such as health care savings, paying off debt and CD's, etc., and that these items improved cash flow since approximately 2010. He said the PLIGIT accounts have also helped. He said Council is and has been looking at cuts since day one and there are no more cuts to be made. He said there is no room to budge on the revenues. He said to go back to 2010 when there was a 23½% tax increase and that has kept giving ever since and has carried the Borough for years. He said we have been able to balance the budget for years without a tax increase and that it is starting to hit home. He said people will want to use Fund Balance again, but that we need to be careful with that. He said he feels we need to implement a tax increase and use only a little of the Fund Balance. He said he wanted to open this for discussion and see what the rest of Council thinks.

Millar said that he agrees with Youngerman. He said that the cost of everything goes up every year and that it looks like we cut everything wherever we can. He said Council does need to consider a tax increase.

Deering stated that the \$200,000. for streets and bridges that is in the 2020 budget is a conservative number. He said for a sustainable future we may have to increase that line item. He said the Borough is probably looking at an increase to 4.12 or 4.13 mills.

A **MOTION** was given by Reese, with a second by Youngerman, to increase Non-Uniform employee health insurance contributions by \$4.00 per pay.

Mayor Bradley said that we are burdening a few people with this increase instead of looking at the wage increases and distributing them more evenly. He said we should look at that instead. Youngerman said that health care costs keep going up and that these are two different issues. Reese agreed with Youngerman. Mayor Bradley said he wanted to clarify his comment and asked why Council is asking to increase the health care contribution when we have a pool of money to distribute which averages 3.5% and the Police do not get that much of an increase. Reese said that the Police and the Non-Uniform are not a valid comparison and that the average Borough person does not make what the Police do.

Hall said that Council needs to stay with the discussion of a \$4.00 increase in health care contributions. Millar asked if the Non-Uniform employees received a raise for 2020. Youngerman said yes. Deering said that a 3.5% raise is a lot more money than \$4.00 per pay. Reese stated that as a retiree, he pays close to \$375. a month for free Medicare. Millar said his health care contributions are going up as well and that it happens to a lot of people. *Motion carries unanimously.*

Youngerman stated to let the minutes show that there was a side discussion of the breakdown of revenues versus expenditures related to the train station.

A **MOTION** was given by Eichler, with a second by Youngerman, to reduce line item 01.401.121, Manager Salary, from \$85,065. down to \$81,000.

Millar said that this takes this line item from a 7% increase to slightly under a 2% increase. Eichler said that going to \$81,000. is more in line with what surrounding Municipalities' Managers are making.

Eichler said he wanted to revise the motion to reduce the line item to \$81,090., making the reduction to reflect a 2% increase. Youngerman made a second on the revision. Sulkosky said that he objects to this motion.

Hall called for a Roll Call vote. Deering, Millar and Reese voting No. Eichler, Hall and Youngerman voting Yes. *Motion defeated; Mayor Bradley cannot break ties on Salaries.*

A **MOTION** was given by Eichler, with a second by Youngerman, to reduce line item 01.401.121, Manager Salary, from \$85,065. down to \$81,885., making it a 3% increase. *Motion carries unanimously.*

Deering said that we cannot avoid a tax increase. He suggested a modest tax increase this year and see how it works out for next year with the train station and all. Hall said the train station will be revenue neutral. Deering said he thinks it will be favorable to the budget.

Hall said that a reorganization year is coming up and believes you can re-set the budget during a reorganization year. Sulkosky said that we can probably lower the tax rate, but we cannot increase it without re-advertising. Youngerman said that in Section 1311 of the Borough Code it states that in January after reorganization Council may amend the budget and tax rate to conform with the amended budget.

Mayor Bradley suggested lowering line item 01.410.750, Public Safety Equipment Purchase/Rent from \$36,040., down to \$31,040. He said that part of this line item was to purchase vests and that \$36,040. did not reflect the \$5,000. Grant that the Borough will receive for this. All of Council agree.

Mayor Bradley suggested lowering line item 01.410.491, Dog Housing, from \$3,000. down to \$2,500. All of Council agree.

Millar asked about line item 01.410.450 and if this can be reduced. Chief explained that the Police department must send our alcohol or drug & alcohol testing out to an approved State testing facility and the cost is \$ 288. per person. He also explained that the departments IT service costs are increasing.

Deering asked if there are any transfers from Capital Fund to General Fund. Sulkosky said no, we have transfers from General Fund to Capital Fund. Deering said that the fund balance in Capital Fund is \$1,109,000. and asked if we can move some of that money into General Fund. Sulkosky said he does not think we have ever done that and does not know if it is allowed.

Hall said he thinks we have done all we can do with the budget. He said that his suggestion is to take \$75,898. out of General Fund balance and then raise the tax millage rate to 3.98, which would generate \$131,172.61, which would balance the budget. He said that there was a time where Council continued to take from the fund balance until we had to get a tax anticipation loan, paying interest, and it is not a good use of taxpayers' dollars. He said with this suggestion we are not taking a lot from fund balance and we are only raising taxes a little.

Millar said that Council has been good stewards for quite a long time. He said it is a good idea to gradually come up in the millage rate to stay in line with the cost of living and operating expenses. He said these numbers are very reasonable. Reese agrees. Youngerman said that the Council Presidents recommendation shows moderation on both sides, with the tax increase being 6.02%.

A **MOTION** was given by Reese, with a second by Youngerman, to take \$75,898. out of fund balance and increase the millage rate by 6.02% to 3.98 mills, increasing line item 01.301.100, Real Estate Taxes – Current Year, by \$131,172.61. *Motion carries unanimously.*

Sulkosky mentioned that the percentage we use for Real Estate Taxes is 98%, so we would have to take 98% of \$131,172.61. Frey figured that 98% would be \$128,548.

A **MOTION** was given by Deering, with a second by Reese, to take an additional \$2,624. out of fund balance for a total of \$78,522. *Motion carries unanimously.*

Hall said this will need to be advertised.

Sulkosky provided and Council reviewed Capital Fund, Refuse Fund and Highway Aid Fund budgets.

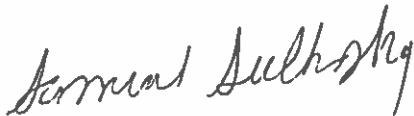
Mayor Bradley asked if there is a reason we are carrying a large balance in the Refuse Fund and if we can use those funds. Sulkosky said that the Auditors thought the \$200,000. transfer from Refuse Fund to General Fund was a reasonable number for costs involved to operate the refuse activities. Hall said that the answer is that we can legally use the funds, but we cannot reasonably justify it. Deering asked if staff can get clear answers from the Auditors on this.

A **MOTION** was given by Youngerman, with a second by Eichler, to move the 2020 Capital Fund Budget, Refuse Fund Budget and Highway Aid Fund Budget, as proposed, to full Council meeting on December 2, 2019.

Any Other Matter Proper to come Before the Council: No other matter to come before Council.

A **MOTION** was given by Deering, with a second by Reese, to adjourn the meeting at 9:25pm. *Motion carries unanimously.*

Respectfully Submitted,



Samuel Sulkosky
Borough Manager/Secretary