

**HOLLIDAYSBURG BOROUGH COUNCIL BUDGET MEETING
HELD IN THE COUNCIL CHAMBERS OF THE MUNICIPAL BUILDING
THURSDAY, SEPTEMBER 30, 2010, AT 6:00 P.M.**

The meeting was called to order at 6:20 p.m. by President John P. Stultz, Jr., who presided. Present: Council members Joseph A. Pompa, Harold D. Burket; John W. Brenner and Amy Webster Sill (6:30). Also present: Borough Manager Mark G. Schroyer, Mayor Joseph R. Dodson, Finance Director James Gehret and Borough Secretary Ann M. Andrews. Absent: Council members Michael W. McLanahan and Timothy M. Baranik.

President Stultz led the Pledge of Allegiance to the Flag followed by a few moments of silence in honor of the men and women serving in the military.

President Stultz turned the meeting over to Borough Manager Mark Schroyer who stated this was the second meeting to present information on the preliminary 2011 budget. He stated that last Thursday, Department Heads presented their requests to Council and was pleased with the process. Mr. Schroyer stated that he and Finance Director Jim Gehret have been meeting and he will present an overview and Mr. Gehret will get into the specifics.

Mr. Schroyer presented an overview of Water and Sewer Authorities, both of which are carrying significant debt. Both he and Mr. Gehret have been attending the Water and Sewer Authority meetings and will work with them on their respective budgets.

Mr. Schroyer stated that with him being new, he does not have a feel for the cash flow of the Borough. Therefore, many of the capital expenditures for 2011 will not be funded and that he would like to go through one entire year to see where the revenue is coming in.

With respect to the General Fund, everything that was asked for related to Operations and Maintenance (O&M) is proposed to be funded. The additional person requested by Public Works/Parks will not be funded. The fund balance in the General Fund is \$85,326.32 and Mr. Schroyer stressed the need to develop a Capital Fund and a General Fund Reserve or Rainy Day Fund. The preliminary budget, as presented, does not reflect any millage increase, but that doesn't mean staff is not requesting any millage increase.

Mr. Schroyer stated that the tax millage that is coming in to pay the Debt Service is insufficient and the General Fund has had to contribute \$20,000. Other issues impacting the General Fund would be raises (if any) and health insurance. The Street Light Fund is also showing a deficit of 7,202.36 and will be an issue especially in light of the proposed increase in electric rates.

Moving on to Item No. 5 on the Agenda, Main Street Manager discussion, Mr. Schroyer stated that the Main Street Manager position has been funded through 2010, but a decision must be made on whether to continue the funding. The cost to fund the Main Street Program is approximately \$34,199. The proposed 2011 budget, as prepared, funds the program using \$10,000 from the General Fund; \$10,000 from the Hollidaysburg Community Partnership and the balance coming from the Parks & Recreation Funds.

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Mr. Schroyer stated if the Borough is going to fund the Main Street Program, a decision needs to be made as to how the funds will be administered. Mr. Schroyer stated that the Main Street Manager is a Borough employee with two financial entities. The Partnership is paying O&M expenses and the Borough is paying salary and benefits. If an agreement could be reached with the Partnership, Mr. Schroyer stated that the membership dues and the monies collected through special fund raising projects be retained by the Partnership, but any current funds raised by the Partnership would be turned over to the Borough which would then run the Main Street Manager Program as a department of the Borough.

Following long and lengthy discussion, Mr. Schroyer stated that the Main Street Program's continuation hinges on what the Partnership does. The first step would be to meet with the Partnership Board and present the Borough's proposal and report back the findings to Council. It was the consensus of Council that the Manager explore this proposal with the Partnership and see what they decide.

A general discussion on Sewer and Water was held at this time. Both are separate entities but both are mandated to make repairs and both are applying for the same pool of funding. Mr. Schroyer explained the Wastewater Treatment Plant (WWTP) is looking at a 6-8 million dollar upgrade/improvement project at the plant and will probably mean an increase in sewer rates.

The Water Authority is making improvements to the Muleshoe Dam at a cost of approximately 7-9 million dollars. The Authority has received a grant in the amount of \$5.6 million dollars but will still need to come up with the additional funding.

Mr. Schroyer and Mr. Gehret have been attending the Water and Sewer meetings and will keep Council apprised.

At this time, Mr. Schroyer discussed millage rates. He stated there is no doubt that an adjustment to the Street Lighting and Debt Service funds will need to be increased. He and Mr. Gehret are proposing a one mill increase to Debt Service and a three quarter millage increase to the Street Lighting Fund. An increase to the General Fund of two mills is being proposed. By increasing the General Fund millage; the Borough would be able to have a fund reserve or a rainy day fund. A \$50,000 transfer and the \$80,000 from the bond proceeds could go to the Capital Reserve Fund.

Both Mr. Gehret and Mr. Schroyer stated this is what they are currently proposing, but they will continue to meet and fine tune the numbers. The millage has not changed since 2005, but expenses, salaries and benefits continue to increase.

On a final note, Mr. Schroyer stated it is important for the School District and the municipalities to put political pressure on the County to do a County-wide reassessment.

President Stultz adjourned the meeting at 8:35 p.m.