

Clifton Heights Borough Council
Meeting Minutes
October 19, 2010
(Meeting Continued on November 4, 2010)

Present:

Anthony Casadei, Council President
Edward Martin, Council Vice President
Betsy Berry, Councilwoman
Harris Resnick, Councilman (Arrived Late)
Jane Tumolo, Councilwoman (Arrived Late)
Leona Papale, Councilwoman
Mario Alpini, Councilman
Robert Penjuko, Councilman (Arrived Late)

Absent:

Jane Tumolo (11/4/10 Continuation Meeting)

Others Present:

Joseph Kelly, Mayor
Frank Catania, Borough Solicitor
Tony Tartaglia, Code Enforcement/Borough Manager

Pledge of Allegiance

Prayer Led By Mayor Kelly

A motion was made by Councilman Martin to dedicate a page of the minutes to the memory of Katherine Kelly; seconded by Councilwoman Berry; and carried unanimously by a vote of 5-0.

Public Comment:

No public comment.

Meeting Minutes:

A motion was made by Councilman Martin to accept the meeting minutes as presented; seconded by Councilwoman Berry; and carried unanimously by a roll call vote of 5-0. (Alpini – yes, Berry – yes, Martin – yes, Papale – yes, Casadei – yes.)

Mayor's Report:

Mayor Kelly thanked the Council for the flowers that they sent to his mother and thanked the Police Department. He said that everyone was very supportive that day.

Mayor Kelly said that the Borough was wrapping up a good month for the Borough of Clifton Heights. He pointed out that October was Polish Heritage Month, and that a lot of the Borough's founding fathers were of Polish decent. He also mentioned Columbus Day, which is a celebration of Italian heritage, who were also a strong part of the foundation of this town.

Mayor Kelly reminded residents that Halloween was coming. He said that the Police would be out the night before Halloween and the night of Halloween to make sure that children arrive safely from door to door.

(Councilman Penjuko arrived during the Mayor's Report)

Police Report:

A motion was made by Councilman Martin to approve the police report; seconded by Councilwoman Berry; and carried unanimously by a vote of 6-0.

Fire Report:

A motion was made by Councilman Martin to approve the fire report; seconded by Councilwoman Papale; and carried unanimously by a vote of 6-0.

Code Enforcement Report:

A motion was made by Councilwoman Berry to approve the code enforcement report; seconded by Councilman Martin; and carried unanimously by a vote of 6-0.

Treasurer's Report/Bill List:

A motion was made by Councilman Martin to accept the treasurer's report and pay the bills; seconded by Councilwoman Berry.

Councilman Alpini asked about 2 bills – 1 for \$106.25 to the Chief and 1 for \$272.15 to Tony Tartaglia for reimbursement for Kelly Trophies. He asked who those trophies were for.

Tony Tartaglia said that the reimbursement for Kelly Trophies is for 3 plaques to be presented to Nick Micozzie at a future meeting. He said that he wasn't sure what the Chief's reimbursement was for off the top of his head.

Councilman Alpini asked who the Coyle Group was.

Mr. Catania answered that this was the appraiser that the School District uses to do work on the tax assessment appeals. He said that the bills are broken up between the County, the School District and the Borough based upon how much tax revenue is at issue for each entity.

After questions, the motion was carried unanimously by a roll call vote of 6-0. (Alpini – yes, Berry – yes, Martin – yes, Penjoke – yes, Papale – yes, Casadei – yes.)

Manager's Report:

Tony Tartaglia said that he had nothing new to report aside from his report from the caucus meeting. He encouraged Council members to drive down MacDade Blvd. if they had the opportunity to take a look at the LED lights. He said that they would be something that would be coming in the future. He said that there not quite there as far as qualifying for replacement, but that it would be a matter of time.

President Casadei asked if they threw the same amount of light.

Mr. Tartaglia said that they did, and you would be replacing a 500 watt bulb for a 100 watt LED light. He said that they would have the same luminance when they get to the ground and use a lot less energy.

President Casadei said that he drove by there and didn't notice a difference.

Mr. Tartaglia said that they throw the same amount of light, use 1/5 of the power, but are currently very expensive to install.

Councilwoman Berry asked if there were any monies or grants available for such a project.

Mr. Tartaglia said that in talking with Glenolden who recently completed their project on MacDade Blvd., they didn't use specific grant money but had a grant. He said that at the moment there is no specific money flagged for LED street lighting.

Councilman Martin said that he spoke with Bill Conrad who takes care of the traffic signals, and he said that there were rebates from the government available for switching to LED lights because of the "green" factor. He said that the energy saving on the street lights is more than 1/3 and if every traffic light was replaced, you would get your investment back in savings within 2 years.

Mr. Tartaglia asked him if he would like him to talk to Signal Service about that.

Councilman Martin said that he would. He said that LED lights were also good because even if the lights went out, there would still be some illumination so that you wouldn't have to worry about traffic signal outages.

Councilman Alpini asked if we were ready to put this out for bid yet.

Mr. Tartaglia said no.

Councilman Alpini asked where they were with the project. He said that he is familiar with the upside of LED lighting from putting it in a lot of commercial buildings and that the savings is incredible. He asked what they needed to do to get it moved along, if they needed to have the Engineer prepare a package to put it out to bid.

Councilwoman Berry said that she didn't think that they were going to do it town-wide, but a section at a time as needed.

Mr. Tartaglia said that he would recommend discussing it with Lenni and Signal Service and seeing what they offer and recommend and then bringing back that information to the next caucus meeting.

President Casadei said that would be a good start.

A motion was made by Councilman Martin to accept the Manager's Report as presented; seconded by Councilwoman Berry; and carried unanimously by a vote of 6-0.

(Councilwoman Tumolo arrived after the Manager's Report.)

Engineer's Report:

J.P. Kelly announced that Road Program had started and that it was expected to be completed by tomorrow (11/20/10). He also announced that the sewer repair work had also finally been completed as of 6am this morning. He said that he expected the actual cost to be less than the estimated contracted cost because they didn't have to dig up Church St. & were able to slip line & restore the integrity of the line. He said that once they receive & review the invoice, they will make a recommendation to Council.

Councilman Alpini asked if they were able to slip line the entire pipe on Church St. without tearing the street up.

Mr. Kelly said not the entire street, just the damaged section.

A motion was made by Councilman Martin to accept the Engineer's Report as presented; seconded by Councilwoman Berry.

Councilman Martin asked if Mr. Kelly could ensure that there was a police officer present at Madison & Church.

Mr. Kelly said that Terry had already been in touch with the Chief of Police.

Councilman Martin said that the corner was horrendous the other day with several school buses present and cars being sent up one way streets without flag holders.

Mr. Kelly said that they learned their lesson.

Councilman Alpini asked Mr. Kelly if he could keep his eyes on the intersection of Fairview & Walnut before they pave it tomorrow because they were able to come in last Friday and mill, and they did some base repair, but it looks like it exposed more damage than maybe they had originally anticipated.

Mr. Kelly said that he would look at it first thing in the morning.

Councilwoman Papale said that she wanted to comment on the work completed on Madison Ave., and she said that it was a pleasure to drive down that street now.

After questions & comments, the motion was carried unanimously by a vote of 7-0.

(Councilman Resnick arrived after the Engineer's Report.)

Solicitor's Report:

Mr. Catania requested an Executive Session towards the end of the night's session for a Police Personnel matter and a Local 835 matter. He requested that Mr. Kelly & Mr. Tartaglia both stay to discuss the Kent Mills matter currently pending before Judge Perfetti because they have an obligation to submit a report on the progress of that, so he would like to discuss that with Council to go over litigation options before submitting the report to the Judge. He also had tax assessment appeals for Kent Mills & Rockbourne Plaza.

For the regular meeting, he reminded Council that a few meetings ago, Council authorized him to see if the Borough could participate in the class action lawsuit that has been filed against many of the financial institutions in Pennsylvania to recover any funds that the Borough may have possibly paid to the financial institution with the expectation that the financial institution would then pay that over to anyone who had bought bonds. He said that Mrs. Duffy has been working with the attorney that spearheaded that litigation, Ron Henry, and they were able to locate a lot of material from the 1976 bond issue that would be helpful. He said that they would report more as they proceed.

A motion was made by Councilman Martin to accept the Solicitor's report; seconded by Councilwoman Berry; and carried unanimously by a vote of 8-0.

Old Business:

Councilman Martin said that this is the 2nd time that he is asking about the signs that were purchased for the building. He said that everyone agreed when they ordered the signs that they should have the Mayor's name on it. He said that the Mayor's name was only on one side of the building. He said that he was out there last night, and he saw no reflection on the signs despite the fact that they paid \$600 extra for reflective paint. He said that there was glow, reflection or catching of the eyes when cars drove by. He said that Mr. Tartaglia contacted him to ask him about including the Mayor's name on the other side, and he gave him a price of \$600.

Councilman Alpini said that he could have sworn he heard that guy say that he was going to put the Mayor's name on both sides.

Councilman Martin pointed out that the Mayor's name isn't quite correct on the one sign because it says "Joseph Kelly – Mayor," while he goes by "Joseph T. Kelly, Jr. – Mayor." He said that he thinks that someone should investigate this.

President Casadei asked if they had a contract for what he is supposed to have done.

Mr. Catania said that yes they do because whether the contract exists or not is a legal matter and the Borough has a contract is the opinion of the Borough. He said that it sounds like the contract has been breached.

A motion was made by Councilman Martin to allow the Solicitor to investigate the contract for the signs that were put on the building; seconded by Councilwoman Berry; and carried unanimously by a vote of 8-0.

Mr. Penjoke said that he would stop by tomorrow to check in with the company.

Mr. Catania said that he would give Mr. Penjoke the opportunity to talk with him and that he would move forward if that didn't work out.

Councilwoman Berry said that the original paperwork would be with the paid bills.

New Business:

Councilwoman Papale said that she would like to request an Executive Session as well with Council only to discuss a personnel issue.

A motion was made by Councilman Alpini to make a donation to the Williamson Trade School in recognition of the outstanding job that the painters did on the outside of the building. He said that the money should be specified to be directed to Glen Tomlinson and the Painting & Codings Division of Williamson Trade School; seconded by Councilwoman Papale; and carried unanimously by a roll call vote of 8-0. (Resnick – yes, Alpini – yes, Berry – yes, Martin – yes, Penjoke – yes, Tumolo – yes, Papale – yes, Casadei – yes.)

Councilman Alpini asked if they could invite an instructor and a director and any of the painters who worked on the job to come to a Council meeting for a presentation from the Mayor and President Casadei. He asked if they could make that for next Council meeting.

President Casadei said that would be good and asked the Borough Manager to make a note of that.

Councilwoman Berry asked if this would be used as a scholarship.

Councilman Alpini said that they would use it as they need to improve the physical aspects of their Painting & Coding Division, perhaps if they were working on a project and needed a certain part or a certain machine, they would be able to use it. He said that it would be administered by the department director, not the students.

Ward Reports:

First Ward:

Councilman Resnick reminded residents that the Boy Scouts would be holding their annual November food drive. He said that they would put out bags on the 2nd Saturday of the month and that on the 3rd Saturday they would be picking up food and would like to use Borough Hall as the collection point.

President Casadei said that they could definitely continue the yearly tradition. He said to make sure that he told Peggy so that she could add it to the calendar.

Councilwoman Papale asked residents to be careful on Halloween with the children out and about crossing the streets.

Second Ward:

Councilman Alpini asked if they would be scheduling special meetings to discuss the bond issue in the near future. He asked if they would make that an official Council meeting or another meeting.

President Casadei said that they were going to recess this meeting at the end and then continue the meeting on Thursday, November 4th at 7pm.

Councilwoman Berry encouraged all of the residents to get involved with the town if they had any spare time. She mentioned the Seniors Group, the Fire Company, the Boys Club, the PAL, and the Lions Club as options for residents interested in giving back.

Third Ward:

Councilman Martin had nothing to report for his ward. He said that he did want to make mention of the 40th Anniversary that the Boys Club hosted at the Polish American Club on Saturday night. He said that it was a smashing success. He said that it was a great organization that has been taking care of local youth for 40 years.

President Casadei said that he was there that night as well and saw a lot of old faces that he hardly recognized.

Fourth Ward:

Councilman Penjuke wished everyone a safe Halloween holiday.

Councilwoman Tumolo had nothing to report.

Closing Public Comment:

No closing public comment.

Post-Executive Session:

A motion was made by Councilman Resnick to reappoint Tony Tartaglia as the Borough Manager for another 30 days; seconded by Councilman Martin; and carried unanimously by a vote of 8-0.

A motion was by Councilman Martin to authorize the payment for last month (October) for Tony Tartaglia's services as Borough manager; seconded by Councilwoman Berry; and carried unanimously by a vote of 8-0.

Mr. Catania said that if there was no further business before Council, he recommends that tonight's meeting not be adjourned but simply recessed and continued on November 4, 2010 at 7pm.

Recess:

A motion was made by Councilman Martin to recess the meeting and continue the meeting on Thursday, November 4th at 7pm; seconded by Councilwoman Berry and carried unanimously by a vote of 8-0.

Continuation of Meeting on Thursday, November 4th:

(7 Council members were present at the continuation of the meeting.)

Mayor Kelly thinks that the purpose of tonight's meeting was to allow Council time to review the preliminary budget and to discuss the Resolution.

Mr. Tartaglia said that he would like Council's approval tonight to prepare a request for proposal for lockbox services. He said that it has been a couple of years since they have done this and that there may be issues with their current provider, so he thinks that it is time that they put it out there to see what kind of dollars they either have to spend or can save by making a change.

A motion was made by Councilwoman Berry to authorize Tony Tartaglia and Cyndi Leitzell to work together on a request for proposal for lockbox services; seconded by Councilman Martin; and carried unanimously by a vote of 6-0. (Councilman Alpini stepped out of the room during the vote.)

Mr. Tartaglia told Council members that they had a sample ordinance from the Borough of Aldan in front of them. He said that they had discussed this on prior occasions, and this was just an example of the Ordinance that Aldan passed which outlines the scope of work for the Solicitor or the Solicitor's office (any of his designees). This sets the cost of services at \$125/hour for work completed by the Solicitor or anyone from his office or any outside Counsel that they need to attain in order to collect the fees. He said that the 2nd page details the listed items that could be incorporated into the hourly charges. He said that he is asking Council's authorization to allow him and Frank to work on creating a similar ordinance for the Borough to have ready for adoption at the November Council meeting.

A motion was made by Councilman Martin to authorize Mr. Tartaglia and Mr. Catania to work on creating an ordinance that would outline Solicitor's fees.

Councilman Alpini asked if this was to set fees for the attorney to collect back taxes.

Mr. Tartaglia said that this was not for back taxes but sewer and trash fees. He said that this would set the dollar value. He said that the bills would go out after they determine if someone owes a certain amount of money. They would then be given an appropriate amount of time to pay the fee or set up a schedule to pay the fee. If neither of those things happens, after a certain period of time, they will place a lien on the property with the Solicitor detailing all of his activities in that process. And this ordinance would recognize that the Borough has set up a fee of \$125 per hour for those activities.

Councilman Alpini asked why if they never had this before and from his understanding from Claudia and Mr. Kelly that they have been able to collect the back fees, why they were instituting this now, why they trying to fix a system that wasn't broke.

Mr. Tartaglia said that as they move forward, they are finding that people are more and more often only paying the millage portion of their Real Estate tax bill and that as the bills go up, they are getting a higher percentage of people who do not pay the sewer or trash fees. He said that most people know that if you don't pay your Real Estate tax, a year or so later you will be served with something and your name will be put on a list and they will sell your house. He said that sewer and trash fees are not covered in short sales and foreclosures, which there are more of currently. He said that the only way that you are assured of getting your money is if you have lien in place, so that when they do the title search, the lien is present.

Councilman Alpini asked if this was something that they authorized Frank to do a while back.

Mr. Catania said that he forgets when the exact date was but no records were turned over, and they are all working together to try and do that now. He said that he is looking for a copy of the sewer ordinance, which is the last time that they expressly set forth these charges. He said that that was done in 1988. He said that it sets a 5% penalty and that if you go to Court there is a penalty of \$600 that can be imposed by the Judge.

The Mayor pointed out that it doesn't say anything about attorney's fee or filing liens.

Mr. Catania said that since that 1988 ordinance, there have been laws enacted allowing municipalities to pay

lawyers to do collections, whereas in the past that would've had to be taken from the 5% penalty imposed as a late fee. This ordinance would allow for the municipality to not pay for the collection fee but to have the attorney's fees added onto the delinquent sewer bills.

Councilman Alpini asked if he needed this because he has been doing this all along.

Mr. Catania said that he has never done this in 21 years.

Councilman Alpini said that he was authorized to do it.

Mr. Catania said that they recently authorized him to do it now.

Councilman Alpini asked if he needed this to move forward.

Mr. Catania said yes because the question is if the Borough wants to pay him or if they want the people who are behind on their sewer bills to pay him, and he would suggest that they force those who are incurring the cost to pay.

President Casadei said that over the years with all the money that they have lost, they have never filed a lien.

Councilman Alpini said that he didn't know that they lost any money. He said that he thought that Claudia said that they collected it all.

President Casadei said no, that they have a lot of outstanding sewer & trash fees, and not one lien has been followed.

Mayor Kelly said that we have collected some.

Mr. Catania explained that they were talking about 2 different issues. He said that the way that they have been collecting the fees is by letting the Delaware County Tax Claim Bureau collect it when houses go to foreclosure. He said that what is being suggested is that they do something extra and not simply rely on them, that they now try to collect it themselves and to impose the cost of collecting on the person who is delinquent or to file a lien on a delinquent account and simply wait so that when the person tries to sell the house or refinance, they have to pay it off then. He said that they have tried to keep the cost down in the past by relying on the Tax Claim Bureau.

Councilman Alpini said that the instances where they are owed money involve people who haven't paid and haven't sold their house.

Mr. Catania said that was correct, they hadn't sold their house or refinanced.

Councilman Alpini asked if all the homeowners who have sold a property have been made to balance the books with the Borough.

Councilman Penjuke pointed out that private or cash sales, where they don't get the U&O from the Borough, they wouldn't be notified. He said that if they put a lien on the property in Media, it would have to be satisfied even in those instances.

Mr. Catania said that it was just another mechanism to ensure that they had to pay the Borough the monies owed.

Councilman Alpini asked if he would still be their lawyer on these matters.

Mr. Catania said that they authorized him to do so a few meetings ago.

Mayor Kelly asked if he looked at this ordinance.

Mr. Catania said that he worked with Tony on it, and he thinks that Tony's recommendation is a good one.

After questions, the motion was carried by a vote of 6-0. (Councilman Resnick stepped out of the room prior to the vote.)

Mr. Catania said that he would try to get this ordinance ready for the November meeting if possible.

Mr. Tartaglia said that the next item was the Resolution declaring the intent of the Borough of Clifton Heights to pay itself back for certain expenses that it may incur within the next 60 days in the event of the issuance of a bond. He asked if everyone had a chance to review it.

Councilman Alpini asked if he could expand on that since it is the 1st time he is seeing it.

Mr. Tartaglia explained that they had discussed at the last couple of meetings about the necessity of incurring a \$2.2 million bond in order to refinance the current one and pay off the existing bond liabilities and move forward with other capital projects, which they have enumerated once or twice. He said that this particular document would set down parameters so that if the Borough does decide to take that bond within the next 2 months (60 days), they would be able to go back to this point in time to reimburse themselves for monies spent. He said that he is specifically anticipating a bill from Kelly Associates for the work that they are doing on a cost estimate for this particular site. He said that they would want that money not to be paid out of their General Fund, so it could be reimbursed by the bond issue whenever (or if) that bond issue went through.

Councilman Alpini asked what site he was working on.

Mr. Tartaglia said that he is working on a feasibility issue for this site and having the building moved to the site down the end of the block.

Councilman Alpini asked why J.P. Kelly was doing that for us when he thought the Economic Development people owned that site and were doing that.

Mr. Tartaglia said that they do own that site. He said that they could have a full discussion about who is doing what on the lot, but if they want to stay specific to this, he is trying to explain the reasoning for this particular Resolution.

Mr. Catania explained that this particular Resolution does not bind the Borough to go forward with a bond deal. He explained that this Resolution is something that is often used and sometimes required in some of the restrictions in the Internal Revenue Code. It says that if you intend to do a bond issue within 60 days, then you can look back to the date that this Resolution was passed to try and recoup some of the costs out of the bond issue as opposed to paying it out of the operating expenses. He said that he would change the "whereas clause" to include a "MAY" to indicate that you are considering doing this as opposed to actually doing this. He said that if you don't pass this kind of Resolution, then you can't reimburse yourself from any of the bond proceeds until after the bond goes through. He said that he knows that the Upper Darby School District recently did this and that he has had other clients who have done this. He said that anytime anyone is thinking of a bond issue, they pass this first, a "Reimbursement Resolution." It allows for any cost related to an ultimate bond issue to be paid out of the bond issue as opposed to being paid out of your current operating expenses.

Councilman Alpini said that he understands what he is saying, but it sounds like that is putting Step 2 before Step 1 since they haven't even agreed as to whether they will be moving forward with the bond issue.

Mr. Catania said that this preserves the option to reimburse yourselves from the proceeds if you decide to do it.

Councilman Alpini said that this seems like something that should come up for discussion after they discuss the bond. He said that this seems like they are attempting to spend money before they have it.

Mr. Catania said that this would set the starting point. He said that this Resolution says that we're going to start today, and if we do a bond issue in the next 60 days, we will be able to look back to today and reimburse ourselves out of the bond issue for any kind of cost incurred. He said that this does not say that you are going to do that and it does not require you to pay anything or do anything. It is just IF you decide to move forward.

Councilman Martin asked if he was correct in assuming that if they do not pass this Resolution, then they wouldn't be able to reimburse themselves.

Mr. Catania said that is correct. He said that this is the typical first step.

Councilman Martin said that they would just ignore this Resolution then if they decided to not move forward with the bond issue.

Councilman Alpini said that at the same time that it sounds like it is not something urgent until they decide further on the bond issue. He said that this could happen at the next meeting on the 16th or anytime before the bond is issued if, indeed, they do decide to move forward with the bond.

Councilman Martin said that would shorten the time period. He said that if you issue it tonight you can go back 60 days.

Councilman Alpini said that would be 60 days from the issuance of the bond.

Mr. Catania explained that it would be 60 days from today. He said that there would be a 60 day period from today where if you authorize the bond within the 60 day period, then you would be able to look back to tonight as if this was the 1st step. He said that if you don't authorize the bond, then this wouldn't count for anything because there would be nothing to reimburse. This allows for flexibility by creating a 60 day period for reimbursement.

A motion was made by Councilman Martin to adopt the resolution to create the 60 day reimbursement period in the event that the Borough decides to move forward with a bond issue (edited to include "MAY" as outlined by Mr. Catania); seconded by Councilwoman Berry; and carried by a roll call vote of 4-3. (Resnick – no, Alpini – no, Berry – yes, Martin – yes, Penjoke – no, Papale – yes, Casadei – yes.)

Mr. Tartaglia said that the next item was the 2011 proposed budget that everyone should have in front of them. He asked if there were any questions or comments at this time for Cyndi or himself regarding the proposed budget.

Councilman Martin said that he has a very important question because he realizes it's a no increase budget. He asked how safe and how smart that would be for them to do considering it could cause them to have a huge tax increase later. He said that he is not looking to raise taxes, but he is also not looking to cripple everyone next year with a huge tax increase.

Ms. Leitzell explained that the budget was completed without a tax increase included so that they could review what the status is and how much of a deficit would result from having no tax increase. She said that they have a very strong fiscal position at this juncture. She said that the Borough has done very well at keeping its expenditures within budget the last couple of years. She said that they had a deficit, but that they had budgeted for that eventuality. She said that the more you keep doing that, the more difficult it will become. She said that right now they have a strong fund balance even after this year's projected deficit. She said that if they keep eating into that, then within another 2 years they will not have the option to do that at which time, you are potentially facing a situation where your expenditures will exceed your revenue and you won't have a fund balance at all to allow for that. She said that is why they need to take a look at the budget. Revenues are not as high as they were, and expenditures continue to go up. She said that they, as a Council,

have done extremely well at staying within the budget and being fiscally conservative each year; however, you cannot stop the environment from changing.

Councilman Alpini said that the key words to him were that “in two years, we may be in trouble.”

Ms. Leitzell said that she doesn't think that they may be in trouble but that they will be in trouble.

Councilman Alpini repeated that was two years. He asked if there was also a good possibility that the economy would turn around.

Ms. Leitzell said that would not change the issue.

Councilman Alpini said that one of the things that is happening to a lot of the income is that property values are dropping and a lot more people are having their properties reassessed, and they are losing big time income. He said that every now and then something good happens like a positive reassessment, like in the case of the Duffy property, which tripled the assessment.

Mr. Tartaglia said that it went from \$1.6 million to \$5 million, or an increase of about 2.5%.

President Casadei said that the economy has nothing to do with the budget. He said that if the economy turns great tomorrow it won't change the budget because they still have to deal with the expenditures.

Councilman Alpini said that it would affect what they are bringing in.

Ms. Leitzell said that unfortunately, it wouldn't have that great of an impact. She said that the collections are lower this year than they have been in prior years.

Councilman Alpini said that except for that one bright spot, so they would need more of those bright spots.

Ms. Leitzell said that would be nice. She said that what they need to think about is that there are a few items that they cannot control, and one of those items is the police pension requirement that they have. She said that the millage that they have devoted to the police pension has not covered the requirement over the last several years, and therefore, the general fund has been contributing. She said that the budget in front of them has a pension contribution that is significantly higher than it was in 2009 & 2010.

Mr. Tartaglia said that he is not completely happy with the number that they went with on the Police Pension Fund, but that it was a compromise between him and Cindy. He said that he would have liked to see the pension contribution be \$60-70,000 higher. He said that they are facing those kinds of issues. He said that he understands what Councilman Alpini is saying, that they can pick up \$6-7,000 in assessments, but they are going in the hole \$60,000 more because of the way the market has fluctuated and the payouts for the retirees. He said that they cannot make up what they are going to need to run this municipality in increased assessments in 2 years. He said that they would need tens of millions of dollars worth of new assessments, and they do not see that coming. He said that right now there are 2 pieces to the taxes that are collected: the assessments, which aren't going to change drastically in 2 years, and the millage. He said that he thinks that this budget is slightly underfunded and that he thinks that they should be considering some small tax increase this year to forestall a larger one next year.

Councilman Alpini said or possibly in 2 years.

Mr. Tartaglia said that while essentially they are saying that you have enough to make it to the end, they are like a homeowner who had savings who is working into their savings to live. He said at some point, there is no more money left, and they are approaching that time. He said that what Cindy is saying is that in 2 years, they have no more reserves and will be in a bad capital position.

Councilman Alpini said that that also gives them 2 years to possibly generate some more income.

Mr. Tartaglia asked where they were going to get that. He said that they already have a business privilege tax, and he can't possibly think that they are going to get \$60 million worth of new assessments in 2 years.

Councilman Resnick said that he would like to see a 1% earned income tax.

Mr. Tartaglia said that he didn't know how effective that would be considering that anyone working in Philadelphia would not be contributing.

Councilman Resnick says that he has been town since 1987 and has seen less and less people locally taking the train into Philadelphia.

Councilman Alpini asked if he and Frank were currently paying to the Borough of Media.

Mayor Kelly said that if the Borough adopted an earned income tax, whatever tax is paid in Media (where someone is employed) would come to Clifton Heights.

Mr. Catania said that wherever the resident lives or works. He said that if you lived here, you would pay it here or if you worked here and lived where there wasn't one, then you would pay it here.

Councilman Alpini said that sounded like a great option because he can't think of anyone who doesn't pay one.

Mayor Kelly said that Philadelphia's tax would supersede the Borough's tax.

President Casadei said that taxing people's income would still be a tax increase.

Councilman Resnick said that it would bring in some money without dealing with assessments. He said that he is uncomfortable with this budget because they could pass this budget and pat themselves on the back for not having a tax increase, but there would be a balloon coming in 2 years.

Mayor Kelly said that he thinks that the balloon is coming in 1 year if he is reading the budget correctly.

Ms. Leitzell said that what Mayor Kelly is looking at is showing that with the budget they have presented, they would be using \$539,000 from their surplus. She said that they are anticipating using \$173,000 this year and \$539,000 next year, they would have about \$100,000 left next year so that in 2012, they would be starting the year with maybe \$100,000.

Councilman Alpini asked why it was jumping by 3 times over the course of one year.

Ms. Leitzell explained that this is because the revenue is down and that \$100,000 of that is the MMO increase and other cost of living increases and salary increases that can't be controlled.

Mayor Kelly said that he could look at the Police Budget on page 3.

Councilman Alpini asked if the State was working on something to help municipalities fund their MMO.

Mr. Catania said that the only thing being worked on is an extension of time to fund it, not a way to fund it.

Councilman Alpini said that they then might not have to put the whole \$100,000 for the police pension.

Mr. Catania explained that that is what Mr. Tartaglia referenced earlier. He said that they are already taking advantage of the extension of time and he is counseling to not take too much comfort from that because that just extends the problem and makes it more cost worthy. He said that he would not expect cash from the State because they too are having revenue shortfalls.

Councilman Resnick said that he would expect that in the long run, they are better off doing some sort of increase this year. He said that one of the problems is that while they have a fabulous Police Department, he doesn't think that they can afford it.

Councilman Martin said that unfortunately he is correct for no other reason than economics.

Councilman Alpini said that he thinks that what Harris is saying with the 1% earned income tax would be better in that it wouldn't affect the senior citizens in town.

Mr. Catania said that they are just talking theory right now, but that they would need to know how much that would raise. He said that the way to do that would be to get in touch with the Pennsylvania Department of Revenue. He said that they have sharing programs where they could tell you how much that type of tax would raise in this area. He said that he doesn't know how to get that kind of info, but that it may be from the Burkheimer folks or someone like that.

Ms. Leitzell said that you would probably talk to Burkheimer or Syntax. She said that they would give them an idea, but they wouldn't be able to get a hard budget number. She said that the issue with that would be that you wouldn't get any of the Philadelphia workers at all. She said that the quiet and difficult part of this would be the people who work out of their houses. She said that once they get a list, the homeowners would get forms to fill out and then they would have to send the payment in when they send in their taxes. She said that they would get credit for what is on their W2.

President Casadei asked who would handle that.

Ms. Leitzell said that they would have to have an outside source like Syntax or Burkheimer.

Mayor Kelly said that you would have to put it out for RFP.

Mr. Catania said that at November 4th, to make it a meaningful budget amount, they would have to know specifically what information you can rely on. He said that he believes that the only source of that information would be the PA Dept. of Revenue. He said that he doesn't know who could get access to that information but he knows that generally governments share information. He said that he doesn't know if they were just planning or considering this option, if they would share it with them.

President Casadei said that they wouldn't have the time to affect this budget.

Councilman Resnick said that they may not have hard numbers, but any extra money that they were able to bring in would be extra money that they didn't have before.

Mr. Catania said that he would check to see if they have enough time to enact it. He said that they wouldn't have a lot of time to see what it would bring in though.

Councilman Martin said that he would suggest that they start a study commission on this – someone or some group. He said not to affect this budget because he would be uncomfortable to do that with the length of time they have to work with, but to work for the future.

Councilman Resnick said that they had commissions before and the issue never went anywhere. He said that he understands that they can't rely on the income, but he thinks that they should still go for it.

Ms. Leitzell explained the collection process. She said that salaried employees would be collected from their paychecks with their regular tax holdbacks. He said that those who are self-employed are supposed to pay quarterly. She said that they would then have to pay a separate return at the end of the year with the Borough to show what has been collected.

Mr. Tartaglia asked who finds out where people work so that they can send the tax bill.

Mr. Catania said that is part of the information sharing that you can do with the Dept. of Revenue.

Mayor Kelly said that municipalities usually mail a questionnaire to the residents and ask them to complete the information like a census and mail it back. They would then go to Syntax or get an RFP and get an estimate for what it is going to cost because that \$20,000 might become \$5,000 after all of the costs. He said that the idea is sound, but with the current economy and so many people out of work, the last thing he would think about is an earned income tax. He said that he would gather the information, let the economy continue to improve, get people back to work, find out what it would cost and consider it for next year's budget. He said that they should put a motion on the floor to authorize someone to contact Syntax or put together an RFP or contact another municipality to see what they did and what their costs are. He said that Colwyn just adopted an earned income tax. He said that you would have to ensure that it was an EIN, earned income tax so that they made sure that it didn't affect social security or profits. He said that they then would have the information if they wanted to move forward and adopt it.

Councilwoman Berry said that she thinks that makes sense because she doesn't see how they could count on an earned income tax to help them out for 2011 but that it should be something that they look to for the future so that early in the year next year when they have all of their numbers, they can put it on the table and enact it for the following budget.

President Casadei said that is what makes sense since they don't know the 1st thing about it or what it would cost to enact.

A motion was made by Councilman Martin to authorize the Solicitor to collect any and all information on adopting an earned income tax (how to adopt, expected revenue, etc.), using Ms. Leitzell or Mr. Tartaglia as resources as needed.

Councilman Alpini asked if he could add to that motion to see if they could get it done this year.

Mr. Catania said that the first thing that he would figure out is how they would adopt it and if it would be feasible to move forward with this year.

Councilman Alpini said that it seems that there are enough municipalities doing this that it should be a pretty simple matter.

Mr. Catania said that it wouldn't be a simple matter. He said that if they adopted one and then the School District adopted one, they would get half of the money.

Councilman Alpini asked if the District had that in effect now.

Mr. Catania said that they did not.

Councilman Alpini said that if the District did put that into effect, they would have to put it into effect for all of their municipalities.

Mayor Kelly said that they would not have to do that.

Councilman Alpini asked if any of the municipalities in the Upper Darby School District had this in effect.

Mr. Catania said that none of them did.

Councilwoman Berry said that she would like to second the motion on the floor; the motion was carried unanimously by a vote of 7-0.

Mr. Catania said that he would research how you would go about adopting the earned income tax, if it would be feasible for this year, and what the expected revenue might be if adopted.

Mayor Kelly asked to comment as a citizen. He said that next year those working who have insurance through their work are going to face the biggest tax increase of their life because any health benefits that they receive at work are going to be added to their W2 forms as additional income and taxed by the federal government at an increased rate of 12%.

Councilman Alpini asked if there was any chance that this newly elected Congress would overturn that Legislature before it goes into effect.

Mayor Kelly said that is why he would encourage Council not to pass the earned income tax for next year. He said that will give employees the chance to adjust to their new salaries.

Councilman Alpini asked how much Media charged.

Mr. Catania said 1%.

Councilman Alpini asked how much Philadelphia was charging.

Ms. Leitzell said around 4.5%.

Mr. Catania said that he would be advertising the proposed budget would be available for public inspection for the next 10 days and that it couldn't be changed during that 10 day period.

Council confirmed that the regular December Council meeting scheduled for Tuesday, December 21st would provide more than the 30 days necessary for the preliminary budget to be on display after the Tuesday, November 16th meeting.

Councilman Martin asked what they were doing with this year's budget.

Mr. Tartaglia said that they were just asking themselves that since they just went over everything else. He said that they are recommending that Council looks at some small tax increase this year to forestall a larger tax increase next year.

Councilman Martin said that he would ask for Ms. Leitzell and Mr. Tartaglia to come back to them with the smallest feasible tax increase, one that would make the Borough safe but not hurt residents.

Councilman Alpini said that they are safe now.

Mr. Tartaglia reiterated that that was not their stance. He said that the only reason they reduced the MMO by \$100,000 was because the money wasn't there.

Councilman Martin said that he was thinking in terms of a ¼ mill increase.

Mr. Tartaglia said that they would take what they could get, but they would prefer the ½ mill.

Councilman Alpini asked if they were using \$173,000 of the \$800,000 fund balance for this year, if there was a reason that they don't use \$273,000 of the fund balance this year to put the additional \$100,000 in the fund balance this year.

President Casadei said that would put them in the hole further then.

Ms. Leitzell reiterated that dipping into the reserve funds from this year and 2011 would put the Borough in a precarious situation to start 2012.

Councilman Martin said that they would have another caucus meeting before the Council meeting on the 16th so that they could discuss this further.

Mr. Tartaglia asked for just a little further input on what direction they should go with the budget, if they should continue with a ¼ mill increase.

Councilman Martin said that he would like to see that if that was going to keep them solvent.

Councilman Penjuck asked him to give them a report on what he thinks that they need and what a ¼ mill increase would give them.

Councilwoman Berry said that she would like to see a ¼ or ½ mill increase and nothing more.

President Casadei said that they should definitely cap it at ½ a mill.

Closing Public Comment:

Fred Rich, 82 Chester Ave., said that he didn't know where they were coming from discussing another tax increase. He said that they are already at 11 ½ mills, one of the highest Borough taxes & millage rates in Delaware County. He said that comparable towns like Prospect Park, Glenolden, and Brookhaven are not even close to Clifton Heights. He asked what they were doing with the taxes that they were getting right now. He said that what they need is an independent audit of the finances to find out where they are wasting all of the money. He said that there has to be waste somewhere.

Councilman Alpini said that they haven't done anything yet.

Mr. Rich said that the most important thing that she said is that revenues are down. He asked if they knew why revenues were down. He said that maybe they should work on bringing new businesses into the town.

President Casadei said that they were working on bringing in new businesses.

Mr. Rich said that Baltimore Pike is like a ghost town because all of the businesses have left and there are only hair & nail salons now.

President Casadei said that he hasn't seen any boarded up buildings. He then said that he wanted to make a quick comment on the millage. He said that if they're at the 11 ½ millage rate and the majority of the assessments are at \$60,000, so the taxes are roughly \$700. He said if you moved one town over to Springfield who has an 8 millage rate, but whose houses are assessed at \$200,000, so they're paying \$1,600.

Mr. Rich said that he was talking about comparable towns like Glenolden, Prospect Park & Brookhaven.

Mayor Kelly said that those towns have an earned income tax.

Post-Executive Session:

A motion was made by Councilman Martin to adjourn; seconded by Councilwoman Papale; and carried unanimously by a vote of 7-0.

Respectfully Submitted,

Kimberly A. Duffy
Clifton Heights Borough Secretary

This page of the minutes is respectfully dedicated to the memory of Katherine Kelly.