

The City Council met in regular session in the Council Chambers on Wednesday, November 19, 2014 at 7:30 P.M.

Council Members present: Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0. Mr. Jones was absent.

On motion of Mr. Melvin Witherspoon, Seconded by Mr. David Brennan, the reading of the minutes of the Meeting of November 5, 2014 were dispensed with and same adopted with copies furnished to the members of City Council by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

Copies of the bills under date of November 21, 2014 and November 28, 2014 were given to City Council and same adopted by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

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### 2015 MAYOR'S BUDGET STATEMENT

- Today I present the proposed 2015 Budget for the City of Erie.
- As in prior budgets, it is balanced and reflects the true costs for providing safety and services to our citizens, as well as accurate revenue projections necessary for providing these services.
- It reflects an efficient operation that is able to effectively provide essential safety and services to our citizens, at the best possible cost.
- Over the past nine years we have focused on our core competencies, changed our way of doing business and reduced our work force by nearly 25%.
- It's a credit to our department heads, Bureau Chief, Supervisors and staff who have all worked very hard over these years to find new ways to conduct operations so as to save money for our taxpayers, while continually refining our methods so that services would not be compromised.
- The model we have created has become an example for communities across the Commonwealth of how to fashion an efficient and effective government, to avoid economic insolvency.
- We do, however, continue to face the challenges of meeting the ever-increasing costs of maintaining our operation.
- Although we have effectively managed the costs that we can control, there are a host of expenses that are outside the control of the administration and council, and determined by the Governor and the legislators in Harrisburg.
- These include skyrocketing pension costs, Act 111 uniform service contract costs, and post-employment benefits.
- In 2015 our budgeted pension contribution, which is mandated by state law, will be approximately \$11.8 million dollars. This is up from \$3.65 million in 2006. A nearly 300% increase since we took office. This will continue to climb each and every year, until there is meaningful pension reform in Harrisburg, that includes municipal pensions.
- Our employee costs in our police and fire departments have gone from \$25.5 million dollars in 2006 to \$41.6 million in 2015, a 63% increase. These are not discretionary costs, but are the direct results of mandatory arbitration awards. This too will continue until there are meaningful changes to the state statutes governing collective bargaining.
- Our post-employment benefits, which were cited as a weakness by Standard and Poor's in our most recent bond upgrade, are currently \$1.6 million dollars per year. These costs include health benefits for retired uniform service members and are the direct result of mandatory Act 111 arbitration awards. These costs will also continue to climb until the laws have been changed in Harrisburg.
- Our entire general fund budget has increased from 55.5 million dollars in 2006 to 72.7 million in 2015. This is only 31% over the course of these same 9 years. This shows that effective stewardship of the operation, we have been able to counter-act some of the effects of these much larger increases in the non-discretionary items associated with uniform services, but they continue to grow at a very disproportionate rate.

- Myself and Mayors across the Commonwealth continue to work in Harrisburg to get the changes necessary to relieve these burdens on our communities but, to date, we have not garnered enough support among the state legislators to make meaningful changes.
- Until we do, the burden continues to fall on municipal taxpayers across the state.
- In Erie, we have cut our operation to the bare bones in both the public safety and services areas. We cannot meet these increased costs in this budget through additional operational cuts.
- As such, this budget includes a tax increase of 0.8 mills.
- Obviously, a tax increase is something that no one in the administration or on Council would prefer to do. However, our options are limited.
- We have been working to find ways to limit the impact of ever-increasing costs throughout the course of this administration, and for future administrations.
- We worked vigorously over the past nine years to refine our operation to maximize our efficiency and do much more with much less. We have also worked to control other cost centers by effectively managing our risk to realize substantial savings in our insurance costs and by managing our debt.
- We have paid down our aggregate debt by \$42 million dollars and upgraded our bond rating 4 times so that the remaining debt could be financed at the lowest possible interest rate, keeping the annual payments as low as possible, to minimizing the impact on our annual budgets.
- With our newest ratings upgrade we are now in the "A Stable" range. This will afford us the opportunity to refinance this spring, to reduce our annual debt payments so that our revenues can be directed more towards these escalating non-discretionary costs so as to minimize the impact on the taxpayers each year.
- We are also looking at the possibility of funding a long-term paving plan through the refinancing so that we can do large scale road repairs over a 5 year period without tax increases to cover these costs.
- These are the type of plans we are currently formulating to insure a stable financial future for this community for years to come.
- The budget I present today, reflects true revenue projections as well as real cost estimates. It honestly contemplates the future and our need to provide for the ever increasing cost of maintaining adequate safety and services for our community.
- As I promised with each of the previous budgets, our goal is to accurately determine the cost of administering an effective and progressive operation, not only for this administration but for the years to come, requesting only those revenues necessary to achieve that end.
- We have shown in each of our previous budgets, we have done just that. We have been accurate in our projections, contemplating the realistic increases in our cost of doing business and our ability to keep pace with these costs in the years to come, considering realistic revenue sources and trends.
- It does not include any new personnel or programs, it simply supports the current services and capital needs in these areas.
- All of the departments have been directed to do everything they can to make city operations affordable to our taxpayers and they continue to pursue our mission to do more with less.
- We have shown cities across Pennsylvania that we can solve our financial problems if we are willing to take them head on make the hard decisions necessary to keep our operations stable and adequately meet our responsibility of providing safety and services to our citizens.
- We continue to face the ongoing challenges I have laid out here today which continue to increase our costs each year.
- Our ability to contain the non-discretionary costs is limited statutorily and will require action in the state capital before meaningful relief for municipalities can be realized for the long term.
- We must be realistic as we continue to look at our revenues and expenses and how we will continue to fund our operations, in the face of difficult economic times.

- In a time where cities across Pennsylvania are continuing to battle insolvency and municipal bankruptcy, Erie is recognized as unique because we, as a government, made the many hard decisions through the past nine years to reinvent ourselves to keep our city solvent.
- Because of our success, we have avoided the negative consequences that these other cities are now suffering.
- We must continue to deal with the realities, regardless of political popularity.
- We will continue to work in a positive and proactive manner with you, our City Council. We have all been a part of the solutions that we have realized. I would like to commend you for your work in making the hard decisions which have lead to our successes and also becoming more aware of the operation of the city and the financial consequences of the decisions made within this chamber.
- I would also like to thank the City Controller and City Treasurer for continuing to work with us to help easily implement the changes necessary to achieve our stability.
- Together we have created an economically stable city government. We continue to work together to show our community that we are a government that truly operates with their best interest as a priority.
- The decisions and determinations of the final budget are yours, as are the responsibilities of its consequences. We ask that you provide us with a budget that will serve this communities needs and will be able to be administered in an efficient and effective manner, as we have in previous years.
- My staff will be available to help you understand the information in the budget and throughout the process that went into each of the decisions comprising the individual budget recommendations.
- Thank you.

Council File No. **15,900** Pending Official File Ordinance No. **36-2014**

An ordinance **closing and vacating a portion of a public alleyway** from East 24<sup>th</sup> Street between French and Holland Streets, with reservation of existing utility rights-of-way.

November 19, 2014. City Council on motion of Mr. Brennan, Seconded by Mr, Merski having read Council File No. 15,900, now known as Pending Official File Ordinance No. 36-2014 does hereby adopt on Final Passage by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays 0. September 3, 2014, Signed by the President. Attested by the City Clerk. By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the proper City Officials are authorized and directed to approve **the Annual Budget of the Erie Area Council of Governments** for the Calendar Year ending December 31, 2015.

**WHEREAS**, The City of Erie PA is a member of the Erie Area Council of Governments (EACOG); and

**WHEREAS**, the EACOG has proposed its Annual Budget for its financial activities during the 2014 calendar year which will be voted upon for approval at the EACOG's continuation of the General Assembly Meeting of November 5, 2014 on December 10, 2014; and,

**WHEREAS**, the City Council of the City of Erie has reviewed the Proposed Annual Budget for 2014, a copy of which is attached hereto, and finds it to be in good order, and,

**WHEREAS**, the City Council of the City of Erie acknowledge its proportionate share of the Members' Dues as listed therein.

**IT IS HEREBY RESOLVED**, by the City Council of the City of Erie, Erie County, PA that the proposed Annual budget for the calendar year ending December 31, 2015 is approved by the City Council of the City of Erie PA.

**Adopted** this 19<sup>th</sup> of November, 2014 by the Members of City Council

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0. November 19, 2014. Signed by the President. Attested by the City Clerk.

By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the proper City Officials, upon the recommendation of the City of Erie Aggregate Pension Fund and the City of Erie [Water Reserve](#) Investment Committee, that the City Council hires **Rice Hall James, as Cap Growth Equity Manager** of the City of Erie Water Reserve Fund, effective January 1, 2015 for a three year period expiring December 31, 2017.

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the proper City Officials, upon the recommendation of the City of Erie Aggregate Pension Fund and the City of Erie Water Reserve Investment Committee, that the City Council hires **Atlantic Capital as the Mid-Cap core Equity Manager** for the City of Erie Water Reserve Fund, effective January 1, 2015 for a three year period expiring on December 31, 2017.

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the proper City Officials, upon the recommendation of the City of Erie Aggregate Pension Fund and the City of Erie Water Reserve Investment Committee, that the City Council hires **Key Bank as the City of Erie Water Reserve Fund Custodian** of all fund monies as directed in the allocation schedule set by the City Council and the City of Erie Water Reserve Investment Committee into individual accounts managed by the City of Erie Aggregate Pension Fund Money Managers, effective January 1, 2015.

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the proper City Officials, upon the recommendation of the City of Erie Water Reserve Investment Committee, that the City Council moves to **extend authority to the Water Reserve Investment Committee** to implement such relevant future changes to the investment structure of the Water Reserve Fund in order to mirror those of the Aggregate Pension Funds. Such changes can be made without prior approval of City Council but will be considered and submitted for affirmation at the next subsequent meeting of City Council.

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mr. Witherspoon, Seconded by Mr. Brennan, Resolved etc.

That the proper City Officials, are authorized and directed, upon the recommendation of Mayor Joseph E. Sinnott that Mr. Thomas "Tippy" [Dworzanski](#), Mr. [Donald Marinelli](#) and [Mr. Gary Antalek](#), all whose terms expire 12/31/14 will be reappointed to their seats of the **Erie Planning Commission Board** and will be effective 1/1/2015 and will expire 12/31/17.

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mr. Winarski, Seconded by Mr. Brennan, Resolved etc.

That the proper City Officials are authorized and directed to enter into a **Sewer Transportation, Treatment and Pretreatment Agreement** between the City of Erie, the Erie [Sewer Authority and Greene Township](#), a copy of said Agreement is attached hereto as [Exhibit "A"](#).

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mr. Witherspoon, Seconded by Mr. Kwitowski, Resolved etc.

That the proper City Officials are authorized and directed that [Enterprise Zone](#) Loan Review Committee approval of the following loan be formally ratified:

	<u>Amount</u>	<u>Term</u>	<u>Fee</u>
<b>Performance Castings, Inc. (real estate)</b>	<b>\$250,000</b>	<b>15 years</b>	<b>\$1,250</b>
<b>Performance Castings, Inc. (equipment)</b>	<b>\$250,000</b>	<b>7 years</b>	<b>\$1,250</b>

The interest rate fixed at 4.0% per annum

November 19, 2014. City Council adopt by yeas Council Members Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 5. Nays. 0. Mr. Brennan Abstained

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the following amounts are transferred:

<u>Transferred From</u>			<u>Transferred To</u>		
<u>Amount</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>	<u>Account</u>	<u>Title</u>
3,932.00	002-0719-0000-4021	Deferred Comp.	3,932.00	002-0719-0000-4024	Tool Uniform /Allow.
192.00	002-0719-0000-4033	Operating Supplies	192.00	002-0719-0000-4046	Postage
31,000.00	008-0731-0000-4021	Deferred Comp.	13,000.00	008-0731-0000-4006	Overtime
5,000.00	008-0731-0000-4041	Professional Serv.	25,000.00	008-0731-0000-4011	Salaries
2,000.00	008-0731-0000-4052	Advertising	5.00	008-0731-0000-4017	Pension Contribution
872.00	008-0731-0000-4043	Transport/Seminars	867.00	008-0731-0000-4019	Unemployment Comp.
75,000.00	008-0731-0000-4057	Tipping/Recycle Fees	95,000.00	008-0731-0000-4035	Repair/Maint Supp
20,000.00	008-0731-0000-4056	Repair/Maint Services	3,400.00	009-0728-0000-4013	Salary/Wage Savings
<u>5,200.00</u>	009-0728-0000-4019	Unemployment Comp.	<u>1,800.00</u>	009-0728-0000-4056	Repair/Maint Services
143,196.00			143,196.00		

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mr. Winarski, Seconded by Mrs. Horan-Kunco, Resolved etc.

That the following amounts are transferred:

<u>Transferred From</u>			<u>Transferred To</u>		
<u>Amount</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>	<u>Account</u>	<u>Title</u>
23,500.00	007-0771-0000-4056	Repair & Maint.	20,000	007-0771-0000-4033	Operating Supplies
			2,500	007-0771-0000-4078	Machinery & Equipment
			<u>1,000</u>	007-0773-0000-4039	Consumable Items
			23,500		

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mr. Merski, Seconded by Mr. Brennan, Resolved etc.

That the following amounts are transferred:

<u>Transferred From</u>			<u>Transferred To</u>		
Amount	Account	Title	Amount	Account	Title
26,556.25	002-0715-0000-4013	Seasonal Wages	37,331.25	002-0713-0000-4006	Overtime Wages
10,775.00	002-0713-0000-4013	Seasonal Wages	1,000.00	002-0713-0000-4033	Operating Supplies
6,246.00	002-0713-0000-4057	Tipping/Recycling	1,246.00	002-0713-0000-4035	Repair & Maint.
			4,000.00	002-0713-0000-4047	Heat, Light, Power
<u>850.00</u>	002-0713-0000-4045	Communication	<u>850.00</u>	002-0713-0000-4039	Consumable Items
44,427.25			44,427.25		

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mrs. Horan-Kunco, Seconded by Mr. Winarski, Resolved etc.

That the following amounts are transferred:

<u>Transferred From</u>			<u>Transferred To</u>		
Amount	Account	Title	Amount	Account	Title
75,041.00	002-0963-0000-4090	Salary/Wage Cont.	8,060.00	002-0205-0000-4011	Salaries
			1,196.00	002-0301-0000-4011	Salaries
			5,000.00	002-0421-0000-4011	Salaries
			4,100.00	002-0531-0000-4011	Salaries
			2,200.00	002-0532-0000-4011	Salaries
			2,000.00	002-0549-0000-4011	Salaries
			155.00	002-0549-0000-4016	Fica/Medicare Tax.
			35,000.00	002-0603-0000-4011	Salaries
			5,000.00	002-0617-0000-4011	Salaries
			265.00	002-0617-0000-4016	Fica/Medicare Tax.
			9,170.00	002-0707-0000-4011	Salaries
			<u>2,895.00</u>	002-0719-0000-4013	Salary/Wage Savings
			75,041.00		

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

By Mr. Merski, Seconded by Mr. Brennan, Resolved etc.

That the Mayor and City Controller are authorized and directed to execute contracts between the City of Erie and the following individuals and/or companies for goods and/or services as noted and the City Council does hereby ratify and confirm the said transactions which are to be charged to the respective Budget Code Numbers, viz:

- 1. Jim Brozell Construction**, 9298 Peach Street, Waterford, PA 16441, for the installation of [38 delineators](#) to be placed on islands and bump outs, for the Department of Public Works, of the City of Erie at a total cost of **\$3,800.00**.

November 19, 2014. City Council adopt by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

November 19, 2014. Signed by the President. Attested by the City Clerk

November 19, 2014 City Council on motion of Mr. Witherspoon, Seconded by Mr. Brennan adjourned at 8:34 P.M. by yeas Council Members Brennan, Horan-Kunco, Kwitowski, Merski, Winarski and Witherspoon. 6. Nays. 0.

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President of City Council

Attest:

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City Clerk