

ALTOONA GOVERNMENT STUDY COMMISSION MEETING MINUTES  
TUESDAY, OCTOBER 22, 2013 – 6:00 P.M.  
CITY OF ALTOONA TRAINING FACILITY & COUNCIL CHAMBERS  
1320 WASHINGTON AVENUE, ALTOONA, PA

CALL TO ORDER – call to order at 6:05 p.m. by Chairman Wayne Hippo  
PLEDGE OF ALLEGIANCE

ROLL CALL – taken by City Clerk Linda Rickens Schellhammer; Present were Study Commission members: Dave Duncan, Heather Eckels, Richard Flarend; Robert Kutz, Vice-Chairman Richard Fiore Jr. and Chairman Wayne Hippo

Absent: Beverly Green

ALL PUBLIC COMMENT – public comment was offered and there was none given

ADOPTION OF SEPTEMBER 24, 2013 MEETING MINUTES AND ADOPTION OF OCTOBER 7, 2013 MEETING MINUTES - Upon motion of Heather Eckels seconded by Bob Kutz with all in favor to adopt the September 24<sup>th</sup> and October 7<sup>th</sup> meeting minutes and no further discussion was held

HOME RULE INFORMATION & DISCUSSION– Michael Foreman, DCED, Governor's Center for Local Government Services referred to the handout of information entitled Options Available Under Home Rule which provided the characteristics of Strong Mayor, Council/Manager (Strong Mayor v City Manager), Strong Mayor and City Manager (Business Administrator), Managing Director (Middle Ground using Strong Mayor and other alternatives) and a List of Cities on each side of Altoona that are home rule or optional charter, optional plan, the form of government, the Mayor's salary and the City Manager's salary; Mr. Foreman stated there are many choices but the question to be considered is where does the power and authority reside; within which branch – the elected executive or the elected legislative branch; this is considered a core feature of any home rule charter; either way these are the elected officials that make policy and make decisions; regardless of which form of government is chosen it is executed and administered and implemented through the appointed manager, administrator and in some charters through a managing director; the municipality has to look at where they want the power to reside and how is that power to be shared between an executive and a legislative body; when looking at the examples provided the mayor/council forms of government usually have full time mayors with larger salaries than the salaries of the council/manager government; also within the mayor/council forms of government they are more of a chief elected executive that have power to appoint and power to remove and they have the power to appoint authorities, boards and commissions; this includes department heads; they propose the budget, ordinances, a financial management system, a financial

accounting system, a personnel merit based hiring system as well as policies and procedures, also other policies and procedures related to financial management activities to include budgeting, accounting and cash management; what they propose is always adopted by the governing body; on the other side - under the council/manager form of government - the legislative power resides in the council and the executive power to carry that out resides with the manager; with respect to either form of government there is a firewall between the manager administering, implementing and executing policies and procedures and the elected officials; the governing body as a whole is usually the entity to communicate with the manager not individual members; there is a majority vote instituting policy and the manager carrying out directives of the governing body; the writing of a charter gives the municipality the flexibility to include whatever they want in the charter; the City of Johnstown did a referendum on the ballot to uncap tax millage to include earned income tax and real estate; Johnstown also changed the number of council members and the charter was flexible enough to increase members or decrease members

INTERVIEWS - Kristen Denne, City Manager of Johnstown stated their municipality is now home rule and they have a referendum mechanism; Ms. Denne recommended the Altoona Government Study Commission study various charters and create the City's the way they want it; it can also be amended at a later time

Michael Foreman stated there was a court case out of Lakawana County based upon their home rule charter that was placing limitations on millage for the real estate rate and the county court said based on a provision in the home rule charter law limitations cannot be placed on rates of taxation for real estate and earned income under home rule and that is even within a municipality's charter; Commonwealth Court upheld the Common Pleas Court decision; Mr. Foreman recommended the City get a legal opinion on this matter; Taxing Power quoted in Section 2962 of the Home Rule Optional Plans Law, paragraph b, taxing power, states the governing body shall not be subject to any limitation on the rates of taxation imposed upon residents; this was upheld in Lackawana County; Mr. Foreman stated this is normally real estate tax and earned income and sometimes de-transfer tax; there is also a sentence which reads a home rule municipality cannot place a tax on non-residents; the Act 511 of 1965 as amended (Local Tax Enabling Act) allows a tax on non-residents of 1% which is normally what is paid to where you live; Mr. Foreman referred to his email of July 16, 2013 to the Commission which states there is a prohibition against tax rate limits under the home rule law; Mr. Foreman stated the commuter tax would be able to continue under home rule for an Act 47 municipality; Kristen Denne agreed that you can still continue a commuter tax as Johnstown still participates;

Ms. Denne cautioned the Commission that they only get a percentage of the tax collected; the first obligation is to where the person lives and any rate leftover goes to where the person works; this needs to be kept in mind when preparing the annual budget; this commuter tax is a component of the Act 47 Recovery Plan; Mr. Foreman stated the goal of the Act 47 Plan is to reduce that rate so the City is no longer dependent on the non-resident Earned Income Tax

Ms. Denne stressed that as long as the City has people who care about the community and they want things to work then it will work; an administrator, manager, director should be a trained professional in the field through ICMA – the International Managers Association or APMM – the Association of Professional Municipal Managers in government; this professional must be able to work with the elected officials to make their jobs easier to move policies forward; Johnstown has a residency requirement for the manager; this is appropriate but it does narrow the candidacy pool; also, residency is no longer in the Johnstown police, fire or non-uniform contracts although most councils tend to like a residency requirement even though it lessens the ability to recruit people; Ms. Denne stated Altoona probably has the same problems the old municipalities have which is a dwindling population but the same costs; Johnstown's last debt payment is in 2017 but there are 150 paying into the pensions and 350 drawing pension payments; home rule allowed their city to professionalize their force and their administration; Johnstown was able to reduce some of their positions that were only necessary under the Third Class City Code and re-classify them as professional positions or to allow outside firms such as for the position of City Engineer; Johnstown was able to hire an outside firm and use their engineer; Johnstown could only pay \$40,000 tops and a good civil engineer would make 60 to 80,000; Ms. Denne feels that under home rule she has more flexibility to run the city; Ms. Denne stated the charter isn't a problem and the only thing ever drawn into detail during her time as manager is that the charter does not spell out what type of procedure to use for meetings; also the pension liability will no longer follow the Third Class City Code; also scheduling and shifts for the fire department will change; Ms. Denne recommended the pension plan documents should all be changed at the same time to reflect the home rule charter change; as far as revenue stream and sources of funds from taxes - home rule allows greater taxation flexibility when the caps were lifted and this is a benefit; Ms. Denne said it is the ability to retain and collect; the assessment ratio in Cambria County changed about 10 years ago to 100% which lowered the millage rate but they did not do a county-wide reassessment; once the budget is set for the year Ms. Denne states it is her job to stay within it; Ms. Denne states Johnstown is 56% non-profit land and some legislation that would require non-profits to pay a percentage of their assessed value would help; the non-

profits all drive the public safety costs because they are schools, rehabilitation facilities, corrections facilities, and public housing; Ms. Denne stated Michael Foreman is a great source of information and she is available anytime for questions; Ms. Denne stated it will be helpful to hire a legal firm to help with the charter and that this will be a the right direction for the City of Altoona

Mr. Foreman stated there was recently a filing by City of Pittsburgh, a strong Mayor/Council form of government, challenging the tax exempt status of UPMC in Common Pleas Court and the central question is does UPMC actually have employees or do its subsidiary health facilities actually employ the individuals; this decision to file was made by the Mayor

Mr. Foreman also commented on parliamentary procedure previously mentioned by Ms. Denne stating this could be generally listed in the body of the home rule charter and elaborated upon in the administrative code; the general language could say that the governing body shall adopt policies and procedures for the conduct of meetings relative to a parliamentary procedure; it does not have to be *Roberts Rules of Order* as long as a procedure for meetings is adopted as it is not the only path and the governing body could make up their own; it could be placed in the administrative code at any time once the charter is adopted

Mr. Foreman said moving forward the Commission can call upon the individuals they are utilizing now for information which is at a minimal cost; Mr. Foreman suggested the Commission may need someone with extensive experience in municipal management to help draft the charter and review sections of the charter at each meeting; the Commission as a whole or in smaller committees may want to draft proposals and then eventually come up with a draft charter that the entire Commission reviews and comments on; whatever the Commission comes up with they will need to have it reviewed and commented on by legal experts and non-legal municipal people all within a specified time period; the review may cost money and some of the experts called in may cost money; Luzerne County adopted a home rule charter in 2012 and they called in somebody who used to work for the ICMA – the International City County Manager's Association; once finalized it will need to be put before the voters; there must be a legal review no matter what; Mr. Foreman said he will attempt to get some names and contact information for the Commission; Mr. Foreman suggested once the Commission takes a vote in December to go with no change or to pursue a home rule charter the Commission should identify the provisions, features, qualities, traits, and characteristics of all of the charters the Commission has been reviewing and choose those that are a fit for Altoona or compatible

with Altoona with attributes for Altoona and put together a skeletal framework of a charter for Altoona; this can be a rough draft initially

Dave Duncan asked Michael Foreman if he posed the following question – how can changing the City's form of government accomplish either an increase in revenues or a decrease in expenses and itemize those actions in two columns; Mr. Foreman stated he attends the meetings to provide information and the Commission has the opportunity to look at what was provided and what is available such as revenue enhancement and consolidation of services and operations; Mr. Duncan believes the City needs numbers and very specific information; Mr. Foreman stated home rule professionalizes the operation by putting people into place that have experience and expertise in helping to utilize what resources the City has in the most productive ways; Mr. Foreman stated the City already has good department heads and good management; Mr. Duncan states the City will have to increase revenues by increasing taxes; Chairman Hippo stated home rule will allow the City to be creative, although Mr. Hippo stated he isn't advocating for this, examples include the formation of a public safety department where codes is undertaken by the fire department and several firefighters would also serve as code officers which is a decrease in expenses; Mr. Hippo said he heard Mr. Foreman say there is a mechanism with home rule that allows you to create the efficiencies so that the City can increase the services; Mr. Duncan said other than increases taxes that he is at a loss; Mr. Flarend stated he has a problem when he hears increase taxes because inflation increases everything and the cost of a loaf of bread is a lot more now than it was ten years ago and everything costs a lot more now than ten years ago but the amazing thing is that property taxes in the City have gone down because of a lack by Blair County to do what they should be doing; Mr. Flarend said it is being called increasing taxes but he would say home rule allows the City to go to a tax model that keeps pace with inflation and he does not call that increasing taxes he calls it keeping pace with inflation; Chairman Hippo stated the City's real estate has been stagnant in value anyway and they would be doing a great service by de-emphasizing real estate tax and moving more to earned income; Mr. Foreman said he has seen in a lot of home rule communities where there is no language in charters that when there is movement in tax rates in most cases it is with earned income tax and not real estate because the earned income tax generally speaking is a better barometer of ones ability to pay based upon a fixed value of a piece of property that one has to pay a real estate tax on, which normally stagnates, unless there is a sale price; Mr. Foreman stated that income changes from year to year and has slowly gone up and for home rule communities when the rates change it is slight but this generates enough revenue to keep pace with inflation and could be 1 or 2%; Mr. Foreman also stated the comments by the Commission regarding revenue

expenses ratio are legitimate and the overall picture that Act 47 tries to achieve is the growth in the tax base and the stabilization of the tax base upon which the service delivery system is based and that overall is where recovery lies and what the focal point needs to be and has been in the City through redevelopment efforts and Pat Miller and others; a lot of time home rule can help free up some of the constraints that are within the city government to provide better partnerships and less politicization of the benefits of revenue becoming available through better partnerships and through better programs and economic tools that can be put into place and working with the public/private partnerships that are in place now that can be built upon; Mr. Flarend stated the Commission is going to give Council the ability through the charter; Mr. Duncan stated the Commission needs to know what home rule municipalities numbers were and are now after they implemented home rule; Mr. Hippo said most of the home rule conversions took place in the 1970's and 80's which will make it difficult; Mr. Fiore stated it is one more tool in the tool box; Mr. Foreman stated every governing body may increase revenue but at the same time they are sensitive to the need to have to increase tax rates and they will look for a way to economize and cut costs; Mr. Flarend asked if the City stays in Act 47 it is very likely that tax rates will go up; Mr. Foreman stated an increase in tax rates depends on the performance of the City relative to the revenues generated, the cost to operate the City and the service delivery system, collective bargaining agreements and pension liabilities; Mr. Foreman stated the City is becoming more effective and trying to work within its revenue availability and working within balanced budgets; the overall plan is to wean the City off of the higher extraordinary tax revenue raising measures under Act 47 and bring it back to regular rates and have balanced budgets; Ms. Eckels asked the commission if there is a potential for people to flee the City as a result of taxes increasing; Mr. Hippo stated the tax need to be re-configured so that initially a tax increase is revenue neutral; Mr. Hippo stated the best chance for growth in the revenues is going to be de-emphasizing real estate tax and focusing on something that is more fair and provides an opportunity for growth which is earned income tax; Mr. Hippo stated the reality is that real estate values are not growing in the City and there are problems with the County including reassessment; Mr. Hippo stated the Commission has to educate the people on what needs to be done and say here are the services and we have to pay for them somehow and they can't be cut any longer and here is the fairest plan to make sure the City can still grow and thrive; the questions are do you want police, fire and paved roads; Mr. Duncan asked how the Commission should deliver the message; Mr. Flarend stated that what the Commission is suggesting and what the public should vote in favor of is more fair and more equitable; Mr. Flarend stated it will be a benefit to no longer be dependent on real estate taxes and the movement is toward earned income tax would be more equitable and to build a house in Altoona

will be a benefit to people and this should also increase commercial development if there are more people; this is the type of growth that will get the City out of Act 47

Mr. Hippo stated the commission will need to propose to City Council a suggested amount of money that will be needed to continue the Commission's work in 2014 should the Commission vote to continue the study; Mr. Hippo asked Councilman Butterbaugh and Councilman Haire to consider moving money from contingency in 2014 for expenses; the other suggestion is in-kind services and the approval by Council to let City Solicitor Larry Clapper's legal work for the Commission be covered under his contract with the City; Mr. Clapper has so much knowledge of the City and in municipal government and this make logical sense; Mr. Fiore stated page 19 and 20 in the home rule document that is on the City's website goes into some of the costs that could be incurred and how to go about negotiating with the City

ADDITIONAL PUBLIC COMMENT (TIME PERMITTING) – Councilman Butterbaugh stated the three union contracts are on the City website and if the Commission is looking at cuts in expenses that some of the things in the contracts are due to the Third Class City Code requirements such as 21 sick days for fire personnel; home rule could lessen the expense; Mr. Fiore stated that from a bargaining standpoint the Third Class City Code sets a base so negotiating would be from that base upward; this could still be in the contract and doesn't mean there is going to be a change but the mandates of the Third Class City Code would be removed and allows complete open negotiations

MEDIA QUESTIONS - Media present included Bill Kibler, *Altoona Mirror*

ADJOURNMENT - by Chairman Hippo at 8:00 p.m.

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Linda Rickens Schellhammer, City Clerk/Recording Secretary