

ALTOONA GOVERNMENT STUDY COMMISSION MEETING MINUTES  
MONDAY, NOVEMBER 4, 2013 – 7:00 P.M.  
CITY OF ALTOONA TRAINING FACILITY & COUNCIL CHAMBERS  
1320 WASHINGTON AVENUE, ALTOONA, PA

CALL TO ORDER call to order at 7:00 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, Bev Green, Robert Kutz, Vice-Chairman Richard Fiore Jr. and Chairman Wayne Hippo

ALL PUBLIC COMMENT –Bob Gutshall stated he received a monthly magazine entitled *CFO Magazine* and there are several articles related to of all of the cities that are in financial trouble at this time and he encouraged the commission to look up the magazine on line

ADOPTION OF THE OCTOBER 22, 2013 MEETING MINUTES - Upon motion of Bev Green seconded by Dave Duncan all were in favor to adopt the October 22<sup>nd</sup> meeting minutes and no further discussion was held

INTERVIEWS – Councilman Bruce Kelley thanked the Commission members for their efforts and hard work; Councilman Kelley stated when he participates in activities with the Pennsylvania Municipal League on behalf of the City he has to use vacation time and take time away from his family as well as his job; Councilman Kelley stated the City of Altoona is at a disadvantage in comparison to other Cities of the Third Class with a strong Mayor who have a much better seat at the table in Harrisburg and in Washington; Councilman Kelley stated he knows Altoona had a commission form of government in the past and that Altoona established a very safe form of government with stability and lack of risk and innovation; this is due to a part time City Council that doesn't have the time or the ability; Councilman Kelley offered to help make contacts with other communities during the interview process as Councilman Kelley serves on the Legislative Committee of the Pennsylvania Municipal League; Councilman Kelley stated he believes there will be changes to Altoona that will be long term and one of the most important things will be educating the public and helping them to understand; Mr. Duncan stated that since Councilman Kelley is an elected politician that it is assumed that he has the pulse of the community; Mr. Duncan asked Councilman Kelley what he hears about home rule; Councilman Kelley stated he doesn't believe that people understand it and understand what changing the form of government will mean to Altoona and that Altoona will be able to deviate from the Third

Class City Code and allow other revenue sources; Councilman Kelley stated there are a lot of problems he sees with the Third Class City Code and that some changes are being made now by the Legislative Action Committee of the Pennsylvania Municipal League but the majority of the changes involve the language; home rule would give Altoona more tools in the toolbox; Councilman Kelley stated the bigger problem is how municipal services are provided in the Commonwealth of PA which has to be addressed in Harrisburg; there are so many layers of government and local municipalities trying to provide the same services which is not cost efficient; it is hard for the businesses to do business with all of the municipalities and it adds to the cost of local government; certain problems will be fixed and solutions will be available but as long as the population continues to dwindle and the demographics continue to shift there won't be people to pay the bills; Councilman Kelley stated home rule may get Altoona out of Act 47 by allowing the pursuit of other revenue sources that Altoona does not have access to now; there are home rule communities that are in Act 47 like the City of Reading; Vice Chairman Fiore asked where Councilman Kelley thinks limits should be placed on the position of Mayor; Councilman Kelley said looking back historically the City of Altoona had a commission form of government with a flamboyant Mayor who fired a very popular Chief of Police and people were extremely upset at the time and if the Government Study Commission came forward at that time and recommended a strong mayor form of government that they would have been run out of town; Councilman Kelley stated what the City had before, during a commission form of government, was very de-centralized as the Mayor was basically the fifth council person, he ran the meetings and was in charge of the Police Department and the other Councilmembers were in charge of other aspects of city government and this was not a strong mayor form of government; Councilman Kelley stated in a strong mayor form of government the council becomes a legislative body and the mayor becomes your chief elected officer; under the current form of government there is great difficulty in attracting people to run and they may wonder if they do run and win how much impact will they have; Councilman Kelley believes now the elected officials have to make a lot of sacrifices and if they want to be effective they need to go to Harrisburg regularly and lobby; Altoona has a group of Councilmen going to Harrisburg in mid- November who had to use their personal vacation days to attend; the strong Mayors currently in office are well known by name in Harrisburg and the City of Altoona is handing out their business cards; Councilman Kelley stated changing the form of government is a worthy experiment to look at as an elected strong mayor becomes the face of local government who is the go to person who sets the agenda and runs things for a four year term; this person is given more credibility and is given a nicer seat at the table than Altoona currently has; the strong Mayors also know each other, are involved in the National

Conference of Mayors, network a lot and are in tune with what is going on and what is available for their communities and they have an advantage; Chairman Hippo stated with home rule Altoona can craft their own version to avoid things that are not good; Councilman Kelley stated people in the business community that need to speak to an elected official may have difficulty doing this under Altoona's current form of government as the elected officials work full time day jobs; Councilman Kelley stated given the needs of a City like Altoona having a larger presence of someone that is lobbying for Altoona in Harrisburg and Washington is important; Vice Chairman Fiore asked Councilman Kelley if there are potential deficiencies that are dictated by the Third Class City Code that under home rule would allow more flexibility to re-structure or streamline City departments; Councilman Kelley stated that through the Act 47 process, looking at other communities recovery plans, because of the type of government Altoona has, there isn't a lot of inefficiencies and Altoona has already done a lot of the steps already and is already a lot more streamlined; Altoona's issue becomes more of a revenue item and Altoona is handcuffed to the Third Class City Code; there is a reassessment issue with Blair County having the oldest reassessment in the Commonwealth of Pennsylvania and if Blair County had reassessed a few years ago this group may not be sitting at this meeting; reassessment would give Altoona the ability to raise taxes; the City has to go to court every year to ask the court to increase the millage under the Third Class City Code; another question is whether the nuisance taxes should be eliminated, especially if it costs more to collect them than what they are worth; other states charge some type of municipal services fee to their non-profits; Altoona houses the health care facilities, churches and the arts; Altoona forgets that it is also a college town; Mr. Duncan asked Councilman Kelley if he was optimistic about the next ten years; Councilman Kelley stated he is optimistic because some changes will be made that will give Altoona more options for revenue and Blair County will have to reassess at some point; this will move Altoona out of distressed status; long term the Commonwealth of Pennsylvania has to come up with some better ways to provide municipal services and eliminate duplication; Councilman Kelley gave the following example of inefficiency and duplication of services in the Commonwealth as there are 3200 municipal pension funds and 25% of all municipal pensions in the country are in Pennsylvania; from a business standpoint the Commonwealth is not competitive because they have so many municipalities to deal with; also, the population isn't growing and the Commonwealth is losing members of Congress; Chairman Hippo asked if Councilman Kelley has a feel for what the residents think of the services that are being provided now and do they realize the City of Altoona is going broke; Councilman Kelley thinks they understand this although they worry; Councilman Kelley stated if you tell the residents that government needs to raise revenues and with these

revenues more police will be hired and the City will be safer and cleaner, they may understand; this will have to be about saving the City and allowing the City to have better control of its destiny; there will need to be a very good explanation of what the money is going to go for if the City is considering raising additional revenues; it will take good management to explain this; the City is doing well with blight but will have to do more because if your town starts to look rough then that is the perception and people will leave and bad things will start to happen; Chairman Hippo stated cooperation from City staff has been phenomenal; Councilman Kelley stated that staff has been asked to keep the work load at the same level with less people and this is asking a lot

DISCUSSION AND HOME RULE INFORMATION – Altoona City Solicitor Larry Clapper stated the major question he received prior to this meeting was in reference to tax caps; Michael Foreman of DCED referenced a case during his last visit to the government study meeting regarding tax caps and home rule municipalities; Attorney Clapper stated he represents Tyrone which is the only home rule municipality in Blair County and in Tyrone there is no tax cap limitation; the case Mr. Foreman referred to was from 2006 and it was a county home rule with the same statutory provisions as Altoona and in that case the county's home rule charter indicated that they were capped at 25 mills for real estate and that if they went over 5% in increase in any one year they had to get voter approval; in 2004 the County Commissioners raised the taxes from 25 mills to 29 mills and in 2005 they raised it from 29 mills to 44 mills without voter approval which upset some of the voters; it was taken to court and the lower court stated there could be limitations on the governing body's ability to raise taxes even though that language was in the charter; this went up to the Commonwealth Court who agreed and they held that the charter provision limiting a governing body with a tax cap is a nullity; so municipalities with home rule charters with caps in their charters would be considered a nullity in Commonwealth Court; they would continue to go by that charter that was written until somebody challenged it and nullify on a case by case basis; if Altoona was writing a charter Attorney Clapper advised no cap so that the City did not end up in litigation; Attorney Clapper stated there was an appeal taken to the Supreme Court and it was denied; Tyrone had their own tax reform by lowering the real estate tax on the elderly and raised it on the earned income; last year's Act 47 Plan in Altoona raised earned income tax on residents by .25% and .15% for non-residents which raised enough for the City to go into the black

Attorney Clapper explained the earned income categories and that Act 511 taxes under the Local Tax Enabling Act state earned income tax cannot impose more than 1% on residents and if the School District has an earned income tax it has to be split between the City and the School District 50/50

which explains the ½%; Attorney Clapper stated the second category that the City was imposing earned income is Act 205 for pensions explaining that when pensions are in distress the State allows the municipality to increase earned income tax; the City imposes .2%; the third category is Act 47 and a distressed municipality allows an increase in earned income by .25% on residents and .15% on non-residents; if the City becomes a home rule municipality and gets out of Act 47 the City will lose the ability to raise earned income tax on non-residents; however under Act 205 which is the pension, you are permitted to impose earned income on non-residents and residents; the City would still be governed by Act 511 if under a home rule charter but there would be no caps; the School District would still be capped but the City would not; anything raised above the .5 would not have to be split with the School District; Councilman Kelley asked for a table that shows the current sources available as a Third Class City and what can be done with that, a heading for Act 47 and the changes with that and then a heading for home rule and what that can do; Attorney Clapper stated the subject of taxation is in Act 511 and the Governing Body would have the right to impose and the elimination of all of the nuisance taxes could be left up to the Governing Body to decide; Councilman Kelley mentioned the cost to collect some of the nuisance taxes is probably higher than the tax and it would be nice to offset this with something else; Councilman Kelley stated the Pennsylvania Municipal League was trying to get an increase in county sales tax like they have in Allegheny County and Philadelphia and the school boards got involved and said they wanted in on the deal and it fell apart; Chairman Hippo stated in his conversation with Mayor Gray of Lancaster, a non-home rule municipality, Mayor Gray pointed to the City of Reading's problem which they ended up in Act 47 after they became home rule because they made their charter too restrictive and they could not raise money; Councilman Kelley stated Lancaster is strong Mayor and they did an initiative called MOOSE – Mayor's Office of Special Events which is an all-volunteer group that raises money; Ms. Eckels asked if the City of Altoona would adopt a home rule charter and strong mayor would that force a special election; Councilman Kelley stated with the last change in the form of government in Altoona, Altoona's Mayor became a Councilman at his current salary and then a new Mayor was elected; the new Mayor-elect would replace a Councilman and serve out his term; the number of Councilman could also be reduced; Third Class City Code requires certain pensions and the defined benefit is determined but for new employees this may be able to be changed; you can't change the pension of a person employed now but you can for new hires, although there are union contracts; this may be a way to gain public support because of its cost savings; Vice Chairman Fiore asked for a menu of items that would be advantages stating the City has the efficiency of a City Manager form of government and tweaking the Mayor powers would need to be done; Attorney

Clapper stated he would be able to generate a cost savings/benefits document and Councilman Kelley stated he can provide a copy of the proposal from the Pennsylvania Municipal League with the changes they would like to see with regard to pensions; Chairman Hippo asked if the Pennsylvania Municipal League can give advice; Councilman Kelley is thinking of Jon Brenner of the Pennsylvania Municipal League; Attorney Clapper reminded the Commission that laws of general application still apply such as the Sunshine Act and the Ethics Act; Councilman Kelley recommended the Pennsylvania Municipal League develop a chart based on the information provided by Attorney Clapper; Mr. Duncan referred to a document of benefits or advantages of home rule that was crafted by Attorney Clapper which gave a pre-cursor; Mr. Duncan stated it should clearly reference what is seen as benefit/cost/drawback of going home rule; Councilman Kelley recommended the Pennsylvania Municipal League develop a document and maybe bring Peter Marshall to a future meeting

ADDITIONAL PUBLIC COMMENT (TIME PERMITTING) - none

ADDITIONAL DISCUSSION ITEMS – the Commission discussed their schedule for the remainder of the year; Chairman Hippo stated the goal was to have a vote by the end of December and there are three more meetings and he questioned if they are needed; Mr. Kutz stated one more meeting to hear guests would be good and he believes the Commission is close to a decision and has heard from Solicitors, Managers, DCED and Mr. Foreman, other municipalities, Mayors and former Mayors, Councilmen and Department Directors and that he believes the Commission is well within the constraints of the three meetings to make a decision; Linda Rickens Schellhammer stated the Commission will interview the City of Reading at the November 19<sup>th</sup> meeting and the City of Allentown at the December 2<sup>nd</sup> meeting; Chairman Hippo recommended the next two meetings for interviews and then a vote on December 2<sup>nd</sup> rather than December 17<sup>th</sup>; Chairman Hippo stated there will need to be a planning meeting if the Commission votes to write a home rule charter; Vice Chairman Fiore stated there will also need to be a report written and a schedule for the future will need to be agreed upon; Mr. Duncan asked about voting guidelines; Attorney Clapper stated there can be a motion and a second to vote and a roll call and there needs to be a majority vote of 4 and indication of how each person voted; there can be individual ballots and each member will need to sign their ballot and it will be read and a part of the final record; Mr. Flarend stated the position of the Mayor is a bigger issue and asked if the Commission will have to indicate which way they are heading when they vote in December; Chairman Hippo stated it is a charter issue and will come later; Chairman Hippo stated the Commission will aim for a vote on December 2<sup>nd</sup> and as part of that, work out scheduling for the future; the

Government Study Commission Meeting Minutes 11/04/13

Commission will receive a budget of \$25,000 and will need to develop an educational process; Attorney Clapper will check into the advertising requirements for the Charter

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

ADJOURNMENT - by Chairman Hippo at 9:00 p.m.

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Linda Rickens Schellhammer, City Clerk/Recording Secretary