

STATED MEETING - CITY COUNCIL –DECEMBER 16, 2008

1

A meeting of the Lancaster City Council was held on Tuesday, December 16, 2008, in Council Chambers, Southern Market Center, 100 South Queen Street, Lancaster, PA, at 7:30 p.m., with President Williams presiding.

City Council led the assembly in the Pledge of Allegiance.

Present – Ms. Coller, Mr. Morales, Mr. Polite, Mr. Roschel,
Ms. Saunders, Mr. Urdaneta, & President Williams - 7

City Council approved the minutes of December 9, 2008 by a unanimous roll call vote.

ECONOMIC DEVELOPMENT & REVITALIZATION COMMITTEE - Chairman Urdaneta stated that the Committee met right before this meeting in regards to two resolutions that will be on the agenda and he will make his comments then.

FINANCE COMMITTEE - Chairwoman Saunders announced that tonight Bills No. 16 & 17 regarding the 2009 Budget will be voted on. She will discuss these bills when they come up on the agenda.

Administration Bill No. 16-2008 (the title) was read by the City Clerk as follows:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF LANCASTER, COUNTY OF LANCASTER, COMMONWEALTH OF PENNSYLVANIA, APPROPRIATING THE SPECIFIC SUMS ESTIMATED TO BE REQUIRED FOR THE SPECIFIC PURPOSES OF THE CITY GOVERNMENT, HEREINAFTER SET FORTH DURING THE YEAR 2009; ALLOWING FOR A SEVERANCE PROVISION; PROVIDING FOR THE REPEAL OF INCONSISTENT ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE.

Councilwoman Saunders made the motion to approve and Councilman Urdaneta seconded. Councilwoman Saunders stated that Bill No. 16-2008 establishes the 2009 City Budget. This budget proposes a 5% tax hike for city properties to fund a \$46 million budget. This is essentially a budget freeze and a reduction on some items, and a reduction in personnel; however, tax increases are needed due to the \$1 million reduction in revenue because of the current economic downturn. Unfortunately due to state law raising the property taxes is the only way we can generate enough revenue to balance the budget.

Mayor Gray stated that he went into this budget with every intent that we were not going to raise taxes this year. We were going to eliminate a structural deficit, but with salary increases and pension increases, and with the increase of the cost of health care, it became impossible. With a deduction of revenue, it became virtually impossible to do that in any kind of responsible manner. He is not really happy with what we have to do at this point and he assures the public that during the year we are going to watch this budget

extremely closely and we are going to do everything we can during the year to continue to reduce expenses. As indicated in the budget, our expenses are 81% personnel, 13% fringe benefits and 6% debt service. 31% of this budget is pension or medical expenses. There just isn't any leeway in there for us to do things. He doesn't think that this budget is extravagant nor does he think that the people who work for the City of Lancaster or the work they do, are overpaid. We are doing our best to look at areas where there could be duplication or other ways to provide the same services. The unfortunate thing is that we are stuck with a tax that is the only tax we can adjust. It penalizes the frugal, it penalizes savings. It penalizes people who invest in their home, who improve their homes, who keep their home stable and keep their neighborhood stable for long periods of time and it taxes them. He equates it at times to taxing people who have savings accounts. It is not a tax he likes, but it is the only thing we have to raise revenue on. Along with the commitment to the public, that we will continue to monitor this budget very closely and make adjustments in it as much as we can as the year goes on.

Another commitment he made is that he and other people in his position have been talking and we will go to the General Assembly and have them provide other sources of revenue so that services that are required at the local level can be funded in a fair and equitable manner. Property taxes passing a certain point are not fair and equitable.

City Council approved Administration Bill No. 16-2008 by a unanimous roll call vote and shall hereinafter be known as Administration Ordinance No. 15-2008

Administration Bill No. 17-2008, (the title) was read by the City Clerk as follows:

AN ORDINANCE AMENDING THE CODE OF THE CITY OF LANCASTER, CHAPTER 270 - TAXATION, ARTICLE IV - PROPERTY AND RESIDENCE TAX, SECTION 270-26 – LEVY AND RATE, BY FIXING THE TAX RATE AT 9.64 MILLS ON PROPERTY IN THE CITY OF LANCASTER FOR GENERAL REVENUE PURPOSES; ALLOWING FOR A SEVERANCE PROVISION; PROVIDING FOR THE REPEAL OF INCONSISTENT ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE.

Councilwoman Saunders made the motion to approve and Councilman Urdaneta seconded. Councilwoman Saunders stated that Bill No. 17 fixes the tax rate at 9.64 mills on property in the City for 2009 and helps us balance the budget we just passed. This millage rate increased from 9.18 mills would increase the tax on the average City home by \$39.00.

City Council approved Administration Bill No. 17-2008 by a unanimous roll call vote and shall hereinafter be known as Administration Ordinance No. 16-2008.

Administration Bill No. 18-2008, (the title) was read by the City Clerk as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LANCASTER, LANCASTER COUNTY, PENNSYLVANIA AMENDING THE CODE OF THE CITY OF LANCASTER, CHAPTER 295 – WATER, ARTICLE XI –

PRIVATE WELLS, SECTION 295-92 – PROVISION OF NOTICE, TO PROVIDE FOR NOTICE TO THE PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION UPON THE AMENDMENT OR REPEAL OF ARTICLE XI OF CHAPTER 295 OF THE CODE OF THE CITY OF LANCASTER; PROVIDING FOR THE REPEAL OF INCONSISTENT ORDINANCES; PROVIDING FOR THE SEVERABILITY OF THE ORDINANCE; AND PROVIDING THAT THE ORDINANCE SHALL TAKE EFFECT AS PROVIDED BY PENNSYLVANIA LAW.

Councilman Urdaneta made the motion to approve and Councilman Morales seconded.

City Council approved Administration Bill No. 18-2008 by a unanimous roll call vote and it shall hereinafter be known as Administration Ordinance No. 17-2008

Administration Resolution No. 70 -2008, (the title) was read by the City Clerk as follows:

A RESOLUTION OF THE COUNCIL OF THE CITY OF LANCASTER ESTABLISHING THE NORTHWEST LANCASTER TAX INCREMENT DISTRICT TO FINANCE THE CONSTRUCTION AND INSTALLATION OF PUBLIC WORKS AND FACILITIES WITHIN THE ESTABLISHED DISTRICT.

Councilman Polite made the motion to approve and Councilman Urdaneta seconded.

Mr. Patterson, stated that we have been discussing this issue with Council for over a year. We began the discussion in early 2007. We have come to a point in time, where there is still some question about the financial market, about the viability of issuing a tax increment financing bond, but as development continues we lose the opportunity to actually create an increment to finance a bond if we choose to move forward. Our original intent was that the proceeds of the bond would be used for two purposes and we were very specific about that when talking to the two other taxing bodies that have agreed to participate. That purpose was to assist in the financing of the public garage that will assist in the development of the Lancaster Press Building and other activity in that neighborhood. And also to provide funding to continue improving the infrastructure and street grids in the Armstrong site and the Norfolk Southern Rail Yard. The three taxing bodies originally agreed to an \$8 million bond being the maximum, based on the study done by E Consultant of Philadelphia. As we reviewed that over the course of time to get the approvals of the School District and the County, that has been reduced to \$4.5 million bond. We decided to delay issuing a bond, but we do want to establish the base here. By passing this resolution, we establish 2008 as the base year and can begin developing that

increment into a tax increment fund that would be managed by the County and then released when we would need it to pay debt service. If we decide at some point in time not to proceed with this type of financing, City Council can rescind this resolution and the taxes that are withheld from the increment would then be distributed back to the three taxing bodies in the proportion that they would normally receive.

City Council approved Administration Resolution No. 70-2008 by a unanimous roll call vote.

Administration Resolution No. 71-2008, (the title) was read by the City Clerk as follows:

“A RESOLUTION OF CITY COUNCIL OF THE CITY OF LANCASTER, LANCASTER COUNTY, PENNSYLVANIA APPROVING THE TRANSFER OF A PROPERTY FORMERLY KNOWN AS 538 PALM STREET FROM THE CITY OF LANCASTER TO SACA DEVELOPMENT CORPORATION.”

Councilman Polite made the motion to approve and Councilman Urdaneta seconded. Mr. Urdaneta stated that this is in regards to three lots to be sold to SACA, it appears that the City is the owner of these lots and we need to release them so SACA can proceed with the sale. Mr. Patterson stated that project was approved back in 2003, but the properties for some reason were never transferred, so it is just completing a project that a prior council had actually already worked on. City Council approved Administration Resolution No. 71-2008 by a unanimous roll call vote.

Administration Resolution No. 72-2008, (the title) was read by the City Clerk as follows:

“A RESOLUTION OF CITY COUNCIL OF THE CITY OF LANCASTER, LANCASTER COUNTY, PENNSYLVANIA APPOINTING SPECIAL COUNSEL FOR THE CITY OF LANCASTER.”

Councilman Urdaneta made the motion to approve and Councilwoman Saunders seconded.

Councilman Urdaneta stated that recognizing that we are not specialists in every area of the law, we would like to designate a special council for special law reviews. The legal bills and work will continue to be monitored by our City Solicitor, stated the Mayor, who also stated that we have worked with this firm before for other services.

City Council approved Administration Resolution No. 72-2008 by a unanimous roll call vote.

REPORT OF THE MAYOR - Mayor Gray stated that yesterday he spent the day in Harrisburg as one of the 21 Electors, formally voting for President-elect Obama and Vice-President Elect Biden. He stated that it was a moving ceremony.

He noted that the parking meters have been bagged downtown for 2 hours parking before Christmas.

President Williams adjourned the meeting at 7:55 p.m.

Louise B. Williams, President

Attest:

City Clerk