

STATED MEETING - CITY COUNCIL – NOVEMBER 22, 2016

A meeting of the Lancaster City Council was held on Tuesday, November 22, 2016 in Council Chambers, 120 North Duke Street, (Rear Annex) Lancaster, PA, at 7:30 p.m., with President Graupera presiding.

The Council led the assembly in the Pledge of Allegiance.

Present – Mr. Reichenbach, Ms. Sorace, Mr. Soto, Ms. Williams and Ms. Wilson and President Graupera – 6

Excused – Mr. Roschel - 1

The minutes of the meeting of Council for November 9, 2016 were approved by a roll-call vote.

REPORTS REQUESTED BY COUNCIL

ANNUAL BUDGET ADDRESS OF MAYOR GRAY – Mayor Gray gave the following prepared statement:

Members of City Council, Residents, and Guests:

Thank you for the opportunity to present our proposal for the City of Lancaster's 2017 Annual Budget. As with previous budgets, this proposal represents a responsible attempt to balance the interests and concerns of taxpayers with the ever-increasing costs associated with providing essential services.

Since taking office in 2006, restoring the City's fiscal stability and credibility has been my top priority. Tough choices and prudent planning over the past decade have allowed us to achieve that stability and to establish credibility with bond rating agencies. Last month, Moody's Investor Services reaffirmed the City's financial health by assigning the City with an A1 bond rating and removing a negative outlook that was noted on their prior report. Moody's Services found that "The City's tax base has shown signs of stabilizing as ongoing redevelopment and population growth offset a weak socioeconomic base." Moody's went on to say that "Lancaster has a history of careful management. Over the years, the City has made a concerted effort to foster economic development while maintaining a healthy reserve position."

The revitalization, investment, and growth that Lancaster City has enjoyed over the past decade is starting to pay off in other ways. With respect to Earned Income Tax, Lancaster City revenues are rising at a faster rate than the rest of the County. This indicates that total wages earned by City residents are on the rise. In 2017, we expect Earned Income Taxes to account for an estimated 11 percent of General Fund revenues.

We're also starting to see a positive growth trend in Real Estate Transfer Tax revenues. We anticipate that by the end of this year, Real Estate Transfer Tax revenues will recover to pre-recession levels. This positive growth indicates that the City's real estate market continues to be strong and growing.

Still, in Pennsylvania local governments are forced to rely on property taxes as the primary source of revenue. The City does not have the power to create new revenue sources or to impose different taxes as a way to reduce the burden of property taxes. We get no share of state income taxes; no business taxes; and no funds from the County to support City operations or services. Indeed, just over half (51%) of all General Fund revenues come from real estate taxes.

Because of this, municipalities with a large percentage of properties that are tax exempt face special challenges. An estimated one-third of City properties are not taxed, and County-owned property alone represents roughly \$1.2 million in lost revenue to the City. Many tax exempt property owners make voluntary contributions to the City in lieu of taxes. These contributions account for roughly 4 percent of General Fund revenues, or \$2 million. Lancaster General Health contributes \$1.5 million dollars each year, accounting for 80 percent of all payments made in lieu of taxes.

On the expense side, we've managed to hold the line in our proposed 2017 General Fund Budget, to an increase of only 1.1 percent over this year's amended Budget. This is below the average 2.1 percent annual budget growth that we've been able to maintain over the past decade. Much of this increase in expenses can be attributed to the cost of state-mandated defined pension benefits for Police and Fire and contractual salary obligations. In 2017, pension costs will increase by \$620,000.

Any budget reflects both the priorities of the organization and a balance between competing interests. This 2017 Budget represents a balance of cautious optimism about the City's fiscal future with a realistic assessment of factors that will impact City finances in the years to come.

Last year, we were able to avoid a tax increase because of one-time savings from bond re-financing. This 2017 Budget proposes a 3 percent tax increase for 2017 that will generate approximately \$780,000 in additional revenue. For the average residential property assessed at \$75,000, this amounts to a tax increase of about \$32.00 a year.

Rising pension costs are a driving force behind the tax increase I am proposing. I am confident that current staffing levels of 145 Police and 74 Firefighters adequately meet our public safety needs. With two-thirds of the proposed budget being spent on public safety, our priority must be to maintain those staffing levels.

Over the next five years, 20 percent of our Police Officers and nearly 40 percent of our Firefighters will have served the City for 25 or more years and be eligible for full retirement. This presents both an opportunity and a challenge. As more experienced Officers and Firefighters retire, they will be replaced by new employees starting at entry level salaries. This will place additional demands on public safety officers as new recruits join their ranks. At the same time, recent Police and Fire labor contracts call for changes in pension and post-retirement medical benefits for new hires that will reduce retiree benefit costs over the long-term.

This budget proposal also includes a sewer rate increase for our inside-City customers that would result in a quarterly increase of approximately \$6.60 for the average residential customer.

This rate increase is necessary to keep pace with the increased investments we continue to make in the sewer infrastructure, making up for decades of deferred maintenance and repairs.

The fact that Lancaster is currently fiscally sound is no accident. The City's fiscal condition today is the result of our decision nearly a decade ago to be honest with taxpayers and to increase taxes incrementally as needed. Our Bond Rating is strong, our reserves are stable, and our fiscal house is in order. Most importantly, we have preserved vital services for our residents, businesses and visitors.

In the coming weeks I look forward to discussions with City Council and the public about our proposed budget and ways that we can continue to provide the highest level of service to our customers at a reasonable cost.

INTERIM REPORTS OF COMMITTEES OF COUNCIL

FINANCE COMMITTEE – Ms. Sorace made a motion to add Administrative Bill No. 15-2016 and Administrative Bill No. 16-2016 to the agenda. Mr. Reichenbach seconded the motion.

Ms. Sorace explained that Administrative Bill No. 15-2016 sets forth the City's 2017 budget, which was just presented to Council. Administrative Bill No. 16-2016 sets forth the proposed tax rate. She said adding the bills to the agenda begins the budget process. She announced that a budget meeting with department budget reviews will be held on December 10, 2016.

Council members approved the motion to add Administration Bill No. 15-2016 and Administration Bill No. 16-2016 to the agenda by a unanimous roll-call vote.

ECONOMIC DEVELOPMENT AND NEIGHBORHOOD REVITALIZATION COMMITTEE – Mr. Reichenbach announced that a City Revitalization & Improvement Zone Authority meeting had been held earlier in the day. At that meeting, it was confirmed that \$3,400,253.77 will be returned to the City this year from the State Department of Revenue as taxes attributable to the zone. He praised the mayor, City Economic Development & Neighborhood Revitalization Director Randy Patterson and State Sen. Lloyd Smucker for drafting of the initial legislation and for getting it amended to promote investment as intended.

Further, Mr. Reichenbach detailed planned spending of those funds:

1. Community First Fund on behalf of The Chestnut Street Hotel, Inc.: \$116,097.41
2. Lancaster County Convention Center Authority: \$700,000
3. City of Lancaster (repayment of judgement note): \$320,000
4. Redevelopment Authority of the County of Lancaster (conditional on state approval and the \$1-\$5 match related to a video/scoreboard replacement): \$1,550,000
5. FourScore LLC (reserved for 2017 services): \$162,500
6. Baker Tilly (reserved for 2016 audit): \$10,000
7. Simon Lever (reserved for 2016 accounting services): \$12,000
8. CRIZ Authority bond debt reduction: \$524,910.06

Mr. Reichenbach specifically explained the \$1,550,000 allocated to the County Redevelopment Authority. Those funds are intended to fund a new, \$1 million video scoreboard for the Clipper Magazine Stadium. A new video scoreboard will enable Lancaster Baseball LLC, owner of the Lancaster Barnstormers, to broadcast additional advertisements and gain additional revenue. The remaining \$550,000 will pay a portion of debt service due in 2017. The funding will help stabilize the Barnstormers' finances.

Additionally, Mr. Reichenbach said the CRIZ Authority also voted to remove the 300 block of North Queen Street from the improvement zone. That followed requests by owners of "micro businesses" operating in shared co-working spaces, and small stand retailers to be removed from the reporting requirements of the zone.

PUBLIC SAFETY COMMITTEE – Ms. Williams read a statement into the record, on behalf of Mayor Gray:

Pursuant to the Third Class City Code and the Code of the City of Lancaster, and upon the recommendation of Chief Gregg, I have approved promotion of a firefighter in the Bureau of Fire to the rank of lieutenant. City Code, Chapter 42-7 requires that this promotion be reported to City Council and made part of the minutes of City Council. Accordingly, I hereby report to City Council that the following promotion has been approved and I ask that this promotion be read into the record of City Council.

Promotion to Lieutenant: Firefighter Dustin Dommel.

LEGISLATIVE AGENDA

ORDINANCES FOR FINAL PASSAGE

Administration Bill No. 14-2016, (the title) was read by the City Clerk as follows:

An ordinance of the City Council of the City of Lancaster, Lancaster County, Pennsylvania defining panhandling and other relevant terms, prohibiting panhandling in certain places and in certain manners; providing a penalty for violating the ordinance; 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.

Ms. Williams made a motion to approve the ordinance. Mr. Soto seconded the motion.

Ms. Williams said the purpose of the bill was to prohibit aggressive panhandling, particularly in the downtown area.

Mayor Gray said the ordinance defines panhandling, and prohibits aggressive behavior such as blocking someone's path, following someone or being verbally abusive after being rejected when asking for a donation. Further, the ordinance will establish a 25-foot limit at a public restroom or automated teller machine in which someone is prohibited from panhandling. Also prohibited in panhandling inside a business without permission of the business owner.

He said the ordinance attempts to balance the constitutional free speech rights of someone to ask for money with the right of someone to walk the streets free of harassment. He said it will not stop panhandling, but he hopes it will curb aggressive behavior.

The mayor said the ordinance is based on an ordinance which has been in effect in Harrisburg for several years. He said it would not affect street musicians or performers, who are not aggressive in attempts to seek donations.

He said the measure came in response to a petition from about 50 downtown merchants and shoppers. He noted that the Lancaster City Alliance had done a successful campaign a few years ago which urged people not to donate to panhandlers and publicized the many services offered in the City to the indigent. Recently, he said, different panhandlers had arrived in the City that have been more aggressive and persistent in their conduct.

Ms. Wilson asked how people who are homeless and indigent could be expected to pay fines. The mayor responded that police officers and Lancaster City Alliance bike-mounted Ambassadors have found that many of these panhandlers are not homeless.

Randy Patterson, City Economic Development & Neighborhood Revitalization director, noted that the County Coalition to End Homelessness has a full-time outreach worker which identifies homeless people on the streets and works to get them into housing and connects them to other available services.

In response to a question from Ms. Sorace, Mayor Gray said the proposed ordinance would not affect street musicians or performers.

Mr. Reichenbach agreed with the mayor that the proposal balances the rights of panhandlers and those who are approached by panhandlers. Further, he noted that it is difficult to deter aggressive panhandling with existing laws.

He also complained that County officials and officials of surrounding municipalities have abdicated their responsibility to the homeless and left it to the City to deal with the problem.

President Graupera said that he wanted the public to know that Council is not being heartless by approving this ordinance. Rather, he said, this is aimed at people who are aggressively panhandling for a living. And, he noted, that there are services available to the homeless and those truly in dire need.

Dave Aichele, the Lancaster City Alliance director of Clean and Safe Services, said his responsibilities include overseeing the Alliance's bike ambassadors. Those ambassadors interact daily with downtown panhandlers. He said they are not homeless.

In 2014, the Alliance sought to address a panhandling problem. They looked at other cities and found that those with panhandling ordinances had been taken to court with lawsuits challenging that the ordinances violated the civil liberties of panhandlers. Instead, the Alliance instituted a campaign to educate the public that it is unnecessary to donate to panhandlers. That resulted in a 50 percent reduction in active panhandling in a four-month period.

Mr. Aichele said the Alliance would continue to promote the public education campaign as well as the new ordinance. He said the ordinance is needed to address aggressive panhandlers, who have arrived in the City in recent years.

In response to a question from the mayor, Mr. Aichele said the proposed ordinance was discussed by the downtown merchants at a recent meeting. They were generally supportive.

Marshall Snively, president and CEO of the Lancaster City Alliance, said the proposal is also supported by the Downtown Investment District Authority board.

Responding to a question from Ms. Sorace about the nature of the aggressive panhandling seen by the bike ambassadors, Mr. Aichele said there is a level of entrepreneurship being seen among the panhandlers. They live together in a group house on West Vine Street. One man seems to direct where others should stand and brings them coffee in the mornings. He collects fees from the half-dozen panhandlers that he directs. The panhandlers themselves seem to know the limits of the law, ignore attempts of the bike ambassadors to provide them with information on assistive services, or are aggressive toward the ambassadors.

Ms. Sorace asked for a quarterly update in March on efforts curb panhandlers after implementation of the new ordinance and regarding efforts to educate the public about panhandling. President Graupera said that can be done through Ms. Williams' Public Safety Committee.

Tony Dastra, 113 North Plum Street, cautioned that panhandling could be a symptom of drug addiction. He said City officials should do more to address treatment for addictions.

City Council approved Administration Bill No. 14-2016 by a unanimous roll-call vote. It will hereafter be known as Administrative Ordinance No. 15-2016.

RESOLUTIONS

Council Resolution No. 49-2016, (the title) was read by the City Clerk as follows:

A resolution of the Council of the City of Lancaster reappointing Rudy DeLaurentis, 430 North Duke Street, to the City of Lancaster Zoning Hearing Board, for a three (3) year term effective January 1, 2017.

Mr. Reichenbach made a motion to approve the resolution. Ms. Wilson seconded the motion.

Ms. Wilson explained that due to a provision in the state Planning Code, Zoning Hearing Board appointments require approval of a Council resolution. She noted that the administration is recommending the reappointment of Mr. DeLaurantis.

City Council approved Administration Resolution No. 49-2016 by a unanimous roll-call vote.

ORDINANCES FOR FIRST READING

Administration Bill No. 15-2016, (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 2017; allowing for a severance provision; providing for the repeal of inconsistent ordinances; and providing for an effective date.

Ms. Sorace stated that this measure sets forth the City budget for 2017. The proposed budget will be reviewed during a budget meeting on December 10. This is the first reading of this bill. A vote is scheduled for December 20.

Administration Bill No. 16-2016, (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 14.44 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.

Ms. Sorace said this bill sets forth the proposed real estate tax rate for City properties for 2017. The proposal will be discussed on December 10 and voted on December 20.

PUBLIC COMMENT

Tony Dastra, 113 North Plum Street, called for establishment of a City program to address energy efficiency of homes. A thermal imaging camera can be used to detect drafts and poor insulation. He said such a program would help address housing affordability by reducing utility costs.

COUNCIL COMMENTS

Ms. Williams thanked Council members for their support of her during a banquet recently held in her honor. She also thanked Mayor Gray for his attendance at the banquet.

Council members congratulated her on the well-deserved honor.

Ms. Sorace recognized City Historic Preservation Specialist Suzanne Stallings and Chief Planner Paula Jackson, who received awards recently from the Historic Preservation Trust of Lancaster County.

She said that she and the three other Council members who attended the National League of Cities Summit in Pittsburgh will share highlights of the conference at the December 5 committee meeting. And, she thanked City taxpayers for providing the opportunity for her to attend the conference.

Mr. Reichenbach said one of the initiatives that he learned about while in Pittsburgh was a cell phone application called Big Burgh. The app is designed to connect homeless and indigent people in Pittsburgh with assistance services. It was developed by the Pittsburgh police and city

administration after learning that as much as 60 percent of homeless people in that city had access to smart phones. He said the app has proven very successful. He recommended the app or something similar should be developed for Lancaster.

President Graupera adjourned the meeting at 8:28 p.m.

John E. Graupera, President

Attest:

Bernard W. Harris Jr., City Clerk