

SPECIAL SESSION ** ECONOMY BOROUGH COUNCIL ** JANUARY 29, 2013

Council President Larry J. Googins called the meeting to order at 8:00 PM in Council Chambers of the Economy Municipal Building to further consider Ordinance No. 439 that will change the compensation of the tax collector elected in 2014 from 2 ½% of collections to 1 % of collections.

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT: Courtney B. Barthelemy, Esq., Donald Sivy, Michelle Sovich-Lapinski, Dr. Gregory T. Trecha, Larry Googins

ABSENT: RJ Burns, (unexcused), Gary Bucuren, (unexcused)

ALSO PRESENT: Mayor David N. Poling, Dale M. Fouse, Esq., Randy S. Kunkle, Borough Manager

HEAR THE PUBLIC:

Mr. Googins opened the meeting to the public; give name and address for the record; restricted to borough business; try to be 3-5 minutes; directed to Council.

Rose Marie Young, 143 Woodrow Street, New Brighton; owns property off Tevebaugh Road; opposes Dorothy Gnarra's reduction in pay.

Evelyn Richards, 1510 Conway Wallrose Road; against the reduction in Dorothy Gnarra's pay.

Jason Thompson, 1980 Conway Wallrose Road; against the reduction in Dorothy Gnarra's pay.

Todd Gnarra, 1920 Conway Wallrose Road; against the reduction in Dorothy Gnarra's pay.

James Sas, 116 Hamilton Court, gathered information through the Right to Know Act; did a comparison of the way compensation is paid to the tax collector by the Ambridge Area School District (AASD) and Economy Borough; Economy Borough pays substantially more than the AASD; the number of billings are nearly identical; 4,600 (+/-) parcels that receive both Economy Borough & AASD property tax; ignoring the \$14.50 Per Capita Tax; assuming on a 21 hour part time position basis the tax collector makes approximately \$98 per hour or average rate of \$11.50 per bill; the burden of rate seems enormous in relationship to the actual cash from the bill generated by Beaver County; paying approximately \$56,000 for somebody to apply 4,600 (+/-) checks against a bill; as time changes, things modernize; service gets better and costs go down due to automation; now you can't pay taxes by credit card or auto deduct from checking accounts; can't email the tax collector, there is no email address for the tax collector; you can't come after work because office is not open; feels it is a part time position; agrees the remuneration of the tax collector should be more in line with what the AASD pays; the AASD pays on a transaction activity; not on a percentage of tax revenue; the effort to apply a \$1,000 check to a \$1,000 bill is the same effort that it takes to apply a \$112 check to a \$112 bill; the AASD figured that out and pays the tax collector a cost per parcel not a percentage of revenue; the AASD also pays approximately \$4,000 in addition to per parcel to cover postage; found in the minutes of the AASD; understands the position of the tax collector from a fiduciary responsibility is elected to properly dispense funds that the borough collects in a prudent fashion; Council is paying more than twice as much for the 18% of the tax revenue than AASD is paying for the identical services for the identical revenue population; suggests 1) through the Right to Know Act you can get information; does not think that talking about changing the

remuneration of a position in 2014 is either unethical or immoral; does not think God has anything to do with what the tax collector gets paid; Council needs to look at the fairness of the remuneration; clearly it is not proportionate to what the AASD pays or like other municipalities around us pays with one exception, New Sewickley Township; 1/3 the size of Economy Borough; everyone else is about in line with what Council is proposing at 1%; suggesting that Council not look at a percentage of revenue, but at a per parcel charge at some point; 2) criticism is why did it take Council so long to figure it out.

Dorothy Gnarra, 116 First Street; reported school districts in Beaver County pay less than municipalities; the \$4,000 is not for postage; received the postage on top of that; reported she is being paid the way the other tax collectors are; Council decided to pick out four; New Sewickley Township has 200 less than Economy Borough and she makes double; some are paid per parcel; Councils example of Brighton Township is at \$9.00 per parcel, if what she makes is divided per parcel that is what she makes, \$9.00 per parcel; Brighton Township has 1,000 less parcels, than Economy Borough; (Brighton) provides an office and reimburses for phone line; reported she buys her own office equipment and help; asked Mr. Sas if he knows what it costs if a copy machine breaks down; addressing Council, feels it is abuse of power to reduce someone's pay 60% after 28 years of service; because she will not sit down and take it; reported in August the State Supreme Court ruled about abuse of power and the tax collectors won the case; is Council going to go up against the State Supreme Court; feel free.

Mrs. Sovich-Lapinski reported Mrs. Gnarra is assuming she will be the tax collector starting in 2014; Mrs. Gnarra's term ends 2013; it is not her pay. Mrs. Gnarra reported if she goes into office she would be taking a 60% cut after 28 years. Mrs. Sovich-Lapinski reported it is Mrs. Gnarra's choice to run or not. Mrs. Gnarra reported she will be on the ballot; letting Council know they are going against the State Supreme Court; feels she does not have to worry about a thing; people have been told about this and to come; the public is upset; Mr. Sas does not know what he is talking about; her tax office is open 20 hours providing customer service to the people; when does Council think the mail gets opened, processed and posted; don't call it a part time job. Mrs. Sovich-Lapinski verified the tax office is open 21 hours and New Sewickley Township is open full time. Mrs. Gnarra reported she is not, New Sewickley Township has winter hours; her office is given to her including the equipment. Mayor Poling reported he verified the winter hours. Mrs. Sovich-Lapinski reported Council would like the tax office in the municipal building; Council is not directing this at Mrs. Gnarra; nobody knows who will be the tax collector in 2014. Mrs. Gnarra reported she doesn't know, but when Council cuts the pay and tells them they are only going to work 21 hours a week, the money will not get into the bank the way it should; it can not be done; asked Mrs. Sovich-Lapinski how many tax collectors Council talked to. Mrs. Sovich-Lapinski reported Council has their back up information. Mrs. Gnarra reported that is after the fact, Council made their decision on 4; they were dated in October and this is what Council based their decision on; now Council is trying to throw in other ones; does not show percentage for delinquents; processes 7,000 Per Capita bills; none of Council has a clue what is taken in a tax collectors office; has the third largest district and Council wants to reduce the percentage.

Mrs. Barthelemy asked to hear Mr. Sas's response. Mr. Sas reported his information is derived by the information provided by Economy Borough and the AASD; was asked if he understands what it takes to run an office; owns a business and has a number of employees; his business runs 4,000 checks a month using a computer system and a part time controller; in a for profit situation it would be unusual for him to have a cash application function be paid at \$80,000 per year; whether it takes 20 or 80 hours to perform the task is based on the person who gets elected and the automation technologies they choose to employ to be more or less efficient; in the business world it is difficult for him to justify a half time position (the other half is sponsored by the AASD). Mrs. Gnarra reported that is a separate job; she is hired for the AASD and elected for Economy Borough. Mr. Sas reported she gets the efficiencies of being able to mail to the same individuals their tax bills; it is the same tax base; it is a benefit. Mrs. Gnarra asked when his checks are being processed how many interruptions is he getting through the day; she gets 75-100 walk ins; he can't answer it; he should know how many; he only has a person processing checks; she has 7,000 Per Capita and 3,600 tax bills. Mr. Sas reported

presumptions can be made about what his employees do as she accuses him of making presumptions about what she does. Mrs. Gnarra reported she has 18,000 bills that have to go out, come back and be processed; has nothing to do with computers.

Michelle Poling, 230 Dogwood Circle, reported she has done extensive research on this; talked with numerous tax collectors in Beaver County and Pennsylvania; PA General Assembly recently had the option to eliminate the tax collector position from being elected; they decided unanimously to keep it as an elected position because they felt a big part of this is customer service; it has not gone to a by county collection or third party collection because they feel that the position involves 1) honesty, integrity; 2) they have to do their job, if not they would not get re-elected; 3) would have to do their job accurately and efficiently; PA Senate wrote Resolution 2010-250 stating that the tax collector system is extremely an effective system and the same reasons of the PA General Assembly; it is true we don't know if Mrs. Gnarra will be re-elected; anytime a tax collector in the State of Pennsylvania percentage of income would be changed, everything must be done by February 15th an ordinance has to be in place before that election; has the summary of the judges opinions; every tax collector is in the same position as Mrs. Gnarra; the identical circumstances; those tax collectors won their case; it was the Bucks County School District vs. the tax collectors; they won legal fees, all back pay and thinks it was approximately \$500,000 in litigation costs; Mrs. Gnarra posts 21.5 hours; 95% of the tax collectors she spoke to told her this is not 21.5 hours; 21.5 is the hours the office is open; this is a full time position because of all the duties required; requests that Council consider before the vote for whoever the next tax collector will be; Mrs. Gnarra took office July 9, 1985; the people of Economy Borough never made a change over the years; believes customer service is why Mrs. Gnarra gets re-elected; appreciates that Council wants to save money; every elected official should be looking at budget concerns and saving money; when the PA Supreme Court made the final ruling they used the words customer service; the tax collectors used customer service above and beyond the call of duty; would like Council to keep in mind that along with this position comes a hand that helps the residents; Mrs. Gnarra has set the tone for that position; what are we going to get for \$17,000 or \$18,000 per year; you only get what you pay for stands true; sometimes cutting money or saving money isn't always the answer; asked Council to take this into consideration before voting to pass this ordinance.

Mr. Googins thanked Mrs. Poling for addressing Council; reported he agrees with a lot of what she said; did an analysis of his own based on finances of Economy Borough and what he considers a fair compensation for the job; knows it does not take 21 hours; voted for Mrs. Gnarra; based on fiscal considerations for Economy Borough; not mentioned is Economy Borough plans to have a substantial increase in property tax revenue which would significantly increase the wages of the tax collector; a consideration not talked much about. Mayor Poling reported that number over the years will continue to escalate; if Council would have said 2%; he could have worked with 2%; 1% for somebody who handles \$2,000,000 of revenues that the governing body depends on; thinks it's crazy. Mrs. Poling reported Walmart is being banked on but it is not here yet; dangerous to vote and put an ordinance in effect if it is not a done deal yet; could be tremendous delays. Mrs. Sovich-Lapinski reported Council is on a tight budget with no wiggle room; has chaired the Finance Committee since elected; if don't get the Walmart money, all the reason to be prudent in every avenue including tax collector. Mayor Poling reported he disagrees with that; received a check in December for \$125,000 for expenses already paid; money coming in should not be thrown away; over the past 2 years the Liquid Fuels Budget money was not part of the budget discussion; this year has \$250,000 tucked in that budget; will show it to Council. Mrs. Sovich-Lapinski reported Council is working with a negative cash flow; can't use the cash on hand to balance the budget; income and revenue have to equal. Mr. Googins reported the subject at hand is the reconsideration of the ordinance.

Mrs. Barthelemy reported that a roll call was not taken to see who is present. Mr. Googins reported he was waiting to see if any other Council members arrived.

Kelly Roberts, 235 Dogwood Circle; understands it is not the person but the position to be discussed; Council needs to make adjustment in the budget and see where the money is going; rather than selecting one position for

reduction in compensation; suggests Council should evaluate other paid positions and do comparisons; after that is done there may be two or three other positions that a percentage of pay could be reduced so that one position alone is not taking a 60% reduction in pay; Economy Borough has a borough manager, borough secretary and an office assistant; are all three paid positions necessary and if so would Council consider reducing the pay of these positions by 10% or 15%; asks that Council reconsider such a drastic reduction from an important position; reduction may cause current tax collector to reconsider running; with the outcome of the election, Council will regret these casted votes; her personal opinion is that punishing those who work hard and are successful at what they do is all the rage; does not want Economy Borough to do that; that is what it feels like; sees a person, not just a position; if concerned about the finances, do it fairly and spread it across the other paid positions; if this is taken to the Courts and Economy Borough loses will be disgusted; may be wondering if her position is going to be kept and her being an incumbent, the same thing is going to happen to each of Council; no resident wants to pay money out for a lawsuit. Mrs. Sovich-Lapinski reported Cranberry Township just went through the same issue insofar as getting their tax collector in line with other municipalities in comparisons and they were successful.

Mrs. Gnarra reported Cranberry did not have a court case; the tax collectors did not fight it; discussed the operations of her office.

Mike Lucia, 416 Golden Grove Road, reported this is an important vote; why aren't the other two Council members present; are they excused. Dr. Trecha reported they were present at the last meeting when this meeting date and time was set.

Todd Gnarra asked how Cranberry revamped the tax collectors pay. Mrs. Sovich-Lapinski reported Cranberry put a \$35,000 cap on wages for the \$38,000,000 collected.

Mr. Googins reported Council should look at every Economy Borough employee; have talked about this; to make sure all employee wages are equitable for the job that they are doing; the tax collector is unique to others, as the decision needs to be made by February 15, 2013.

Kelly Roberts reported Economy Borough will have more income collected by the tax collector with the increased property values; this will help the budget; suggests holding off on this; do an analysis comparison for the next election; make an informed decision so that nobody is hurting due to this. Mr. Googins reported he has looked at this and has done the analysis he needs to do personally with information gathered; agrees the tax collector is more than just a job; presumes the members of Council have done the same.

Michelle Poling reported the discussed that the litigation took 3 ½ years; went through the appeal process; if Council is going to cut the tax collector commission 60% but might have to spend \$300,000 on litigation if it went to the Supreme Court; if Council is trying to save \$30,000 is Council willing to put Economy Borough in harms way that could cost \$250,000 to \$300,000; already litigated and very close to the numbers of Mrs. Gnarra; after February 15th all an attorney has to do is file an injunction at the Beaver County Court house; do we have the funds to get in a litigation. Mrs. Sovich-Lapinski reported Council is here to vote against the veto.

Bill Raymer, 2840 Ridge Road Ext., reported Council has an attorney to advise them right or wrong; if Council doesn't cut now, when; Doty is not guaranteed that position; he voted for her and his wife worked with her. Mrs. Gnarra asked if his wife's work came in and cut 60%. Mr. Raymer reported they did. Mrs. Gnarra reported there is a story behind that.

Mrs. Gnarra reported if Council does not vote the best for Economy Borough which is to keep it the way it is, her attorney is going to file the injunction tomorrow; there is going to be litigation; has already had a case to the State Supreme Court; not going to back down; not saying threats; just telling what it is going to be; is this the only position Council can find money from and cut; Council is taking her below the smaller municipality is

unreal; not just for her, but for the next person going in; the work will not get done in the hours Council wants; was told when Council first got into office that their minds were made up; fine if Council thinks they want Economy Borough to put out money; if Mr. Fouse tells Council they should not go through with it Council would still do it; this meeting was nothing but a formality to show face.

Mrs. Barthelemy responded she does not take this vote lightly; has looked at figures and research; her decision is not based on emotion; this is not a like or dislike of the individual that is currently holding the tax collectors office; Council has to vote as their conscience see fit; with the continued talk of litigation, as a Council member it comes across as a threatening type of position; she is not basing her decision on fear of litigation; basing her decision on what is best for Economy Borough; read Mayor Poling's veto again; for the record, paragraph 3 regarding a letter sent, she had no knowledge of it. Mrs. Gnarra reported Mrs. Barthelemy did not state that at a meeting so as far as she is concerned everybody went along with Mr. Googins; not one Council member stood up and said it was wrong; knows how many hours it takes; has done it for 28 years; to do the job right and serve the people the way they should be; also has a lady who helps; comes out of her pay; costs \$10,000 per year out of her pay to run that office; if she does it on her own the money will not make it to the bank; if forced to work 21 hours that is exactly what she will do; Council says that is what she is getting paid for; she is now one of the lowest paid tax collectors in Beaver County and has the third largest district; Brighton Twp is making what she is making and has 1,000 less parcels; if she collects 100% will make \$17,000; not collecting all 100% would make it \$14,000; take \$10,000 (\$5,000 for AASD, \$5,000 for Economy Borough) of her own money; basically telling her at the end of each month she will owe Council money; Council is not trying to save money; if they went after the other people at large, their pays would have been cut too; don't think Council is going to cut their pays 60%; has an assistant in the office; how many phone calls; how many walk ins a day; she has 100 people a day; upset because she does not see where Council's reasoning is coming from.

Mrs. Sovich-Lapinski reported Mrs. Gnarra collects 1.7 to 1.8 (million); the 2012 pay for the tax collector was \$45,000; Hopewell Township collects 2.1 million and gets paid \$10,000. Mrs. Gnarra reported they don't have the per capita and their office is in the municipal building; they are paying her expenses; give her \$10,000 per year for her expenses. Mrs. Sovich-Lapinski reported Council paid \$9,000 for expenses. Mrs. Gnarra reported Council pays what is required by law; if any of her office equipment breaks, will Council buy her new ones; this all comes out of her pocket; the insurance she has to carry; Council doesn't know the thousands of dollars it cost her when the lady fell in her driveway. Mrs. Sovich-Lapinski reported all the more reason to have the office in the municipal building. Mrs. Gnarra reported the people don't want it in the municipal building because they don't get the service; Council is just doing this because of what went on; it started right after that; if she makes it in the Spring and this has not been settled; Economy Borough will get 21 hours; that is all she is getting paid for; by law only has to be open the last couple days of the end of the discount period; can't afford to be open with help. Mrs. Sovich-Lapinski reported the tax collector is getting paid a percentage on the tax collected; this is a decision she has to make. Mrs. Gnarra reported she is not making sense; it is a vendetta and it has been. Mrs. Sovich-Lapinski disagreed; Council is in contract negotiations. Mrs. Gnarra questioned cuts for the people at large; there should be a 60% pay cut for each and every one of them; they get hospitalization and pension; tax collectors get nothing. Mrs. Sovich-Lapinski reported they have to wait until the contracts are done; benefits are part of the position; asked if Mr. Gnarra has benefits. Mrs. Gnarra reported yes; asked Mrs. Barthelemy if as an attorney she would take a case that someone has a 60% pay cut. Mrs. Sovich-Lapinski reported the point is we do not know who the tax collector will be. Mrs. Gnarra reported she does not care; Don Sivy's wife is fighting for a raise and the AASD is going under; would he cut his wife 60%. Mr. Sivy reported that is not Economy Borough business. Mrs. Gnarra reported Council is cutting her 60%; if she makes it that is what she is going to have to take; after 28 years a real slap in the face; lived in Economy Borough all her life; volunteered as an EMT for 12 years with the ambulance service; when Council tells her the people at large get a 60% pay cut and took benefits and pension from them, then she will talk; ok we are all doing it; that is not what Council is doing; they singled one.

Butch Thompson, First Street; asked when this does go to litigation will Council divvy up the money; easy to spent taxpayers money; Council should each write a check to pay for it.

Michelle Poling asked Mr. Fouse if what Council is proposing with this ordinance could be classified as past practice next year so that residents could begin to start to compare across Beaver County looking at what borough managers, borough secretary's, janitors make; start to begin a past practice to do this; one person's compensation has been looked at. Mr. Fouse reported why it is happening now is because those that are going to run for that office next year have to take out petitions on February 15th; the statute says specifically when this ordinance has to be passed. Mrs. Poling reported she understands that; up until that time nobody else has had their compensation cut to save Economy Borough money, has been looked into changing or altered. Mr. Fouse reported generally looked at is what other municipalities have paid their managers or secretaries and go about discussing it from there. Mrs. Gnarra reported Council is taking the third largest municipality in Beaver County and putting it at the bottom for the pay scale; reported Council's own example shows she is within what is being paid. Mr. Fouse reported the only parameter that the law provides is on the high side not more than 5%; on the low side, not so low that it prevents the tax collector for doing his/her job. Mrs. Gnarra reported that is what Council just did; the State Supreme Court just ruled that you can not do that; not worried about it any more; knows what she has to do. Mr. Fouse reported the circumstances in that case is a group of tax collectors got involved; they intervened in the case; they took a position that that school board should have gone out and looked at what other like tax collectors make; they took that position and the courts agreed; people like this have to go out and look at what other similar situated tax collectors get paid; then use those as comparables; those are the only direction you can have in making this decision; personally thinks when an elected body has to fix the salary of another elected position is ridiculous; but that is the way it is set up. Mrs. Gnarra pointed out that Brighton Township gets \$9.00 per parcel; he got \$32,000; take her salary, divide it by the parcels and she gets a little over \$9.00; where is the comparison; he gets extra for per capita and office. Mayor Poling reported he made phone calls; Harmony Township is 1%, but she is set up as the treasurer to supplement the difference in income; could not sign the ordinance. Mrs. Gnarra reported Council has their own solicitor telling them. Mr. Fouse reported what he said was here are the parameters; you have to fit it in there somehow; that is his opinion. Mrs. Gnarra reported Council knows where it is headed for and if they want to spend Economy Borough money that is fine; they said they were bringing her to what the other tax collectors were getting; that is not what they have done; third largest district goes to the bottom; can't look at the percentage because they all get different things; i.e. 1% with office, 5% when penalties are collected; Council did not do their homework and will never admit it; understands saving Economy Borough money; don't single one person out when there are three other people at large who get a raise and benefits and pensions taken care of.

Michelle Poling reported Mrs. Barthelemy said, Mr. Googins said Mrs. Sovich-Lapinski started this; somebody's compensation for collecting our revenue in Economy Borough is serious; totally confused on this.

Mr. Googins reported at a Council meeting on November 27, 2012, Mrs. Sovich-Lapinski, as chairperson of finance, sent a letter to Economy Borough Council with recommendations for payment of compensation of the tax collector; that is what he was referring to; it is a public document; a motion was made on November 27, 2012, to authorize the solicitor and borough manager to draft an ordinance to set the compensation at 1%; that document was drafted; on December 11, 2012, motion was made to advertise the proposed motion; on January 8, 2013, that ordinance was discussed at Council and voted on unanimously by the 6 of the 7 Council members present.

Michelle Poling asked why Council was included in the letter; Mrs. Barthelemy just said she did not know this letter went out; is talking about a letter sent to residents about Mrs. Gnarra. Mr. Googins reported that has nothing to do with what Council is talking about tonight; the letter last June was regarding double payment of taxes. Mrs. Poling reported she understands that, but Mrs. Barthelemy questioned why Council's name was on it when she was unaware of the letter; questioned if Council is making the decisions to do things or just a few people; her discussion with Mrs. Barthelemy was about the tax collectors new ordinance. Mr. Googins

reported that is two different issues; one was last June and is over; has nothing to do with what Council is discussing tonight; this ordinance was passed unanimously by 6 members of Economy Borough Council present; Mayor Poling disagreed and wrote a letter addressing why he disagreed; Council is addressing the letter from Mayor Poling and if Council wants to reconsider the ordinance as it was passed. Mr. Fouse reported under the law Council can either, at the meeting that the Mayor Poling brought the letter to (the last meeting), have a motion to reconsider at that time or have a meeting within 10 days at a special meeting; where we are at now; the appropriate procedure would be for a motion for reconsideration that ordinance. Mr. Googins reported this ordinance was discussed at 3 previous meetings; tonight Council is trying to address Mayor Poling's concern about the ordinance as written; everything talked about tonight is different from Mayor Poling's letter; now we are all up in arms about something that came up a month and a half ago; wished it was discussed earlier; an ordinance unanimously passed by Council (every member present); now Council is to reconsider that vote. Kelly Roberts reported anybody that spoke tonight should have just kept their mouths shut. Mr. Googins reported no they should speak. Mrs. Gnarra reported Council's minds were made up before they got here. Mr. Googins reported Council is voting on an ordinance that was already passed. Mrs. Poling reported she thought Council was voting on to override. Mr. Fouse reported that is a term that was used in the Borough Code; now the term is reconsideration; Council is reconsidering their vote after the mayor put his veto on (the ordinance). Mrs. Roberts asked if only on what Mayor Poling said and not on what the people said. Mr. Fouse reported some of the comments he heard had to do with what he said the parameters were; absolutely, that is what is part of this procedure; respectfully disagrees with some of what President of Council said; thinks some of public comments that relates to compensation are appropriate comments. Mr. Googins reported he agrees with that.

MOTION by Mrs. Sovich Lapinski, seconded by Dr. Trecha – to reconsider Ordinance No. 439 after the veto was made by Mayor Poling.

ROLL CALL VOTE:

Mrs. Barthelemy – Yes

Mr. Bucuren – Absent

Mr. Burns – Absent

Mr. Sivy – Yes

Mrs. Sovich-Lapinski – Yes

Dr. Trecha – Yes

Mr. Googins – Yes

Motion carries by a 5 Yes, 2 Absent vote.

ADJOURNMENT:

MOTION by Mrs. Sovich-Lapinski, seconded by Dr. Trecha – to adjourn the meeting.

CARRIED UNANIMOUSLY Time: 9:15 PM

Respectfully submitted,

Susan A. Blum
Borough Secretary
February 6, 2013