

Fear factors

Council ups proposed tax hike

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By MARK MARONEY (mmaroney@sungazette.com) , Williamsport Sun-Gazette

City Council proposed a 1-mill real estate tax hike Thursday night and passed the first reading of the 2013 \$21 million budget.

Council President Bill Hall and others not relishing the increase put the proposed millage increase into perspective.

"We started with a fear of 3- or 4-mill increases, so getting down to a 1-mill increase, I think we did a good job," he said.

Article Photos





CRAIG S. McKIBBEN JR./Sun-Gazette

City Council Member Randall J. Allison, center, peruses line items in the city budget during a budget session Thursday evening at City Hall.

In order to balance the budget and leave the city with what Hall described as a "reasonable" fund balance, council proposed a tax rate of 11.58 mills.

That's \$100 more per year for a household assessed at \$100,000.

The hike is subject to change by next Thursday's second reading of the proposed budget.

While Councilman Randall J. Allison considered it an incremental increase, he also said the city government can't continue to rely on the taxpayer, particularly when 40 percent of the properties in the city remain tax-exempt.

Councilman Jonathan Williamson noted the city either can increase taxes, which none of the council members want, or cut services.

"We've reduced the fat that existed 10 years ago and we're cutting meat now," he said.

The budget, as proposed, reduces the police force by three officers and the Streets and Parks Department by two employees.

Williamson said the only solution to continuing to raise taxes and cut essential personnel is a structural change at a state and federal level, particularly with costs associated with increased health care and pensions.

"We're bailing a sinking ship," he said. "Do we continue to cut services we need and value, or raise taxes - that we hate."

Two of the biggest adjustments voted on at the meeting were to:

Cut \$97,000 out of the projected proceeds of a pending sale of a parking lot on Mulberry Street at Via Bella, reducing the proceeds to \$3,000, and

Add \$50,000 to pay for an information technology position.

A developer has offered the city \$250,000 for the parking lot, on which it wants to build a senior citizen housing apartment complex.

However, the city has opted to take a conservative route and is basing its projections on a sale price of \$100,000, Williamson said.

The sale of the property may not happen this fall; therefore, the city removed the bulk of the sale price from its expected revenues.

William E. Nichols Jr., director of finance, estimated it will cost \$25,000 more to pay for the information technology worker's benefits and equipment.

"I will come back next week with the estimate on additional costs and ways to fund the position and look at our allocation of revenues for that from the budget," he said.

Councilman N. Clifford "Skip" Smith said cities face financial distress because the state ranks among the highest net corporate income tax rates in the nation.

"It's something cities can't control," he said.

Cuts and additions

Council voted to reduce the city clerk's health care expense by \$10,000 because she opted out of the insurance, choosing instead to use her husband's insurance, Nichols said.

It created a separate natural gas fee budget by taking money out of the capital budget in order to better monitor income arriving in the account.

For instance, \$600,000 has been proposed for Reach Road improvements and \$100,000 will be put into the housing projects at the former Brodart warehouse on Memorial Avenue, Nichols said.

Council took money out of the litigation line item in Mayor Gabriel J. Campana's budget. It took \$70,000 out of Campana's litigation and added \$50,000 into council's legislative contingency budget. The city can anticipate arbitration with the police union, because the union's contract ends Dec. 31.

The city anticipates paying legal services and having potential costs incurred by whatever the arbitration award is.

Council took \$50,000 from a \$330,000 budgeted for flood levee certification and will move it into the account set up from the gas fee, Nichols said.

"Essentially, council created a gas fee account that pays for \$250,000 worth of paving streets, \$50,000 for the levee recertification and \$50,000 for the Reach Road project," he said.

Council took out a \$75,000 transfer in the capital projects budget and added \$100,000 to consultant services that are within the fiscal officer's budget, Nichols said.

"The net effect is an increase by \$25,000," he said.

Another proposed change, but one not voted on, focused on Campana's request to restructure city debt.

The city will look at whether it gets more in wage, mercantile and business privilege taxes next year, which it expects to, Nichols said. It will take \$30,000 of that as a funding strategy to save money and pay down the principle of that debt.

"If we get more, that percentage will be used to reduce the amount of time we 'kick the can' down the road," Hall said.

Council meets at 7:30 p.m. Dec. 13.