



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Wednesday, April 28, 2021

5:00 PM

Council Chambers

Special Meeting

Roll Call: Council President Guridy

Present: 6 - Cynthia Mota, Daryl Hendricks, Julio Guridy, Ed Zucal, Ce-Ce Gerlach, and Joshua Siegel

Excused: 1 - Candida Affa

Discussion: American Rescue Plan - criterion/expenditure priorities

Mr. Julio Guridy stated that he called the meeting to talk a little bit about the American Rescue Plan and look at the expenditures and priorities. They had a quick preliminary meeting with Mayor O'Connell, Leonard Lightner, Seth O'Neill and Mike Hanlon.

Mr. Leonard Lightner stated that many have heard and read what is out there. He will reiterate those facts. They spoke to the White House Coordinator, Mr. Sterling, the Council for the Department of Treasury, and the US Conference of Mayors. He stated that it was signed March 11th, the \$1.9 trillion package, provide \$360 billion of federal fiscal funding. The money that the city is receiving \$57 million is the local fiscal recovery funds. The American Rescue Plan is the entire Plan. When they talk about the \$57 million, they are talking about the local recovery. He stated that the city of Allentown is an entitlement jurisdiction. What that means is that they get funded directly through HUD. the funds have to be expending by December 31, 2024. They have asked the questions with the other cities if they don't spend that money at that time and don't have an answer yet. They do talk about will there be an extension. They don't know until the actual guidelines rollout. Some of the guideline will follow the CDBG funding. It suppose to be given out within 60 days. They should anticipate something within May, May 19. The first tranche is half which is \$28.1 million. The other part will come out 12 months later. The same time those funds rollout, they will rollout the guidelines rollout. He asked if they can get the guidelines prior. The Department of Treasury and the Counsel team said more than likely they will rollout at the same time. He went over what the funds can and cannot be used for. There are four basic areas: COVID-19 public health emergency, any negative impact including assistance to households, small businesses, and nonprofits, or aid to

impacted industries such as tourism, travel and hospitality. They want to spend time talking about that. They talked about it with several other cities. They need to be smart and strategic in spending the local recovery dollars because HUD has received a few billion dollars as well that support to go towards homelessness and housing. The SBA (Small Business Association) is also receiving a few billion dollars as well. That is going to go towards helping small businesses. It will go towards PPE and EDIs.

Mr. Julio Guridy asked about if there is no money coming eventually.

Mr. Julio Guridy asked about if there is no money coming eventually for homelessness, housing and small business. He asked if there is an assurance that it is going to come or it is just talk.

Mr. Leonard Lightner stated that the feds already done that by giving the city \$3.4 million for homelessness. The Secretary of HUD stated that they already received the funds. The Small Businesses Association already received their funds. The funds are there because the city already received notice. They are about to prepare the Resolution. The Department of Transportation already said that be prepared that funding is coming out as well.

Mayor Ray O'Connell stated that this is above and beyond the \$57 million.

Mr. Julio Guridy asked if they sent a letter.

Mr. Leonard Lightner stated for HUD, the city got a Notice.

Ms. Ce Ce Gerlach asked if there is an anticipated amount for each of these.

Mr. Leonard Lightner stated that he does not have that and he does not think they will give the city that. When he went to the previous slide with the Community Development Block Grant, that is how they are calculating how the city is going to receive funding. They go through a particular calculation on how much municipalities are going to receive.

Mr. Julio Guridy stated that he thinks he read that the city was an entitlement city because of population.

Mr. Leonard Lightner stated it is because of population.

Mr. Julio Guridy stated that it is 50,000 and up.

Mr. Leonard Lightner stated that Allentown has been an entitlement city for years through HUD.

Mayor Ray O'Connell stated that one other thing, on top of this, the county is getting \$72 million and the city is 1/3 of the population of the county. He is sure that the city won't get the 1/3. It is good to be in Allentown right now.

Mr. Leonard Lightner stated that if they go to B, B talks about the Premium Pay. Respond to workers performing essential work duties for COVID 19 Public Health Emergencies by providing premium pay to eligible workers in metropolitan cities and not entitlement. The city can look at the premium pay that the city paid out.

Mr. Seth O'Neill stated that there are a lot of options available for cost recovery revenue replenishment in the legislation. They are waiting for more guidance about what they can and cannot do with regard to the spending of these funds. One thing they were able to calculate when you compare the revenue shortfalls that can be contributed to the COVID emergency to the most recent previous fiscal year, you can find a lot of line items that you can attribute to the loss of revenue the legislation says directly to the pandemic. They have identified preliminary before they know what the rules and regulations are: \$2.5 to \$2.7 million in revenue refill.

Mr. Leonard Lightner stated that if the city paid out any premium pay in the past, they can try to recover that. They also talk about premium pay currently. They can talk about an additional \$13 bucks an hour, but that can't exceed \$25,000 per employee that is entitled to premium pay.

Mr. Daryl Hendricks asked if that is going over the duration of December 31, 2024.

Mr. Leonard Lightner stated that is the date when we started the pandemic up to now.

Mr. Julio Guridy stated that the premium pay that we paid to the Fire Department we can recover that and put back into the General Fund.

Mr. Leonard Lightner stated yes. Up to \$13 hour, but maximum \$25,000 per employee.

Mr. Julio Guridy stated that the fireman is more than \$13 an hour, but the total amount of \$25 is less than what the city paid per person.

Mr. Leonard Lightner stated yes. Now, again, the city wants to clarify it

with the Department of Treasury. Once the city gets the actual guidelines, we can clarify that. The next bullet point talks about the reduction in revenue for the metropolitan city. He went over an example on the reduction of revenue. These are in two tranches. Once we get our second tranche next year, we should get the Delta in 2022.

Mr. Julio Guridy asked if the city can do that with EIT or Stormwater or Business Privilege Tax.

Mr. Leonard Lightner stated that he can't answer that right now. It says lost revenue.

Mr. Julio Guridy stated that they are giving funding later on for business reduction and business reduction in Business Privilege Tax. Most businesses in 2020 did not do as well as they did in 2019. They will find out. They are finding out now that it will be a drop in Business Privilege Tax based on the businesses that closed. He stated that will be a big number.

Mr. Leonard Lightner stated whenever the city can take advantage of it. They will take advantage of it.

Mr. Julio Guridy stated that he just want to clarify that. This particular one we can use for the reduction of income for Business Privilege Tax.

Mr. Joshua Siegel stated to be clear, what the language is saying is that we can use it for whatever our structural deficit was at the end of the year. That is as far as they can go. We can take the \$22.7 million and take up to \$22.7 million. That is the aggregate budget deficit last year. We had a \$700,000 shortfall. We can take that and not a penny more.

Mr. Leonard Lightner stated that there are some other things that they are not quite sure of. Water and Sewer: Make necessary investments in water, sewer and broadband infrastructure. That is big. When you look at the City's Capital Plan. There are things in the Capital Plan to address this. When you are talking about water and sewer, if there is a way to relief the burden of the citizen, we should do this. When we talk about fixing the infrastructure. We want to look at that. It is the long-term benefit for the citizens. When they talk about the broadband infrastructure. They want to position the city in a fashion that broadband can do a few things. In our school district, the kids did not have access to the internet. What broadband would do and allow for our citizen is to have access to the internet. There is an opportunity to receive ROI for long-term for the city that it brings in revenue for the city then we should be doing that because now

we as a city can't take advantage of the utility, but can do it through the community or community foundation. They are working with a local IT doing a Feasibility Study at their own cost to help the city with the broadband. He had a conversation with ASD and they are interested in participating in this broadband investment. They want to make sure they invest. If the city fails to comply. People asked about homelessness, housing, programs and what to invest in programs and nonprofits. He has been getting all sorts of emails and phone calls on concepts and ideas of what people want to put the money towards. We are going to get a single audit. We are going to get audited on these funds. Again, these funds are tied up to the CDBG Concept as well. We have to have documentation on every dollar we spend. It has to be a paper trail. We have to be smart on what we do and how we set up these programs. They have been working daily to try to see how they can help with the rental assistance. Do we set aside \$1 million to go towards rental assistance. Possibly, yes. The city is not opposed to that, but that is something they are thinking about. We don't know what will happen with HUD. We have to tailor the program and document this stuff. If the city gets audited and HUD does not agree with it, the city has to pay that money back.

Ms. Cynthia Mota stated that she does understand that it has to be documentation because they have to account for the money. If we have this money for rental assistance, why is the state making it so difficult. The last time, you had to bring information on how much money you were bringing in for social security. If you were taking some kind of welfare, you had to bring in a letter stating that you are taking welfare or taking welfare. If you were unemployed, you had to have a letter stating that you were unemployed. It was so difficult for them to contact the social security agency, unemployment agency and welfare agency. I hope they are mindful because of the COVID, that they do not have enough staff and they don't pick up the phone. The people who actually need it will be with nothing. She is hoping that the city can be open-minded and they can speak to those people letting those people know the difficulty that the community have.

Ms. Ce Ce Gerlach asked with the county also getting money, are there preliminary conversation that specifically collaboration on specific projects or areas without getting into too much detail.

Mr. Leonard Lightner stated that he reached out to talk with a couple individuals at the county to schedule a meeting. They talked about the long-term plan to address homeless, housing. They have a concept and Plan. They are waiting to here from the county. They are aware.

Ms. Ce Ce Gerlach stated with the broadband she is glad to hear that. The

city has 17,000 kids in ASD who needs internet. If and when they go back in the classroom full-time they still have the virtual academy.

Ms. Ce Ce Gerlach stated that the city does not want to duplicate service, but maximize the efforts.

Mr. Leonard Lightner stated that they know that. Your team knows that and reaching out and having conversations. He reassured Council that the conversations are being had.

Ms. Ce Ce Gerlach stated if you got money from the county and money from the city and merging that together you can do more. She knows a lady that was able to get a job because her child's hotspot through ASD. She was researching in Lancaster that they have some kind of broadband. Is that working?

Mr. Joshua Siegel stated that Kutztown is the only municipality in Pennsylvania that offers its own municipal broadband service. When the state law went into effect, it preempted any municipality after of creating their own municipally run broadband. The gold standard from this broadband is Chattanooga Tennessee. They created their only municipal broadband back in 2009. As Leonard said we have to do it through a nonprofit entity or a company willing to. Kutztown is the only one we could reach out for municipal guidance. Their biggest hurdles have been signups. They don't have sufficient amount of people to sign up for the service. Therefore, it is a cost liability for them. It would be less of a problem in Allentown. We are a much larger municipality and we could be in many ways be a regional hub for internet would make it a huge cost benefit, especially if we invested and do it right, make it a service and make it competitive. If not exceeding private like actors.

Mr. Leonard Lightner stated that it is better and sometimes you can do it cheaper. We can be a hub for the valley. It is doable. A lot of people are leaving the west coast because of cost and businesses find that you have broadband and it is faster and cheaper, businesses will come.

Mr. Joshua Siegel stated that it is a huge rise in remote work. It is about 40 percent of the workforce will be permanently remote post COVID. It is a huge opportunity to attract thousands of people that want to work from home remotely for the rest of their lives. We need supper internet to make that cost competitive and compelling.

Ms. Ce Ce Gerlach stated that her third area of course is with the housing and homelessness. With the federal money that is coming, \$3.5 billion that alone will cover buying property then it is gone. Are there thoughts

allocating money towards rental assistance or holding money for homelessness and still have services to provide.

Mr. Leonard Lightner stated that this is a question that he would look to Council. Are we going to make everybody happy. There are some decisions for you as Council will have to make. He stated that he will present the plans to Council, but ultimately they will have to vote on it.

Ms. Ce Ce Gerlach stated that at the last meeting he stated that he will have conversations with different p[roviders in essentially stepping up their game.

Mr. Leonard Lightner stated that he has talked to the county and Northampton County and a couple other players in terms of long-term plans. It looks like there is an appetite there. They want to make sure there is a solid plan, there is data and say this is what the City of Allentown, its Councilmembers, the Mayor is willing to bring or offer. Now, the city needs them to step up and fill that gap.

Ms. Ce Ce Gerlach stated that she was more so referencing nonprofits to handle rental assistance or homelessness. Maybe their regulations need to be adjusted so they can serve more people.

Mr. Leonard Lightner stated that with the organizations he has to wait to see what will come out with the guidelines. One of the things required to be a part of that, you have to have at least two years as a nonprofit and two years of audited financials. If you don't have two years of audited financials, you are already out of the game. We try to help guide to get to that point. They put on here that you can give to nonprofit, but did have not clarified what are the requirements for that. He wants to be careful of when they are giving funding out we are going to address housing issues or homelessness. Is the organization qualified or has qualified individuals that know how to calculate the things that needs to be calculated to make sure the person meets the financial hardship that is required. The ones at the Lehigh County Conference of Churches or Catholic Charities. Some of the organizations have gone through a housing training seminar or have through PHFA and have housing training. Those are the things that we have to kind of look out for to make sure if he is giving nonprofit A to help with rental assistance, he wants to make sure they are able to do that. Because once the audit takes place, it still comes back to the city. When the audit comes, we still have to go and audit them because that is what our HUD Department does. They go and do the annual audit and then when HUD comes from the state or Philadelphia they asked for the documentation from the different nonprofits. If that nonprofit fails on the documentation, it is on us. We pay it back. He stated that he does not

mind doing that, but he wants to make sure they can handle whatever it is.

Ms. Ce Ce Gerlach stated that she gets that. She wants to ensure that they are going to dispense funds to a nonprofit, especially this amount of funds that they are inherence to our nondiscrimination Ordinance. that they are actually helping folks that are in various marginalized communities.

Mr. Leonard Lightner stated that when they talk about transparency and Mike Hanlon can attest. He has been on the review committee for he does not know how many years. When they were doing the scoring for CDBG.

Mr. Michael Hanlon stated that Ce CE was on the last one.

Ms. Ce Ce Gerlach stated that she was.

Mr. Leonard Lightner stated when you talk about transparency and how we handle funds, we have to go through that scoring system.

Ms. Ce Ce Gerlach stated that the scoring system can change she was told.

Mr. Leonard Lightner stated that it could change, yes.

Ms. Ce Ce Gerlach stated that it seems like they need to do that.

Mr. Leonard Lightner stated that they can talk about that, but when we change it we want to make sure that they are able to meet the requirements. From the city's standpoint, we are never against helping a nonprofit grown, teach them and help them. Those are conversations that we can have on the side.

Mr. Julio Guridy stated that with the conversations, we got to know which one is the one who usually do these this kind of work anyway. If there are new ones that come in, they just have to meet the guidelines like the rest of them. We all know who they are. They are social service people. He asked if there were any other comments.

Mr. Joshua Siegel stated that it is not a comment, but he thinks now is the opportune time for Council acting proactively. It was wise to call this meeting. Maybe the next step is maybe as a Committee of the Whole, but as a body try to come to a consensus of what we would like to accomplish at a structural level and what are the investments they think would be wise to make. Obviously, the Mayor is going to have a community meeting and we are going to get input for community leaders, but as Leonard indicated, we are the legislative body and needs to provide guidance. All their

perspectives matter and there are things that he wants to work on and he thinks that they all want to focus on. They do need to have a constructive conversation about what are the long-term priorities and try to think about it strategically and pair it down to some key sectors and key areas so that they don't disperse the funds so much that they dilute the impact. This is a once in a lifetime shot in the arm for Allentown. It is not everyday you get \$57 million from the federal government.

Mayor Ray O'Connell stated to Mr. Siegel that he is right on the mark. You want this money, and in 2024 you have to spend it. The long-term effect should be a legacy for the city. What we have done to help the families for five years, for 10 years, for 15 years, for 20 years. That is what it is all about. You are correct. You are on the mark.

Mr. Joshua Siegel encouraged Council to look at it at a sectorial level. Housing is obviously a big concern in this city, but let's look at it at a intersectional and comprehensive way. It is not just homeownership, but it is lead abatement, both in the pipes and the paint.

Mayor Ray O'Connell stated that they have \$5.6 million for that.

Mr. Joshua Siegel stated that the one thing that the city struggled to fix is our infrastructure. Our water infrastructure. We know that Flint Michigan is not unique. Plenty of Allentown kids are exposed to lead that is higher than that in Flint in many households and we need to do a good job and those are the long-term things. Taking care of our kids. The health of our children. Investing in our housing supply. Building more of our housing supply where we can use these dollars to incentivize and do some big housing projects to create lots of supply to drive down the price and make housing more affordable. This is really a historic opportunity. We definitely have to be strategic and bold and really think as a body.

Mr. Leonard Lightner stated that he wants to leave Council with this. Remember, we have two years. You all voted before on the Capital Plan and Vision 2030. We can't spend a lot of time deliberating and discussing all these other concepts and ideas. Many people have said before, in a community we create all these plans and they sit on the shelves and they never get implemented. This is the perfect opportunity that the Vision 2030 that you guys voted on. The Capital Plan that you guys vote on every year. This is an opportunity for us to put a big and make a big difference in the city by showing that what you voted on with these Capital Plans and Vision 2030 we can make these things happen. They have discussed that and it is the direction from the administration standpoint. We don't want the citizens to be annoyed with us again that we created and spent all this money and time and effort and plans and we don't follow our plans.

Mayor Ray O'Connell stated that the city had the Vision 2030 for 10 years and would say when are we going to get the money. How are we going to get the money? Guess what, we have the money. Utilize the Vision 2030 Plan and implement the mission of the city. The Capital Plan is every year.

Mr. Julio Guridy stated that he agrees. They should look into Vision 2030, the Capital Plan and the Novak Report. There are things in there that the city needs to do. We can be more innovative. We are looking at a large sum of money that we were not expecting. We are looking at a large sum of money that we were not expecting. It really makes sense to make whatever we do to make it doable and make our city the shining star not only in the Lehigh Valley, but in our state and in our country. Let's do it together.

[15-4227](#) American Rescue Plan

Attachments: [AMERICAN RESCUE PLAN FUNDS for council](#)
[American Rescue Plan Research](#)
[American-Rescue-Plan-Webinar-March-19-2021-no-pascodes](#)
[BILLS-117hr1319enr](#)
[USCM-American-Rescue-Plan-Overview](#)
[Final State and Local Allocation Output 03.08.21-1](#)
[League District Meeting Agenda Notes - April 6](#)

ADJOURNED: 5:48 PM