



Minutes - Final

Budget and Finance Committee

Wednesday, March 27, 2024

6:00 PM

Council Chambers

Roll Call: Chair Napoli, Hendricks, Gerlach

[15-6780](#) Monthly Financials and other reports

Attachments: [02 - February](#)

[12 - December 2023 V3](#)

[Allentown published credit opinion](#)

[Allentown published press release](#)

[FINAL-BF Committee Remarks for February 2024 and
December-V3-2023 Monthly Report](#)

Ms. Bina Patel stated that on March 18th, they published the third and final report for 2023 that was as of December 31, 2023. She stated what she would do now is talk about that report and talk about the current month they published which was February. As of December 31, they ended the year with the General Fund Revenues were stronger by two percent. They had budgeted the General Fund Revenue at \$142 million. The city came in at \$144 million. It is stronger by two percent. The expenditures were budgeted at \$144 million and they spend only \$131 million. The city saved \$9 million in 2023. They closed the year strongly for the General Fund. She shared the Public Safety numbers: Public Safety Police Premium Pay: they spent \$2.5 million; Fire: \$3.5 million and EMS (Emergency Medical Services: they spent \$825,000 in 2023. Investment wise, they closed the year and the cash position at the end of the year was \$41.9 million. They closed the ARPA Fund and spent about half of what was awarded to them. They close the year with a cash position at the end of the year with \$33.1 million. She stated that the monies are invested in either TD Bank for liquid cash to pay our vendors, or in the Pennsylvania Local Government Investment Trust (PLGIT). She walked them through the city's cash position. They closed the year with \$41.9 million. PLGIT is with 35.6 and TD Bank has \$6.2 million to pay our vendors. She walked the committee through the current month. February 29th was the end of the month report that they provided. They are still early in the year to project any kind of concerns, but the General Fund Revenue came in at 14 percent which was \$20.1 million. The expenditures came in at 11 percent of the budgeted amount. It is at \$16.5 million. The total General Fund Budget is \$142 million for 2024. The Risk Fund, the Solid Waste Fund, the

Stormwater Fund, the Golf Fund, the Rental Fund all funds, revenues and expenditures are at the February expectations. Between one percent and six percent of the budgeted amount. Public Safety Premium Pay: Police, Fire, EMS are between 12 and 15 percent. She stated that she has no concerns at this point as long as they are under 17 percent which is two months if you look at the expenditures. The investments cash position at the end of February. They are at \$45.7 million. She is walking them through where the monies are invested available in the TD Bank for liquid cash to pay our vendors and make the payroll. It is \$4.5 million and \$33.7 million is in PLGIT. She stated that \$30 million of that is invested in the term investment, yielding between 5.21 percent and 5.71 percent and maturing at different intervals as the payments come due. She has the investment maturing so they can make those payments or either debt payments or MMO payments. She stated now she wants to walk them through the ARPA funding and where they are at with the cash position with the ARPA monies. At the end of February, they had \$32.7 million remaining in the ARPA cash. She stated that \$30.8 million is in PLGIT and 25 of that in PLGIT is invested in terms and maturing at different intervals. Depending on the projection as to when the expenditures will be coming in. Approximately, \$2 million is in TD Bank and that is yielding us 4.25 percent and the other monies are in the Money Market Fund and the PLGIT yielding currently at 5.13 percent APY. She stated that she will pause at this point to answer any questions you may have on the December 31, 2023 final report or February 29, 2024. The second month report and then have a few other things she would like to share with the committee.

Mr. Santo Napoli stated that he will start. It is not a question, it is more of a comment. He commended all the departments. The numbers that she gave them for December with the belt tightening for expenditures. He stated that he believes Ms. Patel stated that it came at \$133 million and budgeted for \$144 million. He stated that is a significant drop. That goes to everyone finding places to cut and finding ways to be more efficient and save the city some money. He commended all the department heads for making that happen. He stated that is it for December and as of now, March looks pretty normal and looking good so far. He asked if there were any comments or questions from his colleagues, or comments from the dais, or questions or comments from the public.

Ms. Bina Patel stated that she would like to update the committee on where the Finance Department is at. Treasury Bureau has began the audit and they closed the year and began the audit for 2023 financials. The auditors are saying that they are most likely be able to complete the financials by the end of July. She stated that is the update on closing the year end and providing the financial report for year 2023. They have also and she has shared this with them before that they are migrating from Eden to Munis

Enterprise System. For the financial modules, the go live date is March of 2025. By that time, they should have the modules running and should be able to move and go live with that. Also, she had a call with the Moody's Rating Agency last week and the Rating Agency has released a rating for the city and she is happy to share with them that they have upgraded them to A2 from A3. What that means is the upgrade to A2 recognizes a much improved financial position that the city will likely be able to maintain because of solid fiscal management and conscious long-term financial planning. Economic growth has driven tax revenues significantly higher which combines with the expenditure controls and a property tax in 2019 helped the city to achieve structural balance following the long history of budget. These are the statements from the Moody's analysis. Now, the rating rationale of A2 incorporates the city's solid financial position in good budget management and economic and tax revenue following many years of structure imbalance, smoothed over with various nonrecurring budget maneuvers. The city has strengthened its financial management and now has an available fund balance of 31.3 percent of revenue. Although Allentown may face political obstacles to increasing revenues if necessary to balance future budgets, sharp financial management will preserve a more solid financial position going forward. The rating also reflects two key weaknesses. The city's high priority, low income economic base adjusted medium household income is just 71.2 percent of US medium income and the large Moody's adjusted pension liability. The city's General Obligation Bonds are rated at the level of the issuer rating because of the full faith and credit pledge supporting the bonds. She stated that she wanted to share with them since they are upgraded to A2 from A3. She stated that she will pause for any questions that the committee might have for her.

Mr. Santo Napoli asked if there were any questions from his committee members. He stated regarding the Moody's update, he wants to thank her. He knows during budget season there was votes and talk about using the General Fund to plug the budget hole. He thanked Ms. Patel for not doing that. He stated that they know that would have impacted their score and the ability to borrow. He thanked Ms. Patel for good fiscal management stating that they appreciate that. He asked if there were any comments from the public regarding the updates.

[15-6749](#)

Bill 23

Amending Section § 5-21 Contracts, E (2) to read as follows:: The selection process shall be based on the objective criteria contained in the RFP and shall be conducted by a Selection Committee composed of the Director of Finance, Department Head, Bureau Manager, and any other staff deemed appropriate except in the case of an investigation authorized by ordinance under Section 201 of the Home Rule Charter wherein the ordinance shall authorize a selection committee.

Sponsors: Gerlach, Hendricks and Mr. Zucal

Attachments: [Bill 23 Investigation](#)
[Ordinance #15998](#)

Mr. Santo Napoli asked if there were any comments from his committee members, or from the dais. He stated that his quick comment he knows that it was a hang up on this Bill, this amendment to include the Finance Director. He views it as a compromise and he thinks that if they don't include the Finance Director, this investigation never moves forward. He stated for him, that is counter-productive. He doesn't see the hang up with including the Finance Director to pick a vendor. He stated that he prefers that and seeing the investigation move forward that way they can put it behind them. He thinks if they are going to follow this Bill, they are going to continue to go in circles and they are not going to get anywhere. He asked if there were any comments from the public.

Ms. Ce Ce Gerlach stated that the way she kinds of views this is not necessarily retroactive. She doesn't know legally if they could make this be retroactive. She sees this as thinking about the future in case if there were to ever be another investigation called for by Council. They wouldn't have to go through all the challenges that they are currently facing in terms of what they can do or what they can't do and have to navigate waters that they never navigated. She thinks by amending this, it would set it out clear for future investigations, if there are any for future Councilmembers, future Mayors, future Finance Directors or future everyone. She didn't really see this as a retroactive amendment. She saw it as a forward facing amendment. She stated that personally she is separating the fact that they called for an investigation right now. She is separating that fact from the idea of future investigations maybe happening and that is why she supports this. They all know how it's been to try to figure out and how to navigate waters that they never navigated. The Charter doesn't quite 100 percent apply them and it would really just make it clear for the future.

Mr. Santo Napoli asked if there were any other comments from the dais.

Mr. Daryl Hendricks stated that he would add that in light of what Ms. Gerlach mentioned here, he does believe going forward where this doesn't really affect the previous, but going forward it gives them latitude on how to conduct these. He stated that he will be supporting this moving this forward favorably.

Mr. Santo Napoli thanked Mr. Hendricks and stated to Mr. Hanlon that the analysis that Ms. Gerlach gave about it not being retroactive. He asked if that is how he reads this.

Mr. Michael Hanlon stated correct.

Mr. Santo Napoli stated that this is definitely something moving forward.

He stated that he is reading it that way and wants to make sure that they are all on the same page.

Mr. Michael Hanlon stated that they can ask the Solicitor about it being retroactive.

Mr. Santo Napoli stated that it feels like they are going to be in the same spot hypothetically if they have the same situation four years from now. He stated let's say they are not here, but other folks are here. He asked if they are going to have the same situation where a mayor and a solicitor don't want to sign it because it didn't go through the proper procurement. He stated that he knows that this amendment is supposed to solve that. He is just trying make sure he understands how this could affect things going forward. He asked if there were any comments from the public. He stated that they will dig more into this at the City Council meeting. He would want to get some background from our solicitor and some other folks to make sure, but for now he needs a motion on this bill.

Ms. Bina Patel stated that she just has a comment. She asked is it possible and stated that there is a word she would like to add as a designee and asked if they do this now or during the regular Council meeting.

Mr. Santo Napoli stated that he is supposed to do it now. He has it written down and missed it. The way it reads, they were going to add a word which is the third line, the selection committee composed of the Director of Finance, the Department Head, Bureau Manager, Designee, and any other staff deemed appropriate, except in the case of an investigation authorized by ordinance under Section 201. They will add that and make that amendment during the City Council meeting. He thanked Ms. Patel for pointed that out. He asked if there were any other thoughts.

A motion was made by Ce-Ce Gerlach, seconded by Daryl Hendricks, that this Bill be forwarded to City Council.

Yes: 3 - Santo Napoli, Daryl Hendricks and Ce-Ce Gerlach

Enactment No: 15998

[15-6671](#)

R31

Council recommends ARPA funds not appropriated be directed to towards offsetting any potential tax increase and used for critical infrastructure projects.

Proposed Amendment: Amend the resolution to take the 1.2M from community reinvestment and place it into the general fund to be used for recommendations from the housing study.

Sponsors: Affa, Hendricks and Mr. Zucal

Attachments: [R31 ARPA Resolution](#)

[ARPA Funds Cash Summary 3.22.2024](#)

[Resolution #30821](#)

Mr. Santo Napoli asked if there are any thoughts from the administration on this.

Ms. Bina Patel stated that she would like to just point out a couple of things. They have until the end of this year to appropriate the funds and the timeline is by the end of 2026, but the funds must be appropriated by the end of 2024. She thinks the funds during the budget process that were assigned as a community reinvestment is \$1.2 million is not the amount that is designated to a specific entity. All of the funds that the city has received has been appropriated.

Mr. Santo Napoli stated to be clear, it only involves \$1.2 million. This bill.

Ms. Bina Patel stated that is correct.

Mr. Santo Napoli asked if there were any comments from his committee members.

Ms. Ce Ce Gerlach stated to make sure that you heard correctly, this would have involved taking that \$1.2 million from the community reinvestment fund which would address issues such as housing, hunger and community issues then using that money to offset a tax increase and infrastructure.

Mr. Santo Napoli stated those are the two that are mentioned here. Offsetting any potential tax increase and/or use for critical infrastructure projects.

Ms. Ce Ce Gerlach stated that she is completely against that. Some of the questions she would have would be if any organization already applied for the money and the community investment funds. She stated that would be her first question. Second, one of her next question would be and she has been in rooms where there have been conversations about swapping out money from one of the recipients: Ripple with other money. She doesn't know if the conversation and will leave it at those two. She stated that she does have more questions.

Mr. Santo Napoli asked the administration has anyone applied.

Ms. Bina Patel stated no. She doesn't believe so and stated that she has a response to question #2 that Councilperson Gerlach was stating. That money for Ripple is coming from CDBG Home ARPA and it is being used

for providing the chiller for the HVAC problem for city hall and the public safety building are facing currently. Ripple will receive the \$1 million, it is just coming from a different source. CDBG also received ARPA funds like the city of Allentown receives ARPA money. She stated that \$1 million will be given to Ripple from CDBG Home ARPA money and the ARPA money is allocated for Ripple from the city of Allentown money would be spent on remedying the issues with the HVAC systems.

Mr. Michael Hanlon stated the Council is in receipt of that bill.

Ms. Bina Patel stated that is correct.

Mr. Santo Napoli thanked Ms. Patel for the background.

Ms. Ce Ce Gerlach stated since some of this is because potentially there has been some infrastructural challenges at some of our public safety buildings with the HVAC system. Obviously, that is important to fix. She stated that she sees that they allocated \$4.5 million to the police headquarters and the Central Fire Station. She sees that the HVAC system will be a critical infrastructure need. She asked if there is a rationale on why they wouldn't use some of that \$4.5 million to address that infrastructure need.

Ms. Bina Patel stated that idea when the Council body allocated that \$4.5 million for each major public safety project was for new construction. This HVAC problem occurred much after that and it was more recent within the last two months that they are facing the problems with the HVAC system.

Ms. Ce Ce Gerlach stated that she understands. She asked the question in another meeting in reference to that where if they were to use ARPA money to fix the HVAC system and then they renovate the police headquarters, would that mean we would have to tear that out and redo. The answer was no. That would be considered and they would be able to stay. It would mean that they wouldn't have to do it again. She stated that is interesting. She asked if now the appropriate time to ask questions on the swap of the money for Ripple or did she hear something about April 3rd.

Mr. Michael Hanlon stated that they received a bill and that bill will be introduced on April 3rd.

Ms. Cynthia Mota stated to Ms. Gerlach that it would be a little premature to be asking questions now. They should wait.

Ms. Ce Ce Gerlach asked if they should wait until April 3.

Ms. Cynthia Mota stated yes.

Ms. Ce Ce Gerlach stated that she is completely against taking the \$1.2 million from the community.

Mr. Santo Napoli asked if there were any comments from his committee members.

Mr. Daryl Hendricks stated that it is important to note here there is significant portion of the ARPA funds that already been allocated to social agencies and community groups. What they are facing here with the infrastructure is why he feels it is so important is significant dollars and talking probably north of \$50 million between a new police station and a public safety fire academy or fire house and with Central ambulance which will incur significant increase in taxation to the public and the taxpayers of the city of Allentown. It is important that any dollars that they can utilize and certainly this is appropriate to be used for that purpose and specifically how the government has put the ARPA money forward. He stated that he would be in favor of moving this forward and it be used for that purpose.

Mr. Santo Napoli thanked Mr. Hendricks and stated that his main concern at this point is the deadline. He just doesn't know if they can get a process to the finish line and once they get that process out, get the applications in, scored, reviewed, which ones get the funds and he just doesn't know where they are. He asked Ms. Patel if she had an idea where they are with that process. He thanked Ms. Kistler. He stated that he is just curious where they are with.

Ms. Vicky Kistler stated that they still in sort of a holding pattern. They had an original process and it was a very complicated process. It was ARPA restricted process with deadlines. She had approached Council to consider putting this money in revenue replacement and then reallocating it to a fund that would remove ARPA restrictions. They created a simpler process, if that would happen. They now created three different processes under three different conditions with three different plans. She stated that they haven't used any of them. They need a committee if this should be put together. They need a scoring committee should this be put together. They need an application process which takes a while. That means they need to open an application period. They need to have a scoring period, a public input period. She stated that she agrees with them that the deadline is looming. They can pull that together if they need to pull that together, but they need to make some final decision soon about how this money is going to be handled even if it is being put into reinvestment. These deadlines are very tedious and the reporting is very tedious for these agencies that will be

taking this money.

Mr. Santo Napoli stated to Ms. Kistler understood and thanked her for that background. He stated last year, was his first budget season and talked a lot about how folks are struggling out there. They learned about a looming garbage hike that they know is coming based on other municipalities near the city. They know it is a potential large increase because of that. While he doesn't like pulling from this fund, but he does think that if they do use it to help folks avoid a high increase, it is doing the same thing. They are being helped. The taxpayers are being helped. He stated that they talked a lot about them last December about how they have to make ends meet. He stated that he thinks if they do use this to help offset those sort of increases, they are still doing good with those funds. He stated that he is concerned about the deadlines, concerned about the paperwork, concerned about all the and he is not against work, he works hard. It seems using it towards a potential tax increase would be a lot swifter and a lot and would deliver the same results to our residents that need it the most. He stated that is just his thoughts. He asked if there were any other comments from the dais.

Ms. Cynthia Mota stated that she would really hate to see a tax increase. She stated that they heard from the community. The community is hurting, getting back on their feet and she wouldn't like to see a tax increase. If they can accept with that money a tax increase or maybe helping buying a new system, the air conditioning system, she would really would like to see that money to be used for that.

Mr. Santo Napoli thanked Ms. Mota and asked if there were any comments from the public.

Ms. Sherri Bender stated that this is just to clarify on April 3rd, there will be a conversation about the ARPA funds that were originally allocated to Ripple. She asked is that a separate conversation. She asked is she understanding that.

Mr. Michael Hanlon stated that the bill will be introduced and sent to committee and the conversation will take place.

Ms. Sherri Binder stated that is separate for what they are talking about.

Mr. Michael Hanlon stated no, it is the same thing. It would allocate funds for an organization. It will be introduced and sent to a committee. The discussion will take place at that committee and that committee will refer the bill to Council.

Ms. Sherri Binder stated that if she has a questions about that she should wait until that future time.

Ms. Cynthia Mota stated yes.

Ms. Ce Ce Gerlach stated that before she votes, just looking at this chart in terms of money that has been given to the community. From what she sees, they have \$1 million to CACLV for the youth shelter. The \$1 million for Ripple that going to be taken and replaced by the funds. The \$1 million to the HDC Affordable Housing. They are up to \$3 million. They have \$2 million for the Strauss and that's it. She asked is she right or is she missing something.

Mr. Santo Napoli stated that he doesn't have that in front of him.

Mr. Michael Hanlon stated that she is reading it right from the sheet.

Ms. Ce Ce Gerlach stated that it is \$1 million, then \$2 million so that's \$3 million. She stated that is \$4 million if you county Ripple and then \$5 million - Community Action. Out of \$57 million, the city is giving \$5 million to community organizations, if she is reading it correctly.

Mr. Santo Napoli apologized that he does not have that sheet. He stated that he is missing it. Ms. Bina Patel stated that Da Vinci is \$1 million.

Ms. Ce Ce Gerlach stated that she was thinking more so not businesses.

Mr. Santo Napoli stated without having that in front of him, he knows there is a lot of infrastructure on that sheet, but he also looks at that as a way to avoid future tax increases. If they don't use ARPA to fix our infrastructure then they have to lean on the taxpayer. He views it as a way to help the community indirectly. He knows it is not and they talk about storm drains and stuff like that. It is not exactly something that is glamorous, but it is needed and our residents aren't shouldering the burdens of the costs. He asked if there were any other comments. He stated that we have a motion and a second motion. He asked if there were any other comments from the administration or any other updates.

Ms. Bina Patel stated that is all she has.

Mr. Santo Napoli stated that you have a lot tonight and thanked her for everything and stated that they appreciate it. Thank you for the good news regarding Moody's. That is great.

A motion was made by Daryl Hendricks, seconded by Santo Napoli, that the funds to be used for critical infrastructure projects for the city and could be used for offsetting any potential tax increase.

Yes: 2 - Santo Napoli and Daryl Hendricks

No: 1 - Ce-Ce Gerlach

Enactment No: 30821

Adjournment: 6:35 PM