

Allentown

Minutes - Final

# **City Council**

Wednesday, August 12, 2020	5:30 PM	Council Chambers

## Special Council Meeting

Allentown City Council will hold a special meeting on Wednesday, August 12, 2020 at 5:30 PM to discuss and vote on R85 and to discuss and vote on resolution relating to R86. R85 is a resolution that executes an integrated agreement to resolve and settle all pending legal disputes related to the lease with the Lehigh County Authority. R86 is a resolution that created a dialogue on policing in the community. Additional resolutions and comments related to R86 will be posted on the agenda found on the city website. The meeting will be livestreamed. The link to the meeting can be found on the city website with the agenda and legislation at https://www.allentownpa.gov. Council will receive comments on the legislation prior to the meeting and will consider all comments from city residents. All comments must include name and address, including your city, and be emailed to Michael.Hanlon@AllentownPa.gov by 2:00 PM on the date of the meeting. Comments received from city residents by that deadline will be forwarded to the Mayor and Council members prior to the meeting and will also be noted at the appropriate period of the meeting. These timely received comments will also be posted on the City's webpage as a supporting document to the meeting. Any comments received on the meeting day, after the 2:00 pm deadline, will be forwarded to the Mayor and Council as soon as practicable.

## Roll Call

Present: 7 - Candida Affa, Cynthia Mota, Daryl Hendricks, Julio Guridy, Ed Zucal, Ce-Ce Gerlach, and Joshua Siegel

## **RESOLUTIONS FOR FINAL PASSAGE (To be Voted On):**

<u>15-3680</u>

Authorizes the Administration to Execute the Integrated Agreements to Resolve and Settle All Pending Legal Disputes under the Allentown Water and Sewer Utility System Concession and Lease, dated as of May 1, 2013, between the City of Allentown and the Lehigh County Authority

<u>Sponsors:</u> Administration

R85

<u>Attachments:</u>	CLEAN EXECUTION COPY 8.10.20- City of Allentown LCA- Final
	Amendment to Lease Agreement
	Blackline of EXECUTION COPY 8.10.20
	R85 LCA Disputes- Council Resolution for Introduction on July 15,
	2020 Amendment to Lease- LCA Final as of 8.5.20
	Amendment to CCRC MOU -CITY FINAL 7.6.20
	Amendment to Lease CITY FNAL 7.6.20
	Amendment to Water Supply Agreement CITY FINAL 7.6.20
	Allentown City Council Committee of the Whole 072220 c
	Stand-Alone Settlement Agreement- CITY FINAL 6.36.20
	August 12 Lease Comments
	Resolution #30026

Mayor Ray O'Connell thanked Mr. Hendricks, Mr. Guridy and all members of City Council. You heard the team give a presentation two times. Obviously, Joe McMahon, Dan Koplish, Jennifer McKenna, Brian Chamberlain, and Craig Messinger. Mr. McMahon, the Managing Director was the lead part of that team. He is going to read some statements concerning and stated that he will have a follow up, concluding statement.

Mr. Joseph McMahon stated good afternoon Council. Before Council is a Resolution authorizes the administration to execute the integrated documents. There are four documents that make up the integrated documents. A stand alone dispute settlement. An amendment to the water supply agreement of 2009, an amendment to the Lease of 2013 and an amendment to the CCR MOU. That is the capital cost recovery. What follows provides some context of why there was an extension of the one week of the vote of this resolution. Paragraph 17 to the agreement to the Lease Agreement provides that the parties agree to be bond by this agreement and agree to execute any and all documents necessary to implement terms as agreed including, but not limiting to an amended restated Allentown Water Sewer and Concession Lease. Essentially, this will be a document that consolidate some of the existing agreement with the integrated documents. The intent was that the amended and restated Allentown Water Sewer and Concession Lease would be prepared if and after the City of Allentown and Lehigh County Authority executed the integrated agreements. On July 27, 2020, LCA (Lehigh County Authority) approved the resolution to execute the integrated documents. At LCA's request the City of Allentown and LCA began preparing an amended and restated Allentown Water and Sewer Concession Lease. Based on the terms of the integrated documents discussions were fruitful and proceeded with greater speed than anticipated so much so that it seems the parties could finalize the language in the amended and restated agreement around August 4, 2020 that the City of Allentown Council was going to vote on the

resolution at that time. In an abundance of caution, just to make sure that there were no issues in taking the language of the integrated documents and putting them in the amended and restated Water and Sewer Concession Lease. The administration asked to move Council's vote tonight to allow these discussions to finish. The discussions were completed between LCA's Counsel and the City of Allentown Counsel earlier this week. From these discussions there were some clarifications in the legal language of one of the integrated documents, but no disagreements. To provide Council with full information these legal language clarifications forwarded to Council and have been posted on the city's website. As our expert Council on this matter will advise, these clarifications do not change the substance of the integrated agreements that have been presented to you previously. They do not change the terms of this agreement. You have been fully briefed on those terms on several occasions including at a Committee of the Whole meeting in July.

Mayor Ray O'Connell thanked Mr. Hendricks and stated that he would be remised if he did not thank Fran Fruhwirth from the Solicitor's office and Matthew Kloiber, our Solicitor put so much input in the settlement and tentative agreement. As we have stated many times, this settlement avoids many risks, uncertainty and expensive legal costs down the road with the arbitration and with LCA. Issues developed in the last several years. They were not anticipated in the agreement. Both sides have come to a mutual understanding and they have moved substantially from the original positions. The settlement is a combined effort and combined interest of LCA and our ratepayers. He urged Council and strongly advocate for you to pass Resolution 85 tonight.

Mr. Daryl Hendricks stated that at this time he will open it up to his colleagues for any questions they may have.

Mr. Joseph McMahon stated that Councilman Guridy had a question that he proposed at the last meeting where you correctly stated that the original agreement in 2013 that everyone was told that a city's assets which are now run and Leased by LCA would be taking care of in a much better way. You were told that in 2013 and you were correct in stating that. He stated that your question is how it changes now. He stated that he had a chance to think about it because he had not thought about it previously. One of the ways that he can tell them that it would be better taken care of. If you remember that we talked about this issue of retained earnings and under the original Lease Agreement whoever bid on it and who won the bid whether it was LCA, American Water or whoever was bidding had the right to retain earnings or in the case of a for profit corporation could have kept the profit that they made on this over 50 years which could turn out to be a very significant figure. As you heard previously stated by others and

himself in these meetings and some of the discussions there is no longer retained earnings or profit here because it was a public entity that runs the Lease for the City of Allentown or has Lease from the City of Allentown these assets for 50 years. They don't have a right to profit. They don't have a right to the retained earnings. What the agreement has stated is what would have been retained earnings will be turned back into either the citizens through rate relief when they get to certain financial criteria that they are on sound financial footing. They will either lower or uphold the rates. The other thing that will happen is what would have been retained earnings instead of them being able to hold them and take them at the end of the Lease. Those would have been retained earnings and it will be pumped back into the assets of the city. To answer your question Julio, you may actually see and one of the reasons that Dan Koplish made that statement is now you are going to take not what they would normally would have done, but they have a duty to take excess money and put it back into refurbishes and replacing to our City of Allentown assets. He stated that he hopes that answers his questions.

Mr. Daryl Hendricks asked who governs that by the PUC then that they cannot.

Mr. Joseph McMahon stated that this is not under the jurisdiction of the PUC. However, there was some concern that if a public for profit corporation had got this Lease that it would be a possibility. No one knew exactly, but there was some talk that was a possibility. In this case, LCA is a public authority. The City of Allentown controls the rates. Now, they were given certain criteria under which the rates would increase automatically. Part of that was the originally rates, plus a certain amount of cost of living and then a certain amount of percentage increase that would get combined for an annual increase in rates so they can keep up with their costs of operating the system. There is the issue of capital assets. Where there investing in capital which is above and beyond what was required of them in the operating standards and Dan and them can give you the more specifics. Generally, speaking, they have the right to return to basically get paid back for what they put in and no assets in our system. It is the ratepayers paying for improvements in the ratepayer system. That is the other way they see it. Any future increases or anything about this lease term would not be governed by the PUC then.

Mr. Joseph McMahon stated not to the best of his knowledge and he doesn't think and he has never seen that happen with public entities. Unless a public entity is serving outside their jurisdiction.

Mr. Dan Koplish stated that is really what the criteria is. You are under the PUC if you have customers. This is not bulk water sales and sewage

treatment, but if you have directly billed customers which are not in your geographic area then you would be under the PUC.

Mr. Julio Guridy thanked Mr. McMahon for answering the question. On that issue of ratepayers and increases. Besides the increases that are already discussed and written in the agreement which are basically attached to the CPI. We are still keeping those rates in there. He stated that he thinks it is 2.5 percent for the first 10 years and then it goes down to two percent.

Mr. Joseph McMahon stated that he believes that stays with it, but will let Dan Koplish speak to that.

Mr. Dan Koplish stated that is correct. Once it becomes more economically stable. It will go back to the rate relief instead of the margin eventuality the margin will be and you will not be paying 2.5 percent. You would not be paying the two percent. You have to remember the bar chart. Basically as it is shown in red. It will be returned to the citizens in terms of not increasing rates or reducing rates.

Mr. Julio Guridy stated that is a good explanation and that is the way it should be. When they started the CPI was about two percent, 2.5 percent, but went down which actually has not been charged. He does hear and he is concerned about how that whole idea of rate changes. He asked was Mr. Koplish saying that they will not be any other rate changes or if it is they can change it and don't have to come to us to do another MOU.

Mr. Dan Koplish stated that all the rate structures and all they are being charged for is structured.

Mr. Julio Guridy stated that it is already structured in the contract. It is no hidden words in there that would say that they can change the rate. The same thing goes for the concessionaires.

Mr. Joseph McMahon stated that is what the Office of Compliance is measuring. They are looking at everything they do to make sure that they are in compliance with the agreements that we have.

Mr. Julio Guridy stated that they are talking about the Office of Compliance. He stated that he knows they have given a couple presentations to us back then. He asked for a yearly presentation.

Mr. Dan Koplish stated that the Office of Compliance can do the work for you. They wrote up the Operating Standards they required that they give a presentation to City Council twice per year. He stated that part of the ratings standard they are required to give a presentation to City Council twice per year. One would be in the Spring which expresses the operations relative to how they come to the requirements of the Lease. One which is in the Fall. It is a little bit of a recap on operations, but the primary components is that the rates would follow here. LCA will be at that meeting to answer questions. They can expand them and expand upon what they do.

Mr. Julio Guridy stated that the other question he has is in regards to the first Whereas for January 7, 2009 Agreement. He stated that he remembers when they did the agreement and it was done before this agreement for the 50 year agreement. He stated that he can't remember how long that 2009 agreement is for with LCA. It is a commercial agreement.

Mr. Dan Koplish stated that it was initially set up as a sweetheart deal for LCA which they are helping to change as part of this settlement. Initially, it was a 25 year agreement which basically had extensions of five years. As they discuss the last time, under that agreement LCA only paid for marginal cost of water. If they agree with the settlement, they will begin to pay the full average annual cost of producing water and they will contribute which is about just shy of 40 percent for all major capital improvements. Right now, they make no contributions to major capital improvements. They are going to help for the major capital improvements and it provides equity to the ratepayers in terms of everybody using our utilities. He stated that the city's utilities pays its fair share.

Mr. Julio Guridy asked when you say that it provides equity to the ratepayers. He asked if he was talking about the Allentown ratepayers as well, not just the commercial ones.

Mr. Dan Koplish stated right now the LCA suburban customers pay only what he considers an unfair portion of the water that they consume and they pay nothing for major capital improvements which is unfair. He stated that they are seeking to correct that with the settlement agreement. That is part of the inclusion in the global settlement.

Mr. Julio Guridy stated that is really good. He asked would it still stay for 25 years.

Mr. Dan Koplish stated that it will go to the end of the Lease. It is one of the things with negotiating. It will go to the end of this Lease.

Mr. Julio Guridy stated that it would be imbedded into this other Lease. He asked if it is 40 percent.

Mr. Dan Koplish stated approximately 40 percent. He stated that he did the math and it comes out to based on how much water they used as proportion of the total water sales. For last year, it was seven million gallons which use the average water sales was about 18 million and that worked out to about 39 percent. That calculation will be made annually. It could go a little bit up and it could go a little bit down. He stated that he thinks a Councilperson asked about that in terms of how that would change over time.

Ms. Cynthia Mota stated that she was one of the persons who asked about the payers and the citizens of Allentown. What is going to happen to them, especially those that have a fixed income. She stated that she has not heard anything as to what's going to happen to them. She stated that she knows that the consumption of water when things are tight might cut a little bit, but it is of great concern because they are on a fixed income and if there are agencies out there that will be willing to help out when those families are in need and how would they get the information. She stated that she is thinking about in the long-run what is going to happen. She stated that he mentioned that the water rates will increase with time. She asked if someone could tell her if they thought of what agency can help. What are the agencies and how we are going to get the information out there to the community. There are people that are in such a hard situation with the pandemic that \$4 or \$5 is a big deal. She stated that she knows it for a fact because she is out there in the community.

Ms. Jennifer McKenna thanked Ms. Mota for bringing that question up. She stated that it is a concern of theirs. She stated that she briefly spoke to her last time she saw her about the idea that they would put together a program after this Lease is finalized. This new agreement is finalized. She stated that they can put together a program that would involve agencies help and maybe the team can be comprised of LCA. She stated that Ms. Mota or any other council people that want to participate. Maybe the administration or the Department of Community and Economic Development to put together something that they can provide assistance to the poor of our community. She stated that at this time, she does want to make mention that they do have a program for the seniors particularly the rebate program that is in place already. She stated that she has statistics on it. Their feeling is that it is under used. One of the things that they can do after this is make sure we publicize it more so that seniors can take advantage of this rebate program.

Ms. Cynthia Mota stated that she understands the seniors is one of the populations that are suffering the most. Keep in mind, there are families out there. Families of three that cannot make ends meet with the kind of assistance that they are getting and sometime working two to three jobs.

She stated that \$4 or \$10 can make a difference. She stated that she wants everyone to be mindful of that and more than willing to be part of this and part of the solution. She stated that really concerns her.

Ms. Jennifer McKenna stated that is wonderful. She stated that she really looks forward to working with Ms. Mota and whoever else wants to participate.

Mr. Julio Guridy thanked Ms. Mota and stated that he wants to follow up on that. He stated that he thinks Ms. Mota is saying and he had that as one of his questions as well. For instance people that have for a utility payment. PPL has a wrap around program and some other organizations like the hospitals have programs and provide a certain amount of their income to an organization. Usually a nonprofit organization that can distribute that kind of money to help with bills. He stated that he is talking about electric bills, utilities, like gas bills for the wintertime primarily. They also do the wrap around program which helps fix people in need of fixing their houses. Putting new doors, putting covering some of the open space so the wind and the cold can't get in. They have some of those programs and PPL provides a lot of funding. Millions of dollars to organizations throughout the area primarily through CACLV and Casa Guadalupe and he thinks there is funding that goes to the hospitals. He is not sure the funding for the hospital actually comes from PPL, but it comes from the hospital itself. They also have some funding for people that came in and they rent. He stated that he thinks that those are the people that Ms. Mota is talking about. He thinks it will be really positive idea to look into implementing something like that in LCA and make sure that with LCA and the city, we can develop some type of fund. LCA is a nonprofit organization which really doesn't supposed to make profits from the ratepayers. It is really, really good that they were able to get LCA to get this Lease deal. He thinks that they said that they will be looking into it and if they can get back to Council in regards to when, what and whom. It would be really good. He asked about the Capital Cost Recovery Charges. He asked them to talk about that a little bit briefly. He stated that it is a MOU, he understands that.

Mr. Dan Koplish stated that the Capital Cost Recovery Charges are in the Lease. Initially, when the Lease was structured that if the Concessionaire spends more than \$1 million on a Capital Cost Improvement or a Pump Station is renovated, they are allowed to borrow money for that or they spend cash. They are allowed to recover their investment over a year or 20 to 30 years. Typically, based on the lifetime of that expenditure.

Mr. Julio Guridy asked if they will be coming back to the city. There is no extra money that they will be making the loan and borrowing that comes from the structural design that you have already. Instead of making a loan

to do some capital projects, it will just be taken from the ratepayers fund that they get.

Mr. Dan Koplish stated that it is a charge that appears on your bill. You will get on your bill, LCA will explain it.

Mr. Julio Guridy stated that he is just saying that it is nothing additional.

Mr. Dan Koplish stated absolutely not. The point in fact one of the things is if they spend their own cash we got them to reduce from the language in the Lease allows them to charge the rate that the PUC is presently recovering which about 9.75 percent. They will only charge if they use their own funds, 5.4 percent.

Mr. Julio Guridy stated that you are talking about PUC, but we talked it earlier that PUC would not.

Mr. Joseph McMahon stated that is why he put his finger up is because they just used PCU's rate for the charge for capital. That got put in the original Lease and that got put in the original Lease which is outrageous considering they could borrow for less than two percent.

Mr. Julio Guridy stated that is what he is trying to figure out. He asked if there is borrowing use.

Mr. Joseph McMahon stated that their rate and put it into the Lease. PUC has no authority there. One of the reasons they put it is because you were dealing with public corporations that are under PUC jurisdiction. That is for the rate of return for using their own money that they were used to. In order to entice them to bid, they wanted to seek the same rate of return. Obviously, they are not in the same situation, but they are willing to concede from a very high rate to a lower rate.

Mr. Dan Koplish stated that when you finance a project you either borrow for it in which case the capital cost recovery based on the interest rate on that loan if they use equity or cash it is based on the PUC rate. It was put in there so that you will have a value that you could determine what rate they will charge for equity or cash investments.

Mr. Julio Guridy thanked Mr. Koplish for explaining that.

Mr. Daryl Hendricks asked if there were any other questions, concerns or comments from his colleagues or the public.

Mr. Mike Hanlon stated that there were questions from Three Hs

Consultants and they were answered.

Over the next 10 years, necessary capital projects will cost approximately \$150 Million. Review: LCA staff submit their Five-year Capital Improvement Plan (5yrCapex) to the LCA Board of Directors for discussion at their public meeting; the public are encouraged to comment. Office of Compliance (OoC) review: LCA staff also submit their 5yrCapex to OoC as required under the Concession Lease Agreement (LCA), Article 4. The OoC reviews these annual submissions and provides comment to LCA. Our deep scrutiny of Major Capital Improvement Projects begins when LCA submits an individual project (also in accordance with the provisions in the LCA, Article 4) at the conceptual design stage. We continue to monitor the projects from substantially complete design, through construction to project closeout. From the Solicitor's Office: In reply to you question this morning, the PUC does not have jurisdiction over utilities owned and operated by municipalities for the benefit of their customers who reside within their own corporate boundaries. Please see http://www.puc.pa.gov/consumer info/water/wastewater.aspx. The City of Bethlehem's PUC request is only for those residents who reside outside the City's municipal boundary. New rates once approved by the PUC will be applied equally to customers both inside and outside the City. City Council sets rates for inside-city customers. Please see https://www.bethlehem-pa.gov/News/Water-Sewer-News/2020-Water-Rate-Filing. Prior to the Concession Lease Agreement (the LCA), City Council approved the water and sewer utility rates. After the Lease to LCA went into effect, the LCA provided and continues to provide the mechanism for annual rate increases. The Settlement Agreement which is pending before City Council, while allowing for an increase in the fixed rate, provides additional measures which will reduce the City ratepayers overall bill, including, but not limited to, the following: the Suburban Division's contribution to the cost of water production, reduction in capital costs for Water plant improvements and the reduction in equity rate of return. Next can you explain. How under this agreement the public can have a person or city official who represents The public concerns of rate cost and No place to have details of why the rate payers must pay increases For bonds and loans that are not related to cost. Public projects that was maintained when city own the water Now are rate hicks by LCA So the rate payers and tax payers Have both to pay city and county own water why are the rate payers getting the bill for maintain employment issues That the owner the city paid for Now become part of the rate bill Legacy cost for ever on bill Without and place were the public can Complain or change the way the cost is calculated to rate payers This one issue overlook And we would like to have a better agreement on the cost to rate payers This agreement is one sided because no one from public was represented at the negotiation This can be fix ! If some one or city Wants to protect the public ? H team

#### Comments from Mr. Hunsicker; three documents

He read that they want the Ethics Committee to have members do their job just like the article Time to Have Action. The Water and Sewer deal is not a good deal for the public. It is very political from the Diamond Express. He stated that there was other correspondence from Mr. Hunsicker and that was in regards to a bond issue. In terms of comments before the vote, if you are going to vote there is nothing.

Mr. Daryl Hendricks thanked Mr. Hanlon and stated that he would just like to comment that just very recently Bethlehem City is asking for a rate increase through the PUC and it will be 12.7 percent. Many of the Pennsylvania Public Utility Commission, Pennsylvania American Water Company are going to hold hearings and he is not sure where they served, but they are also asking for rate increases. This is not unusual and he is personally a customer of Aqua Water which is another private company and the rates have really increased over the years. The increases here are reasonable and certainly understandable in light of the improvement to the system. He stated that he is in favor of this and thinks that the city needs to get this behind them rather than spending money on additional lawyer fees. He commended all those that worked on this. It was painstaking. He stated that they did a great job coming to a settlement and what is being presented to them.

Mr. Julio Guridy stated that there are some of the attorneys on the phone. They were trying to talk before and they couldn't. He wondered if Council can give them a chance to say something.

Mr. Joseph McMahon stated that Council mentioned the PUC and Bethlehem going for a 12 percent rate increase. One of the reasons you will see high rate increases is that they will not go every year for a small rate increase. To go in front of the PUC, and this was Bethlehem four or five years ago. It cost you upwards of a quarter of a million dollars just to go in front of the PUC to get a rate increase. When you are not a big system, you are not going to go there every year. You are going to wait a couple of years because it is so costly. you are not going to pay \$250,000 a year, you are going to wait three, four, or five years before you ask for another rate increase.

Mr. Julio Guridy asked if there were any Concessionaires in Bethlehem or just themselves.

Mr. Joseph McMahon stated that most of the system is owned by the Bethlehem Water Authority, but operates on behalf of the Water Authority because it is more than a finance authority with the exception of the reservoir and the water lines that come down from the Pocono's.

Mr. Marc Feller stated that he tried to get a word in before. He stated that Joe answered the question about the rate of return on the investment. The reason why it was a higher rate put into the original agreement is because they were doing a competitive bidding process and they had to keep all the provisions standard for everyone they can have a fair competitive bid process. Majority of the bidders were regulated utilities companies, they used the PUC permitted rate of return so they would know if they were getting a fair rate of return based on what the PUC would normally require. Even though in that situation, they would not be subject to the PUC in the context of a Lease Concession Agreement. They still expect to get the full rate of return that the PUC allows. of course, they did not know at the time that LCA was going to submit the winning bid. They wind up getting a little bit of a windfall by being able to use the higher rate of return that was allowable for utilities and now they are correcting that and going down to a lower rate of return almost half for investments they make out of their own funds. He thinks the questions that were raised were good ones and everything has been summed up pretty well in terms of where we are right now. There is no question about the rates are going up all over the place. He stated that for water and sewer, he is paying \$1,400 a year in Lower Bucks County. It is going up another \$400 because they have a Sewer Treatment Plant that needs to be rebuilt. This is happening all over the Commonwealth. It is unfortunate. There is no way around it. The DEP is a major factor in requiring municipalities to upgrade their systems to prevent overflow into the rivers. You dod the best you can. It is a good agreement and they worked very, very hard and LCA was very cooperative and flexible. It is beneficial to avoid a lot of litigation.

Mr. Daryl Hendricks thanked Mr. Feller and asked if there were any further questions or comments.

- Yes: 6 Candida Affa, Cynthia Mota, Daryl Hendricks, Julio Guridy, Ce-Ce Gerlach, and Joshua Siegel
- No: 1 Ed Zucal

Enactment No: 30026

15-3727 R 94 Supports working with the Police Department on establishing certain policies, and doing additional research, introductions, discussions and future votes on resolutions and ordinances related to various matters.

Allentown City Council introduced Resolution R86 on July 15, stating in part - council is committed to a community dialogue that includes examining police operations, legislative and community advise, requiring certain reporting requirements and establishing a policy on force. City Council held a Committee of the Whole on July 29, formally commencing this dialogue and scheduled a meeting on August 12 to resolve certain issues and scope out a plan of action within a certain time frame.

<u>Sponsors:</u> Administration, Gerlach, Hendricks, Guridy, Affa, Mota, Mr. Siegel and Mr. Zucal

Attachments: R94 Policing FV

August 12 R94 Comments Resolution #30027

Mr. Daryl Hendricks thanked Mr. Hanlon stating that he knows that he spend a lot of time drafting this and redrafting it. He stated that for those who don't know Council has two interns who will be working with Mr. Hanlon on this project over the next 45 days. It is great and it will be a big help to Council. This is the type of work that they do in their studies. They are both from Kutztown University.

Mr. Michael Hanlon stated yes and both are Allentown residents. They certainly have a vested interest in this. They will go through that process in a very objective manner and make that information available to us. That will be very helpful to us.

Mayor Ray O'Connell stated that the administration supports R94 along with all Councilmember. This is a good compromise over the last couple of weeks. It is a good start, but obviously much dialogue will be needed over the next several months to come to fruition of which way we want to go with R94. It is very important that we involve the entire community and at City Council meetings which they will continue to do and have done in the past and will continue to do that. That administration does support R94.

Mr. Daryl Hendricks stated that he agrees and thanked them.

Mr. Mike Hanlon read the following:

Lisa Young, 1539 East Emmaus Ave

I am hearing that there is a push to defund our Allentown Police Department, I am a business owner in the city, my family all live in the city of Allentown, we depend on our Allentown police when violence arises, please do not defund our police department.

Melissa Moyer-Schneck, Teri Moyer-Miller, Darren Moyer, Matthew Moyer, Fred Moyer 224 N. 10th Street No Defunding

James Lisicky 1929 East Pennsylvania Street I do not want the police defunded , I support the apd. I have a blue lives matter flag, we need more funding for police.

Mark McDermott, 1929 West Cedar Street

I add my name to the list, as I do not want our police department defunded. I fully support the Allentown Police.

#### Christine Dakes, 1054 N. Ott St.

I urge you and Allentown City Council to NOT defund the police! In fact, quite the opposite is needed due to increases in crime and lawlessness! I am a life-long supporter of the police, and they need our support and funding! Citizens fear the chaos, anarchy, lawlessness we are seeing! We need our police more than ever! I am life-long resident of Allentown, first on the South Side, and now on the West End since 1990. I have seen the decay of Allentown, and crime creep into my neighborhood. DO NOT DEFUND THE POLICE! WE NEED THEM NOW MORE THEN EVER! We need more police and police funding! not less! Do not act to defund the police at this upcoming Wednesday city council meeting. I vehemently support the APD and oppose defunding.

#### David Seng of 2405 Tilghman Street

My name is David Seng of 2405 Tilghman Street, 18104. Please do not in any way reduce the funding of our Police Department. I am a 100% supporter of our law enforcement and as many citizens, I find this idea of defunding to be completely ridiculous and short-sighted.

## Frank E Griffith, 36 S. OTT STREET

Public office positions should be defunded. All representatives should volunteer their time and hold a Job that would allow them to do so. We should be able to kick them out of office should they not keep there campaign promises they run on. We could use that money for any assistance the men in blue need in regards to the mentally ill aspect of things. Who in their right mind wants to have less protection? I support the Allentown Police Dept and want more men in blue not less. Defunding the Police Department would only jeopardize Allentown's ability to protect itself from any and all Criminal activity. The suggestion to defund the police is absurd. Their Job description has not changed and these times seem to be getting worse not better. Why ask our residents to give up their societal protection? Because of them we agree to live in peace. That would be like asking us to give up our guns. Next it will be our God given rights. If you defund the police there will be no equilibrium/equalizer. Oh I forgot about open carry laws. We don't' have to open carry so far because of the police. We do not need another Wisconsin or Chicago...... or New York or New Jersey. Please do not try and fundamentally transform Allentown. We are Pa Proud. We love and support our Allentown Police Department. We also love and support our Allentown Sheriff Department.

## LAURIE HORTON, 1701 SARATOGA CT

I DO NOT WANT TO SEE MY POLICE DEPARTMENT DEFUNDED. I OPPOSE THIS MEASURE THAT WOULD INSURE THE FURTHER DESTRUCTION OF OUR CITY.

#### Brad Piatt, 707 N Muhlenberg St

I understand there will be a discussion concerning defunding the APD. I support the APD and if anything they need additional funding for a few more officers and equipment. They have done well but struggle with the limited number of officers. I support INCREASED funding of the APD. The idea of defunding is without merit.

#### John Zimmerman, 1917 W. Congress St.

Thanks for working for our city. I would like to voice my support of our Allentown Police Department. I have always had good experiences with them, and I feel that they have worked very hard to keep our city safe. I know that our country is going through a period where a handful of events, often twisted and inflated by the media, have reflected negatively on Police across the whole country. I know many communities think that they are ;Progressive; or Woke; by defunding the police, allowing criminals to have more freedoms, while handcuffing law enforcement. We don't need more crime in our city, and defunding the police will obviously invite more crime. I want to share my support for our brave men in blue and request that any mention of defunding our police be overturned or stricken from any votes at the City Council meeting this week, or in any future meetings. As an Allentown taxpayer for 23 years, I have no problems with my tax money going toward law enforcement. Let's defund the criminals instead.

## Kevin D. Westgate, 1714 W Greenleaf Street

Please be informed that as a taxpaying resident of the City of Allentown, PA, I am opposed to any defunding or and reduction in the budget for the Allentown Police Department. The Police Department is already understaffed and the quality of life suffers without our full budget allotment for the Police Department.

## Linda Kind, 1045 N. Main Street

No to Defunding Jessica Pooley, 341 N 8th There is a Marxist organization called Black Lives Matter that has infiltrated our country and has been using violence and rioting to push their agenda to defund our police. I'm absolutely furious that this is something that is being considered in Allentown and that these people have been screaming their messages into the ears of our council members. Our city is plagued everyday by drugs, violence, and other criminal activities. I see our wonderful officers on the streets every day supporting our community while keeping us safe. We need more police on our streets not less. I advise you to take a look at the criminal activity reported on NextDoor and the Neighbors by Ring App. I

see vehicles being broken into, property being stolen, and now even drive by shootings (https://neighbors.ring.com/n/DLVQ3200O3). I'd love for you all to explain to these citizens plagued by these activities how defunding our police is going to help them. Similar actions have been taken in cities like Chicago with detrimental consequences. If you will not allow our police to protect us you will see this city devolve into similar states of chaos. Gun ownership has skyrocketed in the wake of these protests because people are terrified and they're afraid to speak up because Black Lives Matter members participating in doxxing and violence against those who speak out against them. I will say it again, listen to the silent majority not the screaming mobs of children who contribute nothing to this city. Only criminals want to see the police defunded.

Carol O Donnell, 921 Belford Rd No to Defunding

Linda Slifer 724 N St Lucas No to Defunding

Joanna Blose, 314 S. 23rd) No Defunding

Hongfu Ding, 731 N 29th St I support law and order. Don't defund the police

Barbara Vadas, 2920 W Highland St No Defunding

Douglas and Vicki Hensinger, 945 Meadowbrook Circle No to Defunding

Paul Evans, 5 N 18Th Street, Apt.3E As a resident of Allentown, PA. I fully support the police department. Allentown Police are 100% instrumental to each and every resident in this city. Does the city council realize how much this will affect non-residents who work in this city? Does the council know the businesses that reside in this city will pull out/move! Dear APD, Thank you for all you do! All the following No to Defunding.

Philip Corvino, 817 N 28th Street No to Defunding

Bob and Marilyn Martin, 824 N. 28th St No to Defunding

Lindsay Simock and Jason Simock,925 North Main Street No to Defunding

Isabelle Wessic, 1425 Coventry Rd No to Defunding

Carmie Martino at 1037 N St Elmo St, No to Defunding

Janette Denil, 133 S. Miller Street No to Defunding

Phyllis Trower. I live at 4134 Primrose Drive No to Defunding

Sharon Schneider, 1221 Whitehall Avenue No to Defunding

Paul Breitfeld, 1020 E. Tremont Street No to Defunding: I'll make this short and to the point - If you do anything to put our town in danger by tying the hands of the police, I will form a Vigilance committee.

Jane Avate, 2038 W.Livingston St. No to defunding

Carol Mickley, 2667 Mosser St. No to defunding

Mira and Boris Slizovskiy 2558 Covered Bridge No to defunding

Sharon Billington, 1509 Chew St.

I have two areas of concern regarding R-94: 1. Regarding the possible releasing of body cam footage to the public, does an individual's right to privacy supersede the public's demand to know? Bystanders, witnesses, victims and possible offenders may at the very least be uncomfortable with their image being accessible and available, potentially forever, on virtual platforms for all to see. It also could subject these individuals to negative social media comments, misuse of their image, opportunities for retribution, and potential for physical and emotional harm. This could then present liability issues for the City if permission from all on the film are not secured before releasing the footage for mass viewing. If a person does not want footage released, then the City needs to have effective communication in place so that the public is aware of the circumstances

behind the non-release. 2. Regarding the final paragraph of the document, the reviewing of "priority budgeting and allocation (reallocation) of resources as they relate to community needs", it must also be required that there are expectations of accountability and transparency for the supports, services, sectors, and agencies receiving these funds. This is necessary to ensure that the prioritizing of these funds is not creating unintended consequences or ineffectual in their goals. Therefore a quarterly or bi-annual report should be required and include the following: 1. The names of the services, supports, sectors, or agencies receiving the prioritized funding, 2. How this service, support, sector or agency was vetted and why it was chosen, 3. The amount of money that was appropriated, 4. How the designated funds were spent or are intended to be spent as well as what was spent to date, 5. How many citizens will this funding target and benefit and are there specific demographics to be prioritized, 6. Identify rubrics for measuring success, both initially and on-going, 7. Is this a self-sustaining or renewable program/service, 8. Is it a one-time funded investment, 9. Will it be able to continue if public funds are no longer available, 10. Are grants available and is there a designated person to pursue these options, 11. Since it is assumed that this prioritized funding may come from the Allentown Police Dept. budget, has the enhanced funding to these services and supports reduced total police calls, police interactions, and/or arrests in these focus areas, 12. Has any reduced funding of the APD, due to changes in funding priorities, caused longer police response times, inability to meet the needs of the residents (whether criminal or quality of life), or reduced the ability to investigate law violations in a timely, effective, transparent manner. This Resolution specifies accountability, transparency, and discipline requirements for the APD, therefore, there should be the same standards and expectations for any service, support, sector, or agency receiving the prioritized funds. As the saying goes, "The road to Hell is paved with good intentions". Wherever funding is directed, we need to make sure that it is maximized for improving the quality of life and safety of all the residents of Allentown and that it is not wastefully or ineffectually utilized.

#### Sue Gowdy. 901 N Glenwood St

Just putting my 2 cents in about defunding the police. As a former Deputy Sheriff for Lehigh County I am appalled at the current state of affairs in this country. Do not bend to the vocal minority and take any money away from the police force. You have an excellent chief in Glenn Granitz. You can work with him to make the department a great department. His community policing efforts have been amazing. I want to support APD in every way. Thank you!

Theresa Geiger, 621 N. 20th Street No to Defunding

Lindsay L. Taylor, 2639 W. Washington St. No to Defunding

Barbara and Eugene Cathy, 2722 W Washington St. My husband and I are Allentown residents and disagree with any measure to defund the police. Additional funding: YES, if the police deem it necessary. Defunding: NO.

Richard Harris , 2608 W Tilghman

Jill Schralla-Stephens, 826 N 22nd St

Jayne Wasilewski, 3031 W Greenleaf St

I am against defunding the police. Afterall what are we paying taxes for? To let lawlessness overtake our community, businesses property? Who will be there to protect us? Defunding the police that unselfishly put their lives on the line daily to protect those they do not know is a fundamentally bad idea.

Ethan Burda, 415 N 23RD Street No to Defunding

KATHLEEN M DUNN 426 N.BROAD STREET ALLENTOWN, PA. No to Defunding

Jan Tarulli-Bush, 1939 W. Congress St. No to Defunding

Lynne Robinson, 2314 W Livingston St No to Defunding

Anita Eaves, 214 N 40th St

Ken Roth, Vicky Roth- 625 N. 29th St. No to Defunding

Mary Nagle, 3831 Highpoint Drive No to Defunding

Lawrence F Walsh, Michelle R Walsh , 716 N Saint Lucas Street No to Defunding

Mary Smitreski, 425 North Hall Street No to Defunding

Mr. Daryl Hendricks stated that at this time he will open it up to his

colleagues for any comments or concerns.

Mr. Ed Zucal stated that he does understands Ms. Gerlach's reason for this that she wants accountability. He asked for some examples. Not tonight, but would like some examples of where accountability has not been enforced. Can there always be changes, no question about it. The chief on the 29th stated that he is more than willing to work with her and some other folks to make these changes occur. He stated that his concern is nothing to do with R86. He stated that he will look a little bit, but not really. He thinks as a result of the recent demoralizing, lack of support from Councilmembers and the Mayor. He stated that he talked to several officers in the last two weeks and in November most officers will retire because there are four holidays and some got hired as an extra holiday. That is the time most officers retire. Right now, it is his understanding that there are approximately 23 people or that can go. He stated that if people are worried about public safety the issue is not whether or not people agree or disagree with R94, it's whether or not we are going to have the officers patrol and enforce public safety. He stated that he doesn't want to speak for the chief, but you saw what happened in Seattle yesterday. A person at the top of the ladder can only take so much when they have no backing. Everybody says Chief Granitz is the greatest guy, but he gets no support. You can't keep asking someone do something. Run a department and make sure public safety is taken care of and you don't support them. The police officers need support as much as we need some change. Unless you want a city that will be in complete chaos, he stated that he thinks they should start supporting police.

Mayor Ray O'Connell stated to Mr. Zucal that he respects his opinion, but doesn't agree with it. He stated that he has talked to Chief Granitz sometimes three or four times a day and probably 15 to 20 times over the course of the week and if you are hearing from him that he doesn't support Chief Granitz.

Mr. Ed Zucal stated that he was not putting words in his mouth. You have made no statements for or against the Police Department since all this stuff started. He stated that the Mayor hasn't. He told him that he was not putting words in the Chief's mouth.

Mayor Ray O'Connell stated that he ran in 2017 and again in 2019. Public Safety is number 1. He stated that he talks to the officers everyday. He stated for him to make a public statement, he is making it right now. He stated that he supports the Allentown Police Department and he supports the officers. If they do a great job, he is there and if they don't do a great job the city has fired people under his watch. There are cops that should not be Allentown Police Officers. He stated that he takes exception to that. Number 1, you don't have to make public statements all the time and say I support, I support. He stated do you want to know what my public statement is, his actions, his words and talking to them. When they drove around his house when he was threatened and his wife was threatened. They were threatening to burn down his house. He had many conversations. He stated that he doesn't have to have a press release or a press conference. He doesn't have to make a public statement everyday. Oh, I support the police. No, his actions. They know he supports them. He stated that he takes exception to Mr. Zucal's comments.

Ms. Candida Affa stated that she is voting for R94. A couple things stand out in making her decision. City Council and the administration support working with the Police Department on establishing certain policies and doing additional research. She stated that what Mr. Hanlon read as far as the Clerk doing additional research on topics to determine whether Pennsylvania Communities are looking at doing these things. That is very important in this and this is one of the things she likes about this. That they are going to work together, but we are going to make introductions and research. Introductions, discussions and future votes on Resolutions and Ordinances that are related to the matters below. That is very important statement right there. Also, the other reasons why she is going to vote yes to this, is Be It Finally Resolved that Allentown City Council review budget priority allocating the resources as related to the community needs. The needs of the community and when we have this priority budgeting it is a very good idea. It is for the needs of the citizens. If they need more funding for the police department she is there. If it is a priority to go someplace else, she is going to vote for that. These are very important things that were brought up. That we meet the appropriate agencies and stakeholders and Council's governmental committee and other means. All the other things that are in here, they can debate, discuss, vote on and research and this is one of the reasons that this was well-done Mr. Hanlon. This is one of the reasons she is going to vote yes for the R94 because she thinks they can word together with this. If we do research and she certainly likes the priority budgeting too.

Mr. Julio Guridy stated that he himself feels the same way and understands what Mr. Zucal was saying in regards to saying we need Police Officers and we need to have them feel that we support them in some way. He is the first to say no matter what organization you are in, not everybody going to be 100 percent the best. It is always going to be somebody that is going to need some support more than others to do the right thing. He stated that he also speaks to the Chief a lot and he and I have discussed it with members of the community and the police department. He stated that they need to break that wall and break the barrier. We need to support the rights of the people to peacefully protest and also support the police. He stated with the city's police officers, they need to support them 100 percent and give them the right tools for them to fight crime. He stated that he put this on Facebook today because he thought it was important about a comment that somebody made. He also read the article about Seattle, Washington. He is okay with making sure people have the right to protest, but he has a little personal problem with people looting properties. He stated that happened to him during the protest somebody came over and broke in his merchant property that he owns and broke the glass window. Some of them were identified, arrested or charged. He doesn't condone that. If you protest, you can do it peacefully. He stated that he also doesn't condone profanities because he has children and grandchildren and he doesn't want his children to be listening to especially people that are leaders saying the F word out there, publicly. He doesn't condone that, but he does support the right to protest. He stated that he does support and do support the police. He stated that he thinks the community needs them and when that property was looted, who did he call. Guess who? The Police Department. He stated that if he has a problem, who is he going to call, the Police Department. A lot of cases that they have and one of the highest cases that we have in our city is domestic violence and domestic problems. Who do they call? He stated that he can call a Psychologist or the Social Worker, but they are not going to come in there unless they feel safe. We have to be mindful of that. He stated that he knows that he has been guiet and knows that he has not been saying or taking too much side. He stated that he has been at a few of the protests, but he has not been out there saying he is pro this or pro that. He doesn't think that is his role personally. He stated that they have a lot of issues to deal with in regards to housing, education, finances in the city, infrastructure and many, many more. He stated that he doesn't feel that his role is to be out there protesting and even if he goes to the protests or the marches, he wants to make sure that it is done peacefully or he is not going to participate. He is not saying that anybody else could not do it. You want to go and comfort each other go right ahead. He stated that is not his call. He is here to represent everybody in the city. All citizens as best as he can. Not any particular group or individual. He stated that he is here to support everybody in the city. He stated that he has been doing it for the last 20 years and continue to do it in this role or another role.

Mr. Joshua Siegel stated that he supports this Resolution. It is a good compromise and a reflection of the fact that everybody came together. It was a productive discussion and everybody kind of gave and took and this is sort of the product that work. He key word is dialogue and discussion. That is obviously referenced a lot in here. It is the importance of research and evidence as we proceed forward. The Resolution does three key things. There is a transparency and an accountability provision. Obviously, Mr. Zucal we can always do better. That is the key. Just looking forward

you can continue to refine and improve. We have the Citizens Advisory Board. He is a big proponent of. It is an important means by which we can give our citizens an opportunity to have an ongoing dialogue and discussion to review police practices and make their feelings known. That is a good way to facilitate that discussion public. It has been good public comment about the Citizens Advisory Board and some concerns. Some concerns he has is there a provision on there that says people with felonies can't serve on the board. That is something they should look into removing. Who better to understand the community side of things then people who have had run-ins with law enforcement before. He stated that they should give them the opportunity to serve on the board, especially if they paid their dues. That is something that they should not lock them out of. We should consider increasing the size. These are things that citizens have brought forward. That is part of the ongoing dialogue and discussion we need to have as we work with the community. There is one such example that we continue to move forward in a productive way. On the statewide thing, we have seen that the state is willing to make really consequential reform. They just passed two provisions in Harrisburg. One that would create a statewide database that would allow police behavior on ethical issues to be shared amongst departments. We can all agree that would raise the caliber and quality of officers in every municipality across the state of Pennsylvania. Officer hopping, you as former officers can testify to the fact that it is important you know who is coming to our department and what previous history they are bringing with them and what their employment practices. He stated that it is a sensible reform. There are other reforms we are asking the state to put in here in terms of body camera footage and having a robust discussion about should we have a third party entity to investigate. We can have reasonable disagreements about that. That is part of the ongoing discussions. He thinks that the city should have a third part investigator from the Attorney General's Office. Some people feel otherwise and that again is something that they will eventually have to ask the state to do anyway. That is a discussion we have to have here. He stated and, finally, he definitely wanted to address the comments. Obviously, we had a lot of residents write in tonight with concerns of defunding, divestment, and what that means for public safety. That's why we have to go back to the concept of dialogue. The pandemic has made it hard, but he came from a canvassing and a field background. He stated that he is really used to the concept of deep canvassing, deep conversations. There is a lot of misunderstanding or misconception about what defund or reinvestment really looks like and what does that mean for public safety. We just have to be careful with the language that we use. There were a lot of the residents who wrote in and used words like chaos or riots or lawlessness. The truth of the matter, they used Chicago as an example, but if you look at Chicago 80 percent of the guns used in homicides in Chicago were stolen firearms from outside the city. There are

issues that often extend beyond the city itself. You can't subscribe or prescribe that to what we are proposing. He stated that what he thinks about the concerns they have at the police department he thinks the model he brought up two weeks ago. The Cohoots Model that they use in Eugene, Oregon. Where they respond to mental health calls with trained mental health technicians and that model has been enormously successful and in place since 1989. He stated to Ms. Affa that she brought the concept of priority based budgeting. That is exactly what we need to look at. When we talk about defunding, divestment and reinvestment that is really what the discussion is and revolving around. Where do we get the best possible return on our investment for the dollars we are spending. We want to be good stewards of public tax dollars. He stated that they need to push pass those fears and misconceptions about what funding means because ultimately, if we belief in the first place or you believe there are things that officers should not be responding to like mental health, like homelessness, like addiction. Then you no longer need those officers in that respect. They can be redirected elsewhere or you probably didn't need that many in the first place because you built them up as their expansion and their roles continued to grow. In the military there is a concept called mission creek where ultimately over time your objectives get to expand well beyond the initial core pursuit of your values. First, you are trained as warriors to keep the peace and uphold the peace. That is what officers supposed to do and over time, they become social workers, they become mental health technicians, they become the end all, be all for the community and that is really beyond the perimeters. That is the same thing you seen happen in the military. They are trained to defeat the enemy. Now, they are nation builders. Now, they are building schools. They are building wells. And, that is well beyond what their capacity is initially intended for. It becomes all consuming and a bit complex and too byzantine for them. He stated he thinks this Resolution while he supports it is because it gets to the heart of what they could truly be as a city in terms of studying the standard and being better. We can improve how we are in terms of community relations and transparency and accountability. We can ask more from the state in terms of reform and we can start by having these critical discussions about how we spend our local tax dollars. What we get for them? He stated that he will argue that arresting people with mental health issues or incarcerating the homeless is not a good use for our tax dollars. It is akin to a whack a mole strategy and not really addressing the symptom or the cause of the problem. Somebody is stealing because they have an addiction. Then let's address the addiction and put them in jail. If somebody is homeless and that is causing a problem then let's address the fact that maybe there is a substance abuse issue or mental issue that is causing them to be homeless. Let's treat the example of homelessness as an example of housing first policy and transition their life to stability. That is a good use of our tax dollars. We need to have that open-minded

discussion sort of from the way the charge of the misappropriate language about chaos and disaster and look at it as pure evidence based public policy. He stated that is why he thinks it is a really sensible good resolution. It is a good start. It is an opportunity for them all to work together as Council to produce public policy which is their goal. He stated that he looks forward to having that discussion.

Ms. Cynthia Mota stated that she does not want to be redundant. She stated that she supports the Resolution, but thinks that it is a new beginning of a new dialogue. There is always room for improvement. One of the important thing is, is that the community has spoken and them as legislators should be listening. She stated that is why this Resolution will do.

Ms. CeCe Gerlach thanked her fellow members of Council for their input as this journey has underwent. This is what legislating looks like. She stated that they are legislators and this is why they are here. She is glad they were able to some levels of compromise concerning what police reform can possibly look like in the City of Allentown. She stated that she would also like to thank Ms. Sharon Billington for her comments. She stated that she did not agree with everything, but can tell her that she knows Ms. Billington is watching because she used to come to all the School Board meetings. She can tell that Ms. Billington actually read the Resolution. That is important as they move forward and as they put out different pieces of legislation be they Resolution or Ordinances that they don't just rely on what is happening at a national level or what is happening somewhere else in this country. That they actually read what they are proposing. She thanked Ms. Billington for her insight and well thought out words. The nation is having this conversation. It is not like we are special or the only municipality that is having this conversation. Towns are talking about race. They are talking about bias. They are talking about excessive force. They are talking about police brutality. You hear the word defunding coming up. For us to be me

Yes: 7 - Candida Affa, Cynthia Mota, Daryl Hendricks, Julio Guridy, Ed Zucal, Ce-Ce Gerlach, and Joshua Siegel

Enactment No: 30027

## ADJOURNED: 7:03 PM