



## Minutes - Final

### Budget and Finance Committee

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Wednesday, August 24, 2016

6:30 PM

Council Chambers

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#### Roll Call: Councilperson Guridy, Hendricks, Mota

**Present:** 2 - Cynthia Mota and Daryl Hendricks

#### 15-1025

Controller's Office Intern Presentations

- Day Care Process Flow - Flowchart
- Day Care Process Flow - Narrative
- Liquid Fuels Process Flow - Flowchart
- Liquid Fuels Process Flow - Narrative

**Attachments:** [Day Care Process Flow - Flowchart](#)  
[Day Care Process Flow - Narrative](#)  
[Liquid Fuels Process Flow - Flowchart](#)  
[Liquid Fuels Process Flow - Narrative](#)

Mr. Jeff Glazier stated that as a councilman, one of the highlights was when the interns came in and made their presentations. They really dig in to some process. Hopefully, the city takes advantage of that situation. This is the fourth year that the Controller's office offered this program. We have two process flows, one of Liquid fuels and one of Child Care. He introduced the two interns presenting this evening, Child Care and Liquid Fuels.

Ms. Zihan Wang discussed the the Child Care procedures which consists of eight parts: 1. Application Process - Apply for a Zoning Permit, Certificate of Occupancy, Fire Permit, and a BRQ, 2. Payment of Operational Fee - Completes Application and Payment to the City, 3. Opening Procedures - Approve the signatures on the BRQ, Health Bureau verifies the Business License, 4. Operational Certificate Renewal - Report of the Certificates Expiring, Emailing to Revenue and Audit Bureau and Sweep and send to the Health Bureau, 5. Issuing Certificates, 6. Overdue certificate applicant fee procedure, 7. Complaint Reporting Procedure, and 8. Closing Procedure - the business owner can submit a closing form and the Health Bureau can inform various departments.

Ms. Hongmeng Ni stated that there are three parts of the Liquid Fuel Test Fund Flow Cart. The first chart is a MS965 Information Sources Five categories of Liquid Fuel: 1. Personnel, 2. Surveys and Charges, 3.

Materials and Supplies, 4. Capital Outlays, and 5. Sundry's. She focused on personnel, materials and supplies. Since they take a large portion of expenditures. The second portion is the application process, The third part is the state audit process.

Mr. Jeff Glazier stated that before he takes any questions, there are audit reports coming. We are getting final responses from the departments. Both the Health Department and the Streets Department were great partners to work with on this audit. He commended Jacqui Moore for being a good mentor for all the auditor interns.

Mr. Daryl Hendricks asked if his colleagues had any questions. He stated that it is comforting to know that as a recent grandfather of three that we have such a process. I didn't realize how involved it was to open up a daycare. He commended the interns and Jacqui. He asked Mr. Glazier to continue to do this. It is very informative.

Mr. Jeff Glazier stated that the Controller is behind this and he thinks that a lot of the departments are, but we need the administration's support and we have been fortunate to have it at this people.

Mr. Daryl Hendricks asked were there any questions from the public. He thanked the interns.

## Monthly Finances

Mr. Brent Hartzell stated that he believes that Jacqui Moore and the interns are awaiting Jeff Glazier before they do their presentation. He talked about the monthly financial report. For the month ending July 31st we reached the seventh point of the year. Compared to what the projections at the start of the calendar year, we are seeing an over performance on the Earned Income Tax. The Dee Transfer Tax is coming in great this year. Our property tax estimate will be on the high side. We are \$500,000 - \$600,00 ahead of where we were a year ago. It will be upwards of 29, but we will not get up to 30. We had a little bit of a decline with business privilege tax. We were able to identify where the things are happening and delinquencies. He thinks the aggregate affect of those changes will be neutral. We moved over \$4.5 million from the Solid Waste Fund into the General Fund. If I look simply at the wage, including regular pay and premium pay and anything that falls into the category of those wages, our increase so far compared to a year ago is less than one percent. He will not be surprise to see a bump up. We will have a settlement any day of the FOP arbitration. We have been doing a very good job living within our means. Health Insurance side \$9.4 million in expenses. If we sustain that pace will be at \$17.4 by the end of the year. Non-general fund items, there are showing deficit balances in the Trexler Fund, Capital Fund, and

Equipment Fund. In August they will larger drop or disappear. The Golf Fund balance moved into positive territory. We are \$144,00 ahead of where we were a year ago.

Mr. Daryl Hendricks stated that numbers for the Golf Fund is a very positive thing. He knows that the Golf Course Supervisor has offered some discounts for greens fees. This is not something unique to Allentown, but occurring everywhere. He asked are there any questions.

Ms. Cynthia Mota stated that you did mention the \$900,000 for the Trexler Fund.

Mr. Brent Hartzell stated that the check showed up this week. We submit periodically requests for reimbursement to the Trexler Trust for expenses that are carried out through the appropriation on a reimbursement basis. That particular check arrived earlier this week.

Mr. Daryl Hendricks stated that he has no other questions. Are there any questions from the public?

Mr. Lou Hershman stated that at the last meeting he questioned why they have marketing and advertising on this revenue summary. He looked at the Solid Waste Fund, has the contract has been settled. He asked Finance to put on a report about money that we get for the NIZ. He asked about the \$2.5 million note and the Memorandum of Understanding that the city has with LCA. Under the Right to Know, they said the paid us \$1.3 million.

Mr. Brent Hartzell asked if it was the \$130,000 item that you mentioned. That is dealing with the electronic billboards that we have operating on city-owned property. A vendor provided a check to the city for \$108,000. Mr. Hershman put a Right to Know Request regarding that and we are just finishing up on the response on that. In the very near future, I will certainly entertain making it more clear. He stated that he will look into the Memorandum of Understanding. He is keenly aware with respect to the EPA Administrative Order that we set aside \$1.5 million for that purpose.

Mr. Daryl Hendricks stated that it was dismissed by the courts.

Mr. Jeff Glazier stated that we have a contract with Waste Management. The courts dismissed the case and they have a limited amount of time to appeal. The time to appeal has long since elapsed.

Mr. Daryl Hendricks asked anybody else from the public.

Mr. Glenn Hunsicker, 844 S. 11th Street, talked about the MOU's that were

that were written in September 2013 and March 2014. The city gets paid for repairing up to 120 radios. He asked about the General City Charges and how we are charging these accounts. When you had the Water and Sewer that was a big number that was helping the whole department and when you lost that how did you make that up. You didn't. He asked if they will get a report on Capital Funds.

Mr. Brent Hartzell stated that he hinted at a previous meeting a study that we had performed during this year for Maximus that was helping us with indirect costs and a proper assigning of internal service fund. Trying to get a clear understanding based on actual costs. How much the General Fund is being taxed to support the Non General Fund.

Mr. Daryl Hendricks stated that they are working on that. We are pushing to have that done.

Ms. Cynthia Mota stated that we will make sure that you receive the phone call.

Mr. Tom Hahn, 2016 E. Highland Street, stated that he has from the city records the list of the properties that are tax exempt that pertain to Muhlenberg College. What effect that it has on the city income that all these properties that are listed now belong to the college. What effect does that have on our budget and are they part of the inspection rules. He asked about the Lock Box Bond money and the interest being paid. He asked for a audit on the money.

Mr. Daryl Hendricks asked Mr. Hahn if he is saying that these properties were recently acquire by the college. If you present those to Mr. Hanlon, we will get an answer for you. Regarding the properties, you just go on the county's website. All the properties are listed there with the assessments.

Mr. Jeff Glazier stated to Mr. Hahn that if you figure out the cost of lost revenue, you can go online figure out what the properties are assessed for and multiply it by the millage the city charges. He stated that about 23 percent of Allentown's tax base is tax exempt and that includes city properties, county properties, school district properties, religion properties, educational properties, and other nonprofit properties and Allentown, Harrisburg, Reading face a significant burden.

Mr. Daryl Hendricks asked any other questions from the public.

#### Monthly Finances

#### Monthly Finances

[15-1070](#) Finance Report - July Finances, Act. 46 2Q Report

Attachments: [JULY 2016 MO RPT](#)

[Act 46 2 Qt](#)

### **Discussion - Budget Preview**

**From Council's Rules: Committee Review: In August and September of each year, the Standing committees shall conduct a public meeting where the administration shall review their budget priorities, goals and objectives, successes and failures, capital projects and any personnel or organizational changes being considered for the ensuing fiscal year.**

Mr. Brent Hartzell stated that his presentation will be spartan. There will no be videos and I am working off of notes that he has been writing on over the last few days. I do want to talk about what has been going on in the Finance Department in the City of Allentown during 2016. In the places where he has had supervisory roles, he has told his staff that he expects more out of them then they are capable of. The necessary trade off to that I give them the autonomy since they know their jobs extremely well to get to their higher aspirations as soon as possible. The city is in good shape to have as diligent as a Treasurer and Deputy Finance Director as Debi Bowman who is meticulous reviewing the overall accounts, get through a clean audit, to be sure that she is giving data that the citizens of Allentown can rely on. The procurement policy is meticulous with Beth Ann Strohl, the Purchasing Agent and her team. We have with Tricia Dickert and Seth O'Neil a esteem Revenue and Audit in taking very clear aggressive steps to collect on overdue accounts. There was an \$83,000 collection of delinquent business privilege tax from one entity. He stated that he has Barbara Molitoris, Luisa Follweiler and Bina Patel. Who are diligent about looking at the matters that they touch upon whether it be controlling the budget, bank reconciliation of fund accounting. Ms. Follweiler deserves credit for recommending the repeal of the per capita tax. One of the data interns was able to dig through the data and show that penalties among installment payers were three times as common as those that paid in full or one or two installments. Revenue and Audit made use of the language line and has been a huge benefit. Customer relations have improved quite a lot. Having a second consecutive year on delinquent taxes from left over water and sewer bills for the Lease are coming in on record amounts or near record amounts. Revenue and Audit team has been using liens more systematically. Purchasing office has an increase in solicitation this year. Debi provided statistics on Treasury on last year, in 2015 Treasury Bureau handled 4,600 tax certifications on properties, over 6,300 accounts payable checks, in terms of the collection of taxes between data entry and the front window cashier handled more than 88,000 transactions. There were a couple of vacancies this year which resulted in delays on

processing tax certifications and getting some of the cash as part of the tax bills. That office helped the clean opinion of the financial audit. Anything that we can do to explain why revenue comes in as it does or other situations that may come up. He encourage his staff to be clear with him about what is going on. it has been a very effective year. It is his hope that he would have nothing else to say going forward because he wants to continuously do the right thing.

Mr. Daryl Hendricks stated that is comforting to know that. Especially, of what happened in the past. Any comments from my colleagues or the public. He has only been on Council for three years. You made quite difference and you have done an excellent job. You have been very frank, honest and forward. Please express our sincere appreciation to your entire staff for the job that they have done.

**Adjourned: 7:25 PM**