



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Wednesday, January 11, 2017

6:00 PM

Council Chambers

Call to Order

Present: 7 - Ray O'Connell, Julio Guridy, Daryl Hendricks, Cynthia Mota, Candida Affa, Roger MacLean, and David McGuire

Bills for Review:

[15-1305](#)

Bill 1

Amending the Article 123.09, Appointments by the Mayor, by establishing the same residency requirements for the position of the Managing Director that apply to Department Directors under the provisions of the Home Rule Charter. The Managing Director does not need to be a resident of the City at the time of appointment, but after appointment shall reside in the City. City residency shall be required within twelve (12) months of being appointed.

Sponsors: Hendricks, Mota, MacLean, Affa, O'Connell, Guridy and McGuire

Attachments: [Bill 1 Residency Requirement for Managing Director](#)

[Mayor's Memo - MD and residency](#)

[Residency Overview](#)

Mr. Ray O'Connell asked any comments from my colleagues. All seven of the City Councilmembers Sponsored this Bill.

Ms. Candida Affa stated that she tossed this around and been on certain committees that we couldn't get the cream of the crop because they had to live in the city. Then, I realized that we did get a lot of people like Mr. Hartzell, Ms. Sara Hailstone, and Chief MacLean. Anyone that is a Director should live in the City of Allentown.

Mr. Roger MacLean stated that he supported this from the get go. He referred to the memo from the Mayor that Council received today about a possible court challenge on this.

Ms. Cynthia Mota stated that she is in favor on the Bill. It is extremely important that they live in the city of Allentown. We have great and well qualified in the city.

Mr. Daryl Hendricks stated that he too supports this and is a strong believer in the fact that he has lived and worked in the city his entire life. You get to know so much more by your daily interaction with the people, and businesses. It is so important that this person that the person lives in the city.

Mr. Ray O'Connell stated that he echoes the same sense of his colleagues. You are looking at the second highest paid position in Allentown. He asked if the public had a comment.

Mr. Tom Hahn, 2016 East Highland Street, asked about the Managing Directors who are temporary. Is there anything on this that makes Mr. Messinger move one way or another?

Mr. Ray O'Connell stated that it is totally irrelevant to the position. This is the Managing Director, Craig Messinger is the Interim Director of Public Works.

Mr. Glenn Hunsicker, 844 S. 11th Street, stated that they have Acting Directors, and Assistant Directors and they stay that way forever. They have these loopholes nobody knows about it.

Mr. Ray O'Connell asked any other comments from the public.

[15-1295](#)

Bill 2

Amending the 2017 General Fund, Liquid Fuels, Trexler, Risk Management, Solid Waste, Golf Course and 911 Fund budgets to include the contractual obligations recently agreed upon with SEIU and agreement made with MESA and provides for the Medical Opt-Out benefit by placing those funds into a new account entitled Employee-Health Insurance Opt Out resulting in the Permanent Wage Account showing only actual wages.

Attachments: [Bill 2 2017 Budget Amd - SEIU MESA Opt Out](#)
[Bill 2 Memo](#)

Mr. Ray O'Connell welcomed Mr. Hartzell and asked for an overview of where we are at. SEIU has a new contract and he had a conversation with Mr. Hunsicker last week. Both parties seem to be very happy.

Mr. Brent Hartzell stated that there are three very small components in this budget that has an annual impact in the total of about \$50,000.

Mr. Ray O'Connell thanked Mr. Hartzell and stated excellent overview. Any comments from my colleagues?

Mr. Roger MacLean asked about the opt-out. Obviously, it is for a spouse that is working somewhere else. Is there a provision to opt back in if that

spouse lose their employment and health benefits.

Mr. Brent Hartzell stated that is a good question and deferred to Mr. Marchetto.

Mr. Ray O'Connell asked anybody else from Council. He asked are there any comments or questions from the public.

Mr. Tom Hahn asked the healthcare and the provisions, having employees get raises and options like this at the same time that the explanation of the question was asked about opting in or opting out. He asked about the discussion and the co-pays.

Mr. Ray O'Connell stated that is a good question. We are just talking about the opt-out.

Mr. Brent Hartzell stated that the opt-out is a pretty good indication that out of 800 plus employees of the city, no more than 10 are opting out.

Mr. Tom Hahn stated that the cost is based on the average age of the employees now. There is a cost that goes with it. Is there some kind of table that they are working on this?

Mr. Brent Hartzell stated that on the details that Mr. Hahn is speaking to Mr. Marchetto when speaking to our broker trying to get most cost effective policy all those things are factored in. We factored in about a seven percent annual increase that we need to pay for health insurance premiums. This year comes to about \$1 million.

Mr. Ray O'Connell healthcare cost continues to go up.

Mr. Brent Hartzell stated that the Five Year Plan that was included with the Mayor's budget in November figures expect seven percent increase annual through 2021.

Mr. Ray O'Connell asked anyone else from the public.

[15-1308](#)

Bill 3

Amending the 2017 Budget, adopted on December 7, 2016 to implement various budgetary changes related to salaries, salary ranges, executive positions, premium pay and account 46.

Sponsors: Guridy, Mota, Affa, O'Connell and Hendricks

Attachments: [Bill 3 Budget Amendment Agreement](#)
[Bill 3 Memo](#)

Mr. Ray O'Connell asked Mr. Hartzell to give Council some numbers.

Mr. Brent Hartzell stated that the enacted budget of December 13 after City Council's override had what we need to draw down from the General Fund to cover the hole. With the cuts that have come out in certain places, we were in about \$2.4 million range. A lot of things have come in. We have about \$560,000 going back into the budget bringing the contractual amount back in. About \$170,000 comes back by the five percent cut in overtime pay, by restoring full funding of the Managing Director, the Community Economic Development Director and the Operations Manager along with the FICA that comes with that. Those impacts comes to another \$150,000. The budget will have a \$3,558,116 draw from the General Fund reserves.

Mr. Ray O'Connell stated that is coming out of the cash reserves.

Mr. Brent Hartzell stated out of the cash reserves that we already anticipates that it will be \$10 million at the start of this calendar year.

Mr. Ray O'Connell thanked Mr. Hartzell and asked any comments from his colleagues.

Mr. Roger MacLean stated that he did not sign on to it. His position is can he afford that extra a year, sure. There are a lot of people when they get their paychecks look for extra money to make ends meet.

Mr. Ray O'Connell asked Mr. MacLean are you specifically targeting the EIT.

Mr. Roger MacLean stated yes.

Mr. Ray O'Connell asked any other comments from my colleagues.

Mr. Daryl Hendricks stated that himself along with Council President O'Connell this was a very difficult negotiating session. One of the most important thing we felt was to be fair to all employees and that is why we decided that the raises which was 1.5 percent, and some cases going up 28 percent were not fair. It was imperative that we cut those and in doing so we gave everyone a three percent increase that we felt was more fair to all of the employees to the city. He spoke about the cut in the overtime. One of our biggest increases year to year to year is healthcare and personnel costs.

Mr. Ray O'Connell asked anyone else from my colleagues. He echoed what Mr. Hendricks said. When you have negotiations and mediate what's best. No one is totally happy. In the end, we think this Agreement is a fair Agreement. We thank the retired Federal Judge, Eddie Khan, who did a great job. He asked any other comments from my colleagues.

Mr. Lou Hershman, 405 N. Gilmore Street, talked about Ms. Opilo's column about a \$230,000 shortage. He stated Bill #3 doesn't say it's balanced. He asked about \$10 million in incoming reserves.

Mr. Brent Hartzell stated that the unencumbered \$10 million as part of the proposed budget for 2016. We entered the year with a \$10.5 million balance in the General Fund that was not tied to something else.

Mr. Lou Hershman stated that he thinks Mr. Hartzell is wrong. We are talking about an opening fund balance and a closing fund balance. He asked about why the disparaging remarks added to the Agreement.

Ms. Susan Wild stated that was inserted in the document by me after advising the president and vice president and the mayor. It is not an unusual clause to have in a legal agreement.

Mr. Ray O'Connell stated that it is very prudent. If you would have been in the room that day you would have said that needs to be number 1.

Mr. Glenn Hunsicker, 844 S. 11th Street, stated that you can put these things into the Agreement, but you don't have to agree to it. He talked about the balance on the Budget of incoming and outgoing. I am not sure they needed that \$6 million loan. He asked about the Solid Waste Fund.

Mr. Daryl Hendricks stated disparaging comments. I can assure you Mr. Hunsicker, we will continue to be constructive.

Mr. Brent Hartzell stated not one penny. The reserve is separate from the General Fund. When we do the monthly financial reports, we layout with great clarity the sub-categories of pooled cash and non-pooled cash. You still see the lock box separated, the \$5.2 million. We did not draw down the \$4.5 million until the middle of last year because we wanted to ensure that was enough cash flow coming to the solid waste fees.

Mr. Tom Hahn stated that the lock box was manipulated from \$5.2 million to \$4.8 million then it went up, then they borrowed the money and then they used it. He asked Council to have the Mayor show his PowerPoint on the savings now he leased the Water and Sewer.

Mr. Ray O'Connell thanked Mr. Hahn and asked anyone else from the public. We will vote on Bill 1, 2 and 3 next week.

ADJOURNED: 6:48 PM