



Minutes - Final

Budget and Finance Committee

Wednesday, April 26, 2017

5:30 PM

Call to Order: Chairperson Guridy, Hendricks, Mota

[15-1445](#)

Bill 16 Budget and Finance, Recommended Favorably
Amending the 2017 General Fund, the 2017 Trexler Fund, the 2017 Risk Fund, the 2017 Equipment Fund, the 2017 Solid Waste Fund and the 2017 Golf Fund by appropriating funds from the un-appropriated balances for the rollover of encumbrances for the prior year commitments.

Attachments: [Bill 16 PO Rollover 2016 to 2017.doc](#)

Mr. Brent Hartzell stated that Bill 16 is the annual encumbrance rollover. Items that the city had committed to purchase, but has not received by the end of 2016. The aggregate amount is \$904,000.

Mr. Julio Guridy thanked Mr. Hartzell and asked any comments or questions from my colleagues. He asked if there were any comments from the public.

A motion was made by Cynthia Mota, seconded by Daryl Hendricks, that this Ordinance be recommended for approval. The motion carried by the following vote:

Yes: 3 - Julio Guridy, Cynthia Mota and Daryl Hendricks

[15-1451](#)

Bill 18 Budget and Finance, Recommended Favorably with an amendment:
Add in the three sections authorize a supplemental appropriation from the CASH RESERVE TO THE unappropriated balance
Amending the 2016 Risk Fund Budget by transferring \$ 1,068,793 from the unappropriated balance of the 2016 General Fund to cover the remaining cost for Employee Health Benefits

Attachments: [Bill 18 Risk Management Transfer](#)

Mr. Julio Guridy stated that it is self-explanatory.

Mr. Brent Hartzell stated that when the city administration prepares its budget at the beginning of the year, we factor certain things that we expect we are going to see and certain behaviors. Sometimes, like when we had the New England Avenue settlement, we had \$922,000 payment that had to

be done at once. There were some bigger bills that get in there. After we went through the unused appropriations to cover over some of the leftovers. We had \$1 million left in the General Budget for cost of the previous year. The General Fund is in pretty good shape and it was a good opportunity to replenish the Risk Management Fund.

Mr. Julio Guridy asked Mr. Hartzell to tell them where is the unappropriated balance.

Mr. Brent Hartzell stated to go to the March Report. We have to draw \$3.6 million from that during the course of the year to balance the budget. If we were operating with all of our positions filled. We tried to account for that appropriately. At this point, I am confident that we have the additional cushion.

Mr. Julio Guridy asked if they are talking about close to \$11 million.

Mr. Brent Hartzell stated that is when I would add those two up for the January statement. You can see the tax revenue coming in from March. The January balance is what I look at as being the available funds that are not being touched. We have to deduct 3.6 for the payroll.

Mr. Julio Guridy asked any comments from my colleagues.

Mr. Daryl Hendricks asked about the close to \$11 million and how does it stand for the benchmark.

Mr. Brent Hartzell stated that it popped up during questioning in the arbitration case. The standard that I use, it is wise to have a 20 percent reserve of annual expenditures in there. GFOA recommends two months.

Mr. Julio Guridy asked any comments from the public.

Mr. Lou Hershman asked about the cash reserves.

Mr. Brent Hartzell stated that this is what is remaining from the available balance of the General Fund. This has been an ongoing semantic argument that Mr. Hershman brings up. When we indicate that we are going to draw from the unappropriated balance of the General Fund. That means that there is a balance there, it has not been appropriated and as long as I explain to you what that balance is and you can rely on that you know that money is available.

Mr. Julio Guridy stated that is why I asked the question. I think we should stay according to our own Rules. He may be saying that in the past, years

ago we use to do it like that. He stated that we don't have an amendment on that. Can we make an amendment on that?

Mr. Mike Hanlon stated that you can suggest an amendment. What wording would you prefer?

Mr. Lou Hershman stated to authorize a supplement appropriation from the Cash Reserves to the unappropriated balance.

Mr. Julio Guridy stated let's do that.

Mr. Mike Hanlon stated that you have to do the full amendment at the Council meeting, but you can suggest an amendment.

Mr. Glenn Hunsicker stated that they should have another sheet that shows the unappropriated funds from all those accounts. That gives transparency. He stated that his question will be for Bill 16 and Bill 18. What is left in the unappropriated balance from the General Fund as of today?

Mr. Brent Hartzell stated that the anticipation at the end of March is that we are having revenue come in higher than previous years. I measure everything against the baseline of where we were at the start of the year. We are having more vacancies than we might normally have. Our overall personnel cost will be significantly less.

Mr. Julio Guridy stated that to make your answer clearer Mr. Hunsicker it will be \$6.3 million after this.

Mr. Glenn Hunsicker stated that you are talking \$7.9 million.

Mr. Brent Hartzell stated that when we budget, we are factoring in what we expect to be a reliable baseline. That number is the beginning of the 2016 balance. The cash that actually position improve by another \$1.2 million. We start making expenditures subsequent on what we start bringing in for the rest of the year. I am always keeping track of that I budget under that baseline. I know there is this much cash coming in, I now expect we are at this point. That 2016 base was after the CAFR.

Mr. Glenn Hunsicker stated that it is very confusing. Maybe you all understand this \$11.2 million. He stated that he doesn't see the numbers showing \$11.2 million. He asked about the \$11.5 million bond that you approved back in November, has that been implemented.

Mr. Brent Hartzell stated that it is still over \$5.2 million. He stated that considering the amount of material that has been requested to be put into

the monthly, if we could get it into the font size that would be legible for more than half of us. You would be looking at a 35 - 40 page report on a monthly basis.

Mr. Julio Guridy asked any other further comments.

Mr. Tom Hahn, 2016 E. Highland Street, asked why are you bringing up the Stabilization Fund. When will I get all the information on the money? You can't use that fund by changing the name every time you want to use it for a loan or stabilize something.

Mr. Julio Guridy stated that we started the year with \$5,205,925 and gained a little bit of interest and now it's \$5,206,203. We can continue to talk about this discussion when we talk about the Budget. He asked if there were any further comments from the public.

A motion was made by Daryl Hendricks, seconded by Cynthia Mota, that this Ordinance be recommended for approval. The motion carried by the following vote:

Yes: 3 - Julio Guridy, Cynthia Mota and Daryl Hendricks

[15-1470](#)

Bill 19 Budet and Finance, Recommended Favorably
Amending the 2017 Grant Fund Budget to provide for a supplemental appropriation of Five Hundred Thousand (\$500,000) Dollars from the Pennsylvania Department of Education to the City of Allentown as a pass through grant to the Allentown Public Library to provide funding to renovate the Library's HVAC system.

Attachments: [Bill 19 Library DOE Grant](#)
[DOE Award Notification 3152017.pdf](#)

Ms. Bettina McClure stated that it is pretty self-explanatory. The City is the sponsoring government agency which is required to receive these types of funds from the state. We will be entering into a sub-grantee contract with library. They are assuming all the project management including the bid process and the administration. There is a match requirement, but the library has committed above the required match. There are no financial responsibilities or risks to the city.

Mr. Julio Guridy stated that it is always good to help the city library. He asked any comments from my colleagues or the public.

Mr. Glenn Hunsicker asked if the \$500,000 comes from the state to the city. Does that physically get transferred to one of our accounts. How long average is it in the account? He asked if the money will show up in the monthly report.

Ms. Bettina McClure stated yes. It goes into the grant fund account. This grant will be one large draw-down. We will draw the funds from the state and move them to the library.

Mr. Brent Hartzell stated that on page 137 of the April Financial Report we will lay out the 005 fund in detail to indicate the details that are necessary.

Mr. Julio Guridy asked any further comments.

Mr. Tom Hahn asked do we actually pass that money from one department to another without any city charges.

Mr. Julio Guridy yes.

Mr. Brent Hartzell stated that the other thing is where Central Administration is helping that entity. If we would do a service fee we would be paying ourselves.

Mr. Julio Guridy stated that we don't charge anything just like the RACP money.

A motion was made by Daryl Hendricks, seconded by Cynthia Mota, that this Ordinance be recommended for approval. The motion carried by the following vote:

Yes: 3 - Julio Guridy, Cynthia Mota and Daryl Hendricks

[15-1573](#)

MARCH 2017 MONTHLY REPORT

Attachments: [MARCH 2017 MONTHLY REPORT](#)

Mr. Brent Hartzell stated we are in terms of the overall General Fund Revenue received \$1.6 - \$1.7 million above where we were. In taxes we are even better than that. There is some income that is not coming in the same pace. We have the intergovernmental revenue. That would probably balance out as the year goes along. We are seeing the proceeds from the increase EIT rate. The property tax bills are coming in a little faster pace. The increase in the EIT is a permanent one. On the aggregate we are staying pretty much stable on everything else. Appropriation of the General Fund you will see that the number spent will appear to be higher than 2016. All the other funds, nothing unusual. The Golf Fund is showing a larger negative than we may have expected. On the revenue side, the March 2016 was much better than March 2017 at the Golf Course. There have been capital expenditures and earlier purchases for the pro-shop. We were able to recover property taxes on the entity that leases the cell tower on the Golf Course. We replenished the Golf Course Fund in terms of the revenue.

Mr. Julio Guridy talked about the Capital Fund and Grant Fund. He asked for a quick explanation.

Mr. Brent Hartzell stated that often times we are in a state of a project being completed and waiting for reimbursement. That balance is generally the reimbursement we are waiting on.

Mr. Julio Guridy asked any comments from my colleagues.

Dr. David McGuire stated that we heard from Mr. Messinger regarding the city moving ahead with the public projects with streets and sidewalks.

Mr. Brent Hartzell asked if Dr. McGuire was referring to the general curb and sidewalk repair.

Dr. David McGuire stated that it was a project that started and went bankrupt. He stated that the lots were sold, but they could not develop them until the Public Works part was done. He asked if taxes were collected from the vacant lots. Is that a recoverable tax money?

Mr. Daryl Hendricks stated Devonshire.

Mr. Ray O'Connell stated Devonshire Development.

Mr. Brent Hartzell stated that they will look into it because they track all the payments by parcel. He stated that it is a recoverable tax money in principle.

Mr. Daryl Hendricks stated that question did come up and the taxes were paid on it.

Mr. Julio Guridy asked any further comments.

Mr. Ray O'Connell asked about the vacancy report. It is very disturbing. There are four paramedic positions that are not filled. These guys are stretched. There are eight positions in Community and Economic Development, there are six positions in Building Standards and 10 patrolmen. There are four positions with Streets and six with Parks. If you fill all those positions in the vacancy report, how much?

Mr. Brent Hartzell stated that is with the accumulation. When we have that vacancy factor, we can't accumulate the salaries that were budgeted, but not actually spent. That gets us to \$387,000.

Mr. Julio Guridy stated Community and Economic Development, Building

Standards.

Mr. Ray O'Connell stated eight positions. There are six in Building Standards.

Mr. Julio Guridy asked any further comments from my colleagues.

Ms. Helen Hahn, 2016 E. Highland Street, stated that it is a quandary. It is so difficult on the people that are working and they have to be stretched. You need other people. The vacancies are jobs, why are they not filling them. She asked about the Cell Tower and the money. She asked if the Golf Course is a different entity.

Mr. Julio Guridy stated that the city has Cell Towers at different places, but Mr. Hartzell was talking about specifically about the Golf Course. They are employees of the city and the parks department.

Mr. Brent Hartzell stated that it was something has had been overlooked in recent years.

Mr. Julio Guridy asked where do we put that money. What budget line?

Mr. Brent Hartzell stated that Tow is connected to the Golf Course. We are paying expenditures related to taxes out of the Golf Course Fund. He stated that he suspects Ms. Hahn referring to the service charge which is in the Golf Fund for \$300,000. Central Administration of the city in terms of providing financial assistance. It is like overhead and there is an accumulated indirect cost that we have come up with folks that specialize in that. It was determined that was the Golf Course bill based upon how much Central Administration was helping them out in various capacities during the course of the year.

Mr. Ray O'Connell stated that Ms. Hahn makes a good point because every time you see the Golf Fund it is in the red.

Mr. Brent Hartzell stated that service fee has been coming out at that level for many years.

Mr. Daryl Hendricks asked Mr. Hartzell did he in his experience does other cities have charges such as that.

Mr. Brent Hartzell stated in the state of Florida the General Revenue Fund which is the equivalent of our General Fund on any dollars that are being received by any other enterprise funds or special purpose funds. The base rule is the 7.65 percent of that revenue is being transferred back to the

General Fund as the service charge for Central Administration. Also in the Florida trust funds that accumulate year by year getting an exemption on having to give that 7.65 percent back to the General Fund.

Mr. Ray O'Connell stated that he likes the 7.65 because we have a concrete number. I wish we had a concrete number here.

Mr. Julio Guridy stated that he doesn't think it is the same. It is what we do for them and what they generate.

Mr. Daryl Hendricks stated that he believes that it is a recent charge.

Mr. Julio Guridy stated it has been going on for a while.

Mr. Brent Hartzell stated that when Larry Hilliard was Finance Director he came up with essentially a algorithm that determined this sort of assessment. When we did the Maximus Study the dollar amount really didn't change all that much. It is indirect costs.

Mr. Lou Hershman asked about the Cash Reserves and the \$3.6 million. That still hasn't been taken out of Cash Reserves. He stated that checkbook balance is coming down and we still have to take out the 3 percent raise for the supervisors. He said in miscellaneous in the report shows \$830,000 was transferred, where did they go?

Mr. Brent Hartzell stated over the course of the 12 months we anticipate that the bottom-line number of \$98.9 million for revenue and \$105 million for expenditures. He stated that \$2.5 million is actually being drawn out of reserves to pay for pension obligation bonds. We estimate that difference is going to be needed. We already budgeted for it in assess of the revenue. He stated that they factored the 3 percent raise in the \$3.6 million number. The cash reserves do include the \$4.5 million loan. We are going to make a \$643,000 repayment during the course of the year which we have already budgeted to begin the repayment to the Solid Waste Fund. As spring progresses anything that needs to go into the Solid Waste Fund does. It may be part of the initial journal entry a single place to post from. They will make sure that the Solid Waste Fund will replenish wholly. He stated that there was some monies that was put in April and February that was wrongly accounted for and needed to be distributed to other places. It is a redistribution on money. It was not a loss.

Mr. Glenn Hunsicker stated that they asked for the line item for Reserves and that will simplify this. There is not enough transparency and Mr. Guridy as Chairman of the Finance Committee you should insist those types of things are implemented.

Mr. Julio Guridy stated that we used to have a line item for the Reserve Fund back in the day. He stated that he is not sure that it went away.

Mr. Mike Hanlon stated that you might be thinking initially when a Bill was introduced and it was taking money from the unappropriated balance in the Cash Reserves, it would be listed in the Bill what was the remaining balance.

Mr. Glenn Hunsicker stated that Mr. Hershman spoke about that months ago. The remaining unappropriated balance should be in there every time you transfer out of there.

Ms. Cynthia Mota stated that if the city had that in the past, why don't we bring this back.

Mr. Julio Guridy stated that they can certainly do that.

Mr. Brent Hartzell stated let's touch on that briefly and no that would not stop people from coming to the desk to find other things to talk about. The simplest thing we can do based upon what I said because what we do have originally in the budget proposal where based on the CAFR and cash position was at on January 1, 2016. We factored the budget based upon that mark and the cash that came in on January 2016. I can track that total with all the adjusts that we do over the course of the year.

Mr. Julio Guridy asked if that can be put on the next balance sheet.

Mr. Brent Hartzell stated that they try as best as we can to show money is there when we ask to appropriate it.

Ms. Cynthia Mota stated that you give a great explanation. Whenever you say anything, I do understand you. At the same point, I do understand when they come up here they actually want to see numbers.

Mr. Brent Hartzell stated we will get you this.

Mr. Glenn Hunsicker stated that we will see this at one point or another. The \$11.5 million bond issue that was supposed to be taken out in January, was that implemented.

Mr. Brent Hartzell stated that it was implemented. The actual principal was \$9,025,000. We put in that extra cap just in case the market behaved in a certain way. We locked in a \$297,000 savings. That will be a reduction in debt service this year in account line 88.

Mr. Glenn Hunsicker asked if that should have shown up in the monthly report. Where is that money sitting right now?

Mr. Debi Bowman stated that it is a refunding.

Mr. Brent Hartzell stated that we had one individual who wanted the Stabilization Fund put in as a title in that particular line which caused a second person to get completely upset about it in mentioning that the Stabilization Fund was there and then make a complaint that we were not getting enough revenue on any of this and that we needed to be getting more and then the second person, plus a third person have also complained that we should actually try to put our stuff into a cash management program because apparently with all the other things that we are doing we have enough time and expertise to be able to take care of all the investments. Trying to find my way through that Kafkaesque maze on a daily basis is something that I am proud of.

Mr. Glenn Hunsicker asked what does that have to do with my question. That is a stabilization question. I am asking about the loan, the \$11.5 million. Where is that money? Where is it sitting and what account number?

Mr. Julio Guridy stated it is probably on Page 10.

Mr. Brent Hartzell stated that it will be on Page 10 and that is where the Cash Reserves to pay down on the principal and interest will show up.

Mr. Glenn Hunsicker stated that is not part of the stabilization.

Mr. Brent Hartzell stated that it is not at all part of the stabilization fund.

Mr. Glenn Hunsicker stated that nobody was against him in implementing a savings program for this stabilization money. It was the way in which they wanted to spend additional money which costs 5 percent on that loan right now. He asked about the Maximus Study on this general city charges, and stated we should get a copy. He stated to Council you should have a copy and we should see that.

Mr. Julio Guridy asked Mr. Hunsicker to refresh his mind.

Mr. Glenn Hunsicker stated that is the study on general city charges from some group that provided paperwork.

Mr. Brent Hartzell stated that is correct. I have it in my office. Come over

and look.

Mr. Glenn Hunsicker asked if he could come to Mr. Hartzell's office and look and get a copy.

Mr. Brent Hartzell stated cover over and look.

Mr. Julio Guridy thanked Mr. Hunsicker.

Mr. Glenn Hunsicker stated on the Vacancy Report there used to be a total down here.

Mr. Julio Guridy asked if there were any further comments from my colleagues.

Adjourned: 6:48 PM