



# Allentown

435 Hamilton Street  
Allentown, Pa. 18101

## Minutes - Final

### City Council

---

Monday, November 6, 2017

6:00 PM

Council Chambers

---

#### Budget Session - Finance

#### Call to Order: Council President O'Connell

**Present:** 6 - Ray O'Connell, Daryl Hendricks, Candida Affa, Roger MacLean, Julio Guridy, and Cynthia Mota

**Excused:** 1 - David McGuire

**ORDINANCES FOR INTRODUCTION (To be referred to Committee with public comment prior to referral) :**

**The first bill on the Traffic Control Map will be sent to Public Works and the remaining bills will be referred to and taken up during Council's respective budget sessions.**

[15-1955](#) Bill 65 Traffic Control Map Amendment

**Attachments:** [Bill 65 Traffic Control Maps](#)  
[Temporary Traffic Regulations 10-17-17](#)

[15-1968](#) Bill 66 Solid Waste Fee

**Attachments:** [Bill 66 2018 Solid Waste Fee](#)

[15-1966](#) Bill 67 Solid Waste Fund

**Attachments:** [Bill 67 2018 Solid Waste Fund.doc](#)

[15-1960](#) Bill 68 911 Fund

**Attachments:** [Bill 68 2018 E911 ORD.doc](#)

[15-1970](#) Bill 69 Trexler Fund

**Attachments:** [2018 TREXLER FUND ORD.doc](#)

[15-1963](#) Bill 70 Golf Course Fund

**Attachments:** [Bill 70 2018 GOLF COURSE ORD.doc](#)

[15-1965](#) Bill 71 Risk Fund

**Attachments:** [Bill 71 2018 RISK FUND ORD.doc](#)

[15-1962](#) Bill 72 Equipment Fund

**Attachments:** [Bill 72 2018 Equipment Fund](#)

[15-1964](#) Bill 73 Liquid Fuels Fund

**Attachments:** [Bill 73 2018 Liquid Fuels Fund](#)

[15-1957](#) Bill 74 Administrative Order Fund

**Attachments:** [Bill 74 2018 Administrative Order Fund](#)

[15-1959](#) Bill 75 Debt Fund

**Attachments:** [Bill 75 2018 DEBT.doc](#)

[15-1958](#) Bill 76 Capital Projects Fund

**Attachments:** [Bill 76 2018 Capital Projects Fund](#)

[15-1961](#) Bill 77 EIT Tax Rate

**Attachments:** [Bill 77 2018 EIT TAX RATE.docx](#)

[15-1956](#) Bill 78 General Fund

**Attachments:** [Bill 78 2018 General Fund](#)

[15-1969](#) Bill 79 Tax Rate

**Attachments:** [Bill 79 2018 Tax Rate](#)

[15-1967](#) Bill 80 Stormwater Fund

**Attachments:** [Bill 80 2018 Stormwater Fund](#)

[15-1975](#) Bill 81  
Amending Article 951 – by setting the Stormwater Utility Fee at Twenty (\$20) Dollars per Five Hundred (500) square feet of impervious surface.

**Attachments:** [Bill 81 2018 Stormwater Fee](#)

[15-1976](#) Bill 82  
Amending the Streets, Utilities, and Public Services Code, creating Article 951 – Stormwater Utility Fee, by imposing a stormwater utility fee on developed parcels in the City for the sole purpose of covering the cost of the City's stormwater management program and creating the mechanisms

necessary to implement the fee, including calculation of the fee, adoption of a credit policy, enforcement, appeals, and adoption of administrative policies and procedures.

**Attachments:** [Bill 82 Stormwater Utility Fee](#)

## **RESOLUTIONS FOR INTRODUCTION (Can be voted on or Referred to Committee):**

[15-1971](#) R182 Approves Capital Improvements Program 2018 - 2022.

**Attachments:** [R182 Approves Capital Plan](#)  
[2018-2022 November Capital](#)

### **Budget Discussion - Finance:**

#### **Revenue Estimates, Finance, Five Year Plan, Debt Service Fund - Equipment and Capital Projects Fund if applicable.**

Mr. Julio Guridy stated that they can talk a little bit about the Monthly Report and then the Budget. He asked about the month of September Financial Report.

Mr. Brent Hartzell stated that the one disappointment that they have by \$30,000 they missed going positive in the Golf Fund. We had some warm weather and in October we may get there. Revenues and expenditures are continued at rate. \$1.8 million difference under budget which means we used \$1.8 million in reserves. No other surprises on the seen at this point. We can manage funds to carry out the city's business.

Mr. Julio Guridy asked if there were any comments.

Mr. Ray O'Connell stated that Mr. Hartzell stated \$3.6 million. He stated wasn't it \$3.9 million.

Mr. Brent Hartzell stated \$3.6 million in the 2017 budget book. He asked are you talking about the reserves in 2018. He stated that he was going back a year.

Mr. Julio Guridy stated that we are just talking about September monthly report. He asked if there any comments from the dais. He moved to the Budget Presentation for the Finance Committee.

Mr. Lou Hershman, 405 N. Gilmore Street, stated that Mr. Hartzell promised us how much interest we are going to earn for the year 2017. He stated that he doesn't see it on the Report. He asked about the cost of the Financial Advisor.

Mr. Brent Hartzell stated that in the neighborhood of \$10,000 - \$20,000 that

we would get annually. We have been doing testing to move money from Wells Fargo to TD Bank. If we would go to a Financial Advisor. If we are talking about the short-term cash, they do not take a penny from us. They take it from commission and fees of what we invest with them.

Mr. Lou Hershman asked about the revenue summary and the expenses exceeds our revenue for \$6 million.

Mr. Brent Hartzell stated that the Budget will indicate in the A&E is coming in at \$99.9 million. The expenditures shows \$105. million which include the POB payments for this year. What was a \$3.6 million hole is coming out as a \$1.8 million hole in the A&E data. We stick with the actual budgeted amount.

Mr. Lou Hershman asked if the city is getting the \$1 million from the Parking Authority. He stated that the Golf Course fund has a deficit.

Mr. Brent Hartzell stated that he is not sure. In the course of the year when we do the estimates of revenue some will come ahead and some will lag. He stated that he expects to get from them what they have available to give us.

Mr. Julio Guridy stated that we may have to raise the rates.

Mr. Tom Hahn, 2016 E. Highland Street, asked about doing business with the bank. The profit comes out of the dividend. He asked for an explanation.

Mr. Brent Hartzell stated right now as we continue transition from Wells Fargo to TD Bank. The available pooled and non-pooled accounts is getting something around 1/10 of a percentage in interest. It will be a .32 percent of custodian fee. He stated that this issue has come before. If he had an entire division to do those investments he would take advantage of that.

Mr. Tom Hahn asked if the city has a number to go with that answer.

Mr. Brent Hartzell stated they included that in the 2018 budget. The interest rates are going up this year.

Mr. Glenn Hunsicker, 844 S. 11th Street, stated that how much money is invested with this new Investment Advisor. he asked if it will be the Stabilization money. This number is not the Cash Reserve number.

Mr. Brent Hartzell stated \$5 million. That was part of the agreement to get

the low transaction rate. He stated that they are looking to make sure there is no legal problems. He stated that it is part of the Cash Reserve number.

Mr. Julio Guridy moved to the Budget.

Mr. Brent Hartzell talked about revenues and expenditures. He laid out a few rather summary points about the revenue and expenditure side. We had mentioned that our recurring baseline revenue is the same sources that were budgeted in 2017 and expect them in 2018. We will get \$4 million more. A lot of that is that we have a full year effect of the EIT. We are outperforming on Business Privilege tax. You have heard about added fees for Planning and Zoning and Building Standards along with the intention of the Director of Building Standards and Development to put a comprehensive focus. From a revenue impact we expect that to turn in at least \$800,000 on top of the \$4 million.

Mr. Ray O'Connell stated Earned Income Tax is from 26.1 to 28.5, Building Permits and Fees from \$620 to \$966, presales inspections are \$160 to \$450.

Mr. Brent Harzell stated that we did not see the affects of that until April of 2017. We will have a full year affect in 2018. Those collections are coming in better than we thought they would. Mr. Lightner will be in a good position to explain those things in detail. He mentioned the operating deficit for 2017 and as a result we are anticipating a reserve of unrestricted cash in the General Fund of \$8.5 million to begin 2018. The \$8.5 million includes the \$4.8 million Stabilization Fund as part of that total. The expenditure side we are going to be moving \$3 million to create a Stormwater fee that is proposed in the budget. The aggregate pension board decided the intended rate of return on the investments in police and fire pension funds was brought down to 7.75 to 7.5 percent. The O&E from 6.75 to 6.5 percent. The consequence was that it was going to bump up our MMO. We extended an extended mortality table. The new rates for MMO is locked for two years. It should hold steady. He talked about the continue need of rolling stock. He stated that the drawdown will seize to exist. We will still have a significant need to replace Fleet vehicles. (fire trucks and police cruisers) He talked about a short-term loan of \$4 million to spread it over five years to cover the rolling stock. There will be a separate item for fire apparatus for 2018 and 2019. He stated to get them on an RFP with a seven year repayment on those. The money is already in the budget.

Mr. Ray O'Connell stated in the Mayor's summary he thought it was two new fire engines, pumpers. He asked about the casino fee and if Mr. Hartzell is optimistic. He asked about the CDBG reimbursements.

Mr. Brent Hartzell stated that they are putting in the finances for both and will be laid out for that timeframe and pay it off in a seven year period. He stated that he will be really optimistic when he sees the next \$1 million paycheck show up from the Pennsylvania Revenue Department. His understanding is that the city will get the full amount under the existing law for 2017. The 2018 amounts to keep steady at \$3.8 - \$3.9 million. That revenue stream will not be diminished. He stated that they are trying to get a much better handle on what we expect from reimbursements.

Mr. Julio Guridy spoke about the casino fee and that he read that some of the money will go to host community. He asked if that would stay in effect.

Mr. Brent Hartzell stated that the distribution from the Sands Casino remains in effect. He stated that it has been discussed that we are taking \$3.9 million in assigned reserves for extra payment of pension obligation and instead directing it to cover pension MMO cost in the budget. The amount that is funded comes in \$3.4 - \$3.5 million. We are not at risk of ineligibility with respect to Act 205. There will be pay increases across the budget, 3.5 percent for non-bargaining staff. Between 2.5 and 3.5 percent for bargaining staff, depending on the collective bargaining agreement. We will see steady revenue for Trexler and Solid Waste Funds. There has been an increase in the gas tax. The Five Year Plan is not in the back of the book. The Mayor is very cognizant that it will be out before the end of the year. The revenues and expenditure growth as shown in the 2017 plan is continue at pace as we anticipated.

Mr. Daryl Hendricks asked if there were any personnel that are slighted to get higher than 3.5 percent increase for all non-bargaining.

Mr. Brent Hartzell stated that they are not. There is 3.5 percent increases across the board.

Mr. Ray O'Connell stated that it was an individual position more than the 3.5 percent.

Mr. Brent Hartzell stated that we put in as an understanding 3.5 percent with no exceptions.

Mr. Ray O'Connell stated that the EMS transit fee jumped from 3.2 - 3.67.

Mr. Brent Hartzell stated that this is one he wants to commend Mr. Glazier. He was very public about it and he was right. He talked about the three strikes rule for non-medically transit for residents in the city. We are starting to see more than a dozen of people that met the three strikes rule. They will be subject to pay the fee.

Mr. Julio Guridy stated that in the General Fund charges of Police Extra Duty Charge. Are you planning on doing something different. He asked about the Finance Budget and Account 42 going up.

Mr. Brent Hartzell stated that they make sure that the revenue coming in and the expenses we have going out is pretty much in line. The overview impact on the budget will be no different. You are looking at Account 42 generally across the whole department. He stated that he put one item in the budget that was intended for my office. He talked about the carpeting in his immediate suite. There are things related to the Print Shop resulting in that increase. We are adding another full-time individual in Purchasing. He stated more than 100 individuals that applied for the Purchasing Agent's job and there is a good group inside that would be able to take on that role. We wanted another Purchasing Coordinator in place because the amount of work going on with RFPs and Procurement processes. There is another position added to the Stormwater Fund.

Ms. Candida Affa asked about the 3.5 percent raise. She asked if everybody got the 3.5 percent. He stated that the Administrative Assistant went from \$40,000 to \$46,000.

Mr. Brent Hartzell stated that it has a different baseline as a result it. He stated that he will look into it.

Mr. Ray O'Connell stated that it looks like a position change.

Mr. Jeff Glazier stated that he communicating with Mr. Hartzell earlier today. He discussed the difference between the \$3.4 million in the POB and the 3.9 million to address the MMO. He commented on the Building, Plumbing and Electrical fees. Barring and increase in fees which will have to be done by Ordinance, he is assuming that Mr. Lightner is counting on the increase of construction. The pre-sales inspections are a significant increase. He asked about Miscellaneous Income being a black box. He asked the source of these funds and the biggest contributors. In Finance and Administration Account 46 line item for Forensic Accounting. Do you expect that changed for 2018 or 2019? He asked about Financial Advisory services in 2018. He asked about Legal Advertising. He asked about the Print Shop Account 42 account and security and network security audit. He asked about the color printer in the Print Shop. Debt Services 42 Account in the Detail Book, 187. He stated that when he was referring to financing fees. He stated that he doesn't know if it is proper to handle short-term financing costs out of that.

Mr. Brent Hartzell stated that Ms. Debi Bowman send you an email on one

particular item. We will follow up on that. There were unexpected expenses. He thinks that reserve may get used for that purpose. He stated with the Mayor's race, it is worth keeping it in there. We are getting an RFP prepared. PFM made a fairly nice sum of money on the ANIZDA bond, thanks to the legislation passed in Pennsylvania a year ago, anyone working with ANIZDA cannot simultaneously work with the city. He stated that the city's legal fees from one year to the next can be highly volatile. He stated that Mr. Leibert would have a better understanding. He stated that IT had suggested we needed to include that additional amount in the overall budget for it.

Ms. Debi Bowman stated that we have it at the \$35,000. That is with all the paying agent fees. We only spend what we are billed for.

Mr. Brent Hartzell asked Mr. Glazier if he thinks that \$35,000 is on the high side.

Mr. Julio Guridy asked anyone from the public has any questions.

Mr. Tom Hahn stated that if the first thing to go is memory. PFM was mentioned and how well they were. He stated that he would consider that the city would contact them back to help us. EIT Tax and the total amount and the percentage that the state pays, and what goes into the pension fund. He asked for a 10 percent cut in the budget. He asked how are we going to get a true picture to satisfy the public's interest. When you screw up in an industry you leave, but when you screw up in the city you get re-elected.

Mr. Julio Guridy stated that the more we can cut, the better we will be. Some of it is contractual. Mr. Ray O'Connell stated that this is the first meeting.

Mr. Julio Guridy stated that we are looking into the budget. The Mayor hasn't presented the Budget to us yet. Every department has an opportunity to present the budget. There will be more amendments to the budget.

Mr. Ray O'Connell stated that the Mayor will be here on Wednesday.

Mr. Lou Hershman talked about the Parking Authority and expecting the \$1 million. The budget shows that that they \$750,000. There should be an amendment to the budget.



Mr. Ray O'Connell stated that it is a projection. Sometimes you get a little more and sometimes you get a little less. He stated that last year, they were on the mark.

Mr. Lou Hershman stated that was for the year before. He asked about the Personnel Study. When is the Personnel Study will be done?

Mr. Julio Guridy stated that it is in the books.

Mr. Ray O'Connell stated that the Personnel Study will take six to nine months.

Mr. Jeff Glazier stated that it is a contract for a Personnel Study. It has been signed. He stated that he doesn't know the timeframe.

Mr. Ray O'Connell stated that they had their first meeting last week. To do a Personnel Study it is six to nine months. It will be implemented in 2019.

Mr. Lou Hershman stated that Mr. Hartzell assigned money for \$3.9 million, but when I look at this budget, in 2017 we have a total revenue of \$102 million. We have a deficit of \$2 million. How do we arrive at \$3.9 million. He asked about the Act 205 money and is it nonresident or resident money.

Mr. Julio Guridy stated that he was looking at it himself.

Mr. Brent Hartzell stated that the Budget for 2017 that had factored in a \$3.6 million operational structural deficit will only be half of that. It will be a \$1.8 million in savings. None of the reserve is the uncommitted fund balance. We are suggestions to payoff the increase in Pension MMO. He stated that the \$3.4 million and \$3.9 million. Reserves are not revenue. Drawing from reserves will not show up in the Revenue Chart. He stated that it is Account 2900, under Earned Income, EIT solely.

Ms. Candida Affa stated that she wanted to respond the Mr. Lou Hershman on the Parking Authority. She stated that there has never been a commitment of the Parking Authority on a certain amount. It all depends on the revenue of the Parking Authority.

Mr. Lou Hershman stated that is good to know.

Mr. Glenn Hunsicker stated that he wants to comment of the 3.5 percent raise across the board. In recent years it was not applied across the board. People are getting more than the 3.5 percent they had a year ago. Not everyone gets a raise in the city.

Mr. Julio Guridy stated that everybody gets a raise across the board. If you know somebody that did not get a raise and it was a raise across the board, you should bring it up to the administration or somebody here.

Mr. Glenn Hunsicker stated that and the guy upstairs will want to fire him. That's the way he works. He is vindictive. I will tell you next year or on Wednesday.

Mr. Brent Hartzell stated that one will see on the detail of the Budget that everybody, with one exception which I need to take a look at. You will find that every position that is non-bargaining has already been factored in to a 3.5 percent increase.

Mr. Glenn Hunsicker asked what has been the raises in the past three or four years for non-bargaining people in the city. Last year, you had three percent, this year it is 3.5 percent, and what was the year before.

Mr. Glenn Hunsicker asked where are they getting this from. He stated industries are not paying this kind of money.

Mr. Julio Guridy stated that we get it from the revenue that we have. The money that he is borrowing is for Capital Project, not for raises.

Mr. Ray O'Connell asked Mr. Hunsicker why shouldn't employees get a raise.

Mr. Glenn Hunsicker stated that he is not saying, but at what percentage. What is the national average?

Mr. Julio Guridy stated that this is what is proposed. It is not necessarily what is going to happen at the end. It could change.

Mr. Glenn Hunsicker stated that they will have a 6.5 percent raise in two years.

Mr. Brent Hartzell stated that what we had in the budget last year was 1.5 percent.

Mr. Ray O'Connell stated it was proposed last year of 1.5 percent and we gave the non-bargaining people three percent. This year they are going to 3.5 percent.

Mr. Glenn Keller, 2762 Furner Street, stated that he wants to clarify the MMO and the pension payments. Considering three difference scenarios

in the budget and scenario one is completely out of balance. When the Water and Sewer Lease took place the city put aside money for the intent to pay down the Pension Obligation Bonds at an accelerated rate and that is the POB account with \$3.5 million. If we were following the same trend as the past several years that money would remain in the account and be used to pay down the Pension Obligation Bonds further in 2018. The city will also be budgeting money for its full Municipal Obligation Payment through the budgeting process taken out of the General Fund. For scenario two, it would be added to the current process of using General Fund money to complete pay the MMO. Under scenario three which is reflected by Mr. Glazier here to be used to pay down the MMO and what I heard what Mr. Hartzell said. It would be used as MMO payments which traditionally had been paid by money from the General Fund. The pension fund will get \$3 million plus less money. What is the clarification on what is the division between normal General Fund source General Fund payments versus extra pension fund deposits that the city could make with \$3.x million.

Mr. Brent Hartzell stated that last year the gentleman was up at the counter complaining that we were reserving that 3.5 to pay off Bond holders in the pension fund and wondering why we weren't putting it investments and now we are doing exactly what he would have wished for by actually moving that money over to take care MMO payments this year. He is complaining about it. This money is General Fund money and left from the Water and Sewer Lease and put in the General Fund. We have an option in the General Fund to make use of however we choose to spend that money and this year in dealing with the increases in MMO that was intended to be sure our police and fire retirees in our O&E retirees were going to have a reliable amount of return that was factored in. We had to increase MMO and made a strong commitment to being sure that we are keeping those funds in solid shape and investing the money. Everything that we do is trying to make sure that we are providing a stable pension fund for police and fire which by the way is at its highest level of fund income ever. We had a very good year with the Stock Market and we have been putting out cash. The value of the police and fire funds exceeds what it was at the time of the Water and Sewer Lease.

Mr. Julio Guridy asked the amount that the MMO went up.

Mr. Brent Hartzell stated that the MMO went up a little over \$3 million. A large chunk of that with some things built into system which we were expecting a \$1 million increase and ended up becoming over three. We laid out a longer mortality table, a reduced rate of return by going to 7.5 percent. Our expectation for next year is that it is going to hold steady. This particular MMO contribution is locked in for two years.

Mr. Glenn Keller stated that his complaining of the bond payments was a presentation was done under Local 302. I am speaking tonight totally on my own as a taxpayer of the city of Allentown. The bonds are accruing at 5.25 percent or 5.35 percent maximum rates. He said several years ago it was listed at 5.75 percent. The supposed rate of return for the Pension Fund is 7.5 percent. It is an economic decision.

Mr. Julio Guridy asked if there were any other comments.

Mr. Robert Trotner stated that it is disgusting that Mayor Pawlowski was not here. He stated that he was not aware that there was an item in the budget for a forensic account. How much money is allocated for that item.

Mr. Julio Guridy stated that he doesn't think they have anything.

Mr. Brent Hartzell stated \$50,000. In the Detail Book it is under Finance Administration, which is Bureau 602, Program 3 in the Finance Department.

Mr. Jeff Glazier stated as you notes I questioned some of the expenses under that account earlier.

Mr. Julio Guridy asked if there were any further comments.

[15-1974](#) Monthly Finances

Attachments: [SEPT 2017 MO RPT](#)

[15-1159](#) Budget Schedule

Attachments: [Budget Schedule Final](#)

**ADJOURNED: 7:31 PM**