



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Monday, November 27, 2017

6:00 PM

Council Chambers

Budget Session - HR, Risk, Non-Departmental

Rollcall

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

Special Budget Meeting

Human Resources, Risk Management, Mayor, General and Civic, Managing Director/Information Systems, Controller, Solicitor's Office, Council

Mr. John Marchetto stated that they talked about his department during the pre-budget meeting. Nothing has changed from that other than the actual budget numbers. He is adding a part-time person for 2018. The other accounts are standard that we do every year.

Mr. Ray O'Connell asked Mr. Marchetto about Account 46, \$41,081 that is the personnel study.

Mr. John Marchetto stated yes and the collective bargaining agreement expires this year too. There will be some expenses with negotiations.

Mr. Ray O'Connell asked about the RFP.

Mr. John Marchetto stated that the contract is a piggyback with the Lehigh County. The timeline with the initial data information has been provided to the company. They are coming in here next week to speak with all the non-bargaining personnel and give an overview. He is hoping to have everything completed by September.

Mr. Daryl Hendricks asked about the part-time will be under the temporary wages.

Mr. John Marchetto stated that is correct. There is \$20,000 for that.

Mr. Julio Guridy asked what is that employee going to do.

Mr. John Marchetto stated general receptionist work. Just to fill in. We are down a person from last year. I did not fill the HR position. I re-distributed

the work. We were a little bit short. We just hired a HR Generalist. I wanted the person to have an HR background. She has a Generalist background and a HR education background. As she trains and comes on-board, I want to grow her in more responsibilities and have a general reception type position at that counter.

Mr. Julio Guridy asked when will the Salary Study be completed.

Mr. John Marchetto stated hopefully by September. It is a nine to 12 month process. He stated for Risk Management as far as responsibilities is healthcare, workers compensation, auto liability, general litigation defense, police civil defense is taken from the Solicitor's office. We show a slight increase in healthcare. The other accounts are flat from year to year. We are at \$300,000 for auto and \$107,000 for excess workers compensation. We are in the first year of auto and second year with workers compensation.

Mr. Jeff Glazier asked Mr. Jeff Nelson about property and casualties. He stated that his questions are in the detail book regarding the 44 Account and 01. he stated that the Professional Service Fee is the cost of defense. Some of the bills are hard to teas out the ones that are Professional Defense and what might be settlement costs.

Mr. John Marchetto stated that they received Mr. Glazier's questions today and did not have a lot of time to get in depth on them. He stated those are litigation fees. He stated that they are paid out of the 44 Account. The Defense work is handled into the Solicitor's office.

Ms. Susan Wild stated that in terms of the police cases, we only pay the extent of our deductibles whenever it is attorney fees for a settlement. In the past years, our deductible was \$75,000 and now it is \$125,000 and we pay in the full extent of that deductible.

Mr. Jeff Glazier asked about the Account 46 and departmental first aid kits.

Mr. John Marchetto stated that it is on a Purchase Order and he did not have a chance to talk to Purchasing to see how that is paid for. I know it is an open Purchase Order.

Mr. Jeff Glazier stated that at the beginning of the year it was a \$4,000 encumbrance. He stated that he would think that if he was on Council and it was a continuous expense year in and year out. It should be listed in the detail so we can see it explicitly. In the 87 Account - Lawsuit Settlements, there appears to be an invoice listed at Professional Services. The 87 Account should be paying the judgement or the claim. Worker's

Compensation in Account 46, I don't see a billing for EHD this year. We pay bank services fees and this is where Risk pays out of the 46 Account. I assume we will be paying it in 2018.

Mr. John Marchetto stated that he doesn't a lot of details. He doesn't know the specific invoice. I don't believe we received an invoice from them. Their contract is split between Workers Compensation and general brokers. He doesn't recall approving a bank fee and deferred to Finance on that.

Ms. Candida Affa asked if there were any other comments from my colleagues.

Mr. Daryl Hendricks asked about Page 339, Line 85 - Auto Losses. We have gone from \$217,000 to \$300,000.

Mr. John Marchetto stated that last year the Budget was reduced to \$150,000. We went through that and we are back at \$300,000.

Mr. Daryl Hendricks asked what bureau incurs the most costs.

Mr. John Marchetto stated that police followed by streets, and then fire.

Ms. Candida Affa asked if there were any other questions from the dais or the public.

Mr. Lou Hershman, 405 N. Gilmore Street, stated that his question is when he served on City Council all the employees and the elected officials were properly bonded. He stated that he put a Right to Know Request and the Finance Director said they are not. Did they update the bonding for all city employees and elected officials.

Mr. Brent Hartzell stated that the three individuals under the Charter that needs to be bonded in which we discovered that the coverage was insignificant we have submitted all the paperwork through EHD and waiting for the pricing quote to get that bonding taken care of.

Mr. Tom Hahn, 2016 E. Highland Street, asked if Risk Management interacts with anything to do with the Centerra Contract on damages or anything that pertains to that contract. He asked if that is a cost or savings to the contract for the city. How does that affect the contract?

Mr. John Marchetto stated that the only thing we interact with is to handle the invoices for the auto body damage which comes out of the auto liability. We run that through our third party administrator, PMA. All the auto

accidents are report to PMA in real time. He stated that collision in separate and part from the general maintenance. We are self insured and are not paying an insurance company for a policy.

Mr. Julio Guridy asked about Page 338 of the Budget Book, \$1.8 million projected cash balance.

Mr. John Marchetto stated that it is a carryover. It is a starting cash balance that is left from the prior year, projected.

Mayor Ed Pawlowski stated that they are trying to be transparent. It was always calculated in there.

Mr. Brent Hartzell stated that they wanted to be sure that the balances are we understood them this year as we expect them to be on January 1, 2018 are present across all the funds.

Mayor Ed Pawlowski stated that they have always been calculated. It was broken out separately. It is a carryover.

Ms. Candida Affa asked if there were any other questions from my colleagues.

Mr. Ray O'Connell thanked Mr. Marchetto and Mr. Nelson. He stated that they will go right to the Mayor's budget.

Mayor Pawlowski stated that his budget is pretty standard. It is not much different than last year. The overall budget for the Mayor's office is down.

Mr. Ray O'Connell asked about 7N - \$40,000 to \$46,000 and all non-bargaining people got 3.5 percent.

Mr. Brent Hartzell stated that is a 3.5 percent pay raise. The reason for that is because in 2017 that position was partially funded out of the Solicitor's office. Add those two numbers up and add a 3.5 percent to it and you get \$46,000.

Mr. Julio Guridy asked about the Chief of Staff versus Managing Director.

Mayor Ed Pawlowski stated that we have an organization that has over 800 employees. To not have a CO type individual is absurd. I tried to put forth many Managing Directors that were not approved by City Council for whatever reason, I have no idea. The last gentleman that I put forward had three Master's Degrees. I assume that it will be futile to try to put forth another person. I don't know how I top that. I was waiting for some sign

from Council that you were willing to talk and it never came. I changed it to a Chief of Staff and lowered the salary by over \$20,000 in the hopes of getting someone to assist with the operations. It doesn't seem to be my ability to get another passed. I change it to the Chief of Staff because it doesn't require me to go through Council to get that person approved. We had a Chief of Staff in the past.

Mr. Julio Guridy stated that he personally likes the title Chief of Staff. That doesn't mean that I am 100 percent in agreement.

Mayor Ed Pawlowski stated that it needs to be someone to assist in a city this size like every other city in the state and the country. I tried and put forth several people have not gotten any response.

Mr. Ray O'Connell stated that he doesn't necessarily agree with your statement. The people that you brought forth we felt was not qualified to be Managing Director.

Mayor Ed Pawlowski stated that Council never gave a reason why they were not qualified. None of you gave me a specific reason or a reason why they were not qualified to be Managing Director. We can go back and listen to the tape. Why would you turn down someone with three different Master's Degrees. Why would you turn down someone that was the first Latino ever in the history of the city to be nominated for this position. It is beyond my comprehension. None of you expressed, except you did not like the individual. You didn't think that person was qualified.

Mr. Ray O'Connell stated that there were some comments made by Council about the qualifications as far as working in government before. It was some questions from Mr. Guridy and people on my left about did he ever Manage or Managing Director or have they managed a multitude of the people. We did have some reasons for not going forth with their nominations or approving their nominations. it boils down to you saying if you bring a Managing Director forth we have to approve or disapprove, but the Chief of Staff you can just pick your Chief of Staff.

Mayor Ed Pawlowski stated that he was highly qualified. I need somebody to be a COO. We are at a deadlock here and because of the elections and certain people running and all the stuff that was going on we were not getting anywhere. For a year now, I was able to hold the ship together without any assistance, but I am telling you that any other city this size or any other corporation this size has a COO type individual. For us not to have that is absurd. It is ludicrous. I have changed the title so that we can at least move on.

Ms. Candida Affa stated that she remembers having private conversation with him about Mr. Walker when you had him up for Managing Director. At first, I was all for it. After further review and the fact that he quit his job abruptly and not passing the sniff test with me and you obviously agreed and said how about putting him for Economic Development. I did talk to you about it personally. There were times I asked you why you did not allow us to interview and you said why you are going to reject them anyway. You can't put this all on us.

Mayor Ed Pawlowski stated that this is the Charter. You guys don't get to pick the Managing Director. You don't get to pick, choose and interview my department heads. You get to appoint and I send it to you for confirmation. You don't get to sit at the table to pick individuals. I am following what has been tradition for the past 150 years in the city regarding department head and the last 30 years since the Charter has been put into place. The process is the confirmation process. Outside of you, you are the only one who came to me with questions and concerns regarding these individuals. No one express any reason for the rejection of these individuals.

Mr. Julio Guridy stated that is not necessarily true. I met with the attorney. I talked and met with him. I also met with the other gentleman that was in your church. We met at Starbucks. The only one I did not meet with was the last gentleman that has three degrees. He was clearly not qualified for this position.

Mayor Ed Pawlowski asked why.

Mr. Julio Guridy stated that he did not have any qualifications.

Mayor Ed Pawlowski asked do you remember the person you gave me for the position. The gentleman from East Stroudsburg University. He had no qualifications either, but you had no problem putting him forth.

Mr. Julio Guridy stated that you talked to him and met with him. He is a manager. He managed a large budget and he is employed. The issue is not that the gentleman applied just like the one that I sent you applied. The issue is if he is qualified and you have to make that decision. I asked him do you ever manage any governmental agency and have you ever worked for government. The closest he came was teaching at a German School in Phillipsburg. I asked him has he ever worked for any labor unions. He never worked with any of them. In fact, you and I had a discussion on a Spanish Radio Station.

Mayor Ed Pawlowski stated that he managed one person. He had a degree in Management, in Finance and in Human Resources. It is very

simple. When we had the discussion and the confirmation process all of you like to pontificate and articulate your reasons for or against something as you had many times in the past on many different issues. On these individuals, you said nothing. That's why I basically said I will change the position Chief of Staff because we need somebody.

Mr. Julio Guridy stated that he likes the title. I think the Managing Director should be for a different form of government then we have.

Mayor Ed Pawlowski stated that he thinks that Managing Director is the appropriate title. You voted for it the very first time and it was voted on unanimously. Most of you voted subsequently throughout budgets for raises for that position.

Mr. Ray O'Connell asked why you going from a Managing Director to a Chief of Staff. You gave us a very sound reason and we will go from there.

Mayor Ed Pawlowski stated that he gave a honest answer.

Mr. Ray O'Connell asked if there were any other questions from the dais or the public.

Mr. Lou Hershman, 405 N. Gilmore Street, stated that we have a City Charter that states when the Mayor leaves town he should appoint a Deputy Mayor. Did he appoint a Deputy Mayor.

Mr. Ray O'Connell stated that we have a Deputy Mayor. He asked the Mayor to correct him if he's wrong, the Deputy Mayor is Mr. Hartzell.

Mayor Ed Pawlowski stated that if he leaves town for an extended amount of time where he is out of the area he usually do appoint and that rotates, depending on who is town at that particular point.

Mr. Lou Hershman stated that when he was on City Council they were notified.

Mr. Ray O'Connell stated that they are notified.

Mayor Ed Pawlowski stated that it has to be for an extended amount of time.

Mr. Glenn Hunsicker, 844 S. 11th Street, stated that the changing of the name of the Managing Director is important if you allow this to go through because you as a body would be authorizing him to change names for whatever. It goes further than what he is doing tonight.

Mr. Ray O'Connell stated that Council will take it under advisement.

Mr. Tom Hahn, 2016 E. Highland Street, stated that for half of the 150 years that the Mayor stated that the city of Allentown was run a certain way is not true because we did not have this form of government for those 150 years.

Mayor Ed Pawlowski stated that he did clarify that since 1997 when we got the Home Rule Charter. Before that we had a city administrator.

Mr. Ray O'Connell stated that Mayor Pawlowski stated since 1996 on. That's about 21 years.

Mr. Ray O'Connell stated that they will now go to the Managing Director which we do not have a Managing Director, but under the Managing Director's auspices we have Information Systems.

Mr. Matthew Leibert stated that he doesn't have any Powerpoint and Council wanted to know the accomplishments.

Mr. Ray O'Connell stated that we heard your accomplishments and your objectives for 2018. It was a fine job. He went to Page 162 - Information Systems. He asked if Mr. Leibert had any comments about the budget. It looks to be a barebones budget. You intertwines with every department in the city and your staff does a good job.

Mr. Julio Guridy asked about the \$60,000 on Page 162 - Line Item 50.

Mr. Matthew Leibert stated that the standard Account 50, Finance decided that IT would hold the reserve there for the cost of processing credit card transactions for the whole city.

Mr. Julio Guridy asked where was that before. He asked if we charge a fee for users.

Mayor Ed Pawlowski stated that we don't do credit cards today. We are going to start implementing credit cards. He stated that we have to pass an ordinance in that point in time. We just did a banking RFP and have a new bank. We are in the process of putting that into place and then the credit card system in place.

Mr. Julio Guridy stated that Account 46 is a little bit higher.

Mr. Matthew Leibert stated that Account 46 and we go through this every year with every vendor and some come back higher.

Mayor Ed Pawlowski stated that it is mostly software licensing.

Ms. Cynthia Mota stated that you had a presentation about the new App. How much was that and is it finished?

Mr. Matthew Leibert stated that they did it in house and it cost about \$200. It was mostly his time and his staff's time.

Ms. Cynthia Mota stated that she was really impressed. Is it up?

Mr. Matthew Leibert stated absolutely.

Mayor Ed Pawlowski stated go to the App store and download it for free.

Mr. Matthew Leibert stated search for Allentown 311 and my purpose there was to the Mayor and anyone else that was listening that we don't need to go out to a vendor and spend ten of thousands of dollars a year to run an App to connect our citizens to their government. We did it with existing software and knowledge.

Mayor Ed Pawlowski stated that Matt has done a tremendous job on these two Apps. There is one that is a APD App. You can download it for free from the App Store and get information on tips that are happening in your area and anonymously report encrypted tips via the APP. It is called Allentown APD and we have a quick Allentown 311 recorder. It is a great application that you all should have on your iPhones and your iPads.

Mr. Matthew Leibert stated that he hopes that they get to market that next year. We might see it get used during the snowstorms. It is over 60 categories you choose.

Mayor Ed Pawlowski stated that it is 60 different categories. It allows you to take a picture and send to the city department.

Mr. Jeff Glazier spoke about some of the things that his office has done this year. The department continue to put contracts on the web. You noticed starting with the October Monthly Check Report is a list of all the Accounts Payable Checks. It is not searchable. We had some good interns this year. They worked on process flows for the Lead Program and Lights in the Parkway and we will continue that in 2018. We began a review of the Purchase Orders as they are issued to try to ensure spending is consistent to the budget being approved. The Controller's department is the smallest department in the city and out budget is very similar to last year. The personnel costs have gone up because the auditor got the 3.5 percent

increase and medical costs have gone up, but our office expenses we predicted would go down this year. We are doing our best to hold the line.

Mr. Ray O'Connell stated how about a Charter change for your salary. Do you agree with that one?

Mr. Jeff Glazier stated that it is not his decision. If the Council and the public determines Controller services are worth more than what the current city Charter has I and the next Controller will be honored.

Mr. Daryl Hendricks stated that he likes the idea of increase transparency from your end. He stated that he knows that Matt has been helping with that. I would encourage that we continue to do that and expand it to an even greater extent.

Mr. Jeff Glazier stated that Mr. Leibert and his department have been great partners to work with. It's not only about transparency, it is about as he explores and investigate the intricacies of Eden, his folks have been exceptionally supportive to him. The turnaround has been quick.

Mr. Glenn Hunsicker asked about the activation of a quarterly report on Pension numbers. Would that go to the Solicitor? He wants Council to implement a quarterly report. He asked about a quarterly report on Pension numbers.

Mr. Ray O'Connell stated the Controller. He stated that it is open to the public.

Mr. Jeff Glazier stated that Mr. Hunsicker is correct. Getting things squared away in his own house and the controller's office. It is something we would like to work on to present to the public. When he was on Council he was representative for Council on the Pension Board. I would give the quarterly reports here. In 2018, when that position changes hands that Council's representative to make the quarterly report. Getting it on the web will be in the not so distant future. Our meetings are in February, May, August and November. They are the third Tuesday of the month at 9:00 AM.

Mr. Glenn Hunsicker stated that he realized that and thanked Mr. Glazier for that invitation. It is more than himself that want the numbers. It would create an atmosphere of less RFPs or Right to Knows and less cost to the city. If we could put out a summary sheet with basic numbers every quarter. He wanted quarterly reports on Act 205.

Mr. Jeff Glazier stated that there have been no Right to Knows to the Pension Board. Act 205 has nothing to do with the Pension Board. Those

are city operations and we can put up quarterly reports and they won't be part of it.

Mayor Ed Pawlowski stated that the entire Budget Book is online.

Mr. Ray O'Connell asked if there was any other questions from the public.

Ms. Susan Wild stated that it is a fairly straight forward budget consisting of personnel cost in the Solicitor's office. When I joined as Solicitor, the office had three full-time Assistant Solicitors and the Solicitor's position is a part-time position. With Mr. Marchetto's departure to Human Resources we went to two full-time Solicitors and two part-time Solicitors. One of those part-time Solicitors resigned this year and I elected to restore the concept of three full-time Assistant Solicitors. We recently hired Attorney Matt Kloiber who will come before Council for confirmation. We will be resuming that after the 1st of the year. We have positions for three legal administrative assistants or paralegals that are used interchangeably in our office. There are fees for bar association memberships and attorney licensing fees. There will be an additional attorney licensing fee with the addition of another full-time Assistant Solicitor.

Mr. Ray O'Connell asked if there were any questions from Council or the public.

Mr. Tom Hahn, 2016 E. Highland Street, asked for the pages and line item that explains the budget and money spent on outside Counsel on lawsuits.

Ms. Susan Wild asked is it for past paid outside legal fees.

Mr. Ray O'Connell stated that they covered some of that under Risk Management.

Ms. Susan Wild stated outside legal services typically is contracted out for in individual cases are allotted as they occur, most often Risk Management. There is a line item in the Solicitor's office for legal services. There are occasional legal services that are needed that are not specifically attributed to one department and they fall under the Solicitor's budget

Mr. Ray O'Connell stated let's go to General and Civic which starts on Page 44. It is self-explanatory. I is pages 44 and 45. He asked about Page 44, Account 72 - Equipment from \$561,000 to \$0.

Mayor Pawlowski stated that this is a catch all category that we have for different civic expenses, arts commission expenses, various other charges

for 4th of July and not covered under specific departments. He stated that we did the short-term borrowing that we put the equipment into this year.

Mr. Daryl Hendricks stated Line 46, we jumped from \$60,000 to \$180,000. What does that cover?

Mayor Ed Pawlowski stated that is the Parking Authority. That is money we pay to the Parking Authority for parking for our staff in the garages.

Mr. Julio Guridy asked why did it go so high.

Mr. Ray O'Connell stated they are charging us more.

Dr. David McGuire stated that it tripled. He stated that it is \$125,000 plus approximately \$60,000 that is currently being put in.

Mayor Ed Pawlowski stated that it is not all Parking Authority.

Mr. Brent Hartzell stated that it is not entirely the Parking Authority. We did have a discussion with the Interim Director about where we thought that the city needed to provide it's contribution during the course of the year. After that discussion, the determination was made that \$125,000 was what we needed to provide. The bank and audit fees add up to that dollar amount.

Mr. Jeff Glazier stated that if you go back and look at past year's budget. Some of the budget have the parking fees in the 46 Account and some like last year's did not have it in the 46 Account. It was distributed to the various departments. It is not a new expense, but a lot more transparent.

Mayor Ed Pawlowski stated that basically it is paying for the deck. The agreement was that they build the deck and bond it and we reimbursement them for the parking that we use in the deck.

Mr. Jeff Glazier stated that it looks like an increase, but it is not. He asked about bank fees. He stated that in 2015 we paid a little bit over \$2,000 in bank fees, and in 2016, a little bit less than \$10,000 in bank fees. This year, to date we have about \$7,400 in bank fees. We are also budget \$3,400 in bank fees. His understanding is the city's new bank contract with TD Bank would result in lower bank and analysis fees. Why are we still budgeting \$34,000.

Mr. Brent Hartzell stated that his anticipation is that it has been there as a placeholder because of previous experiences. If TD Bank ends up being less costly, you are right. We would not need to spend that much.

Mr. Jeff Glazier stated that the same is true with audit fees. I have not seen auditing fees in past years, but we seem to be budgeting the same amount of money \$21,500.80.

Mayor Ed Pawlowski stated that we budget for the contingency. If we don't use it then it goes into the carryover.

Mr. Ray O'Connell asked if there were any other questions from Council or the public. He stated that they will go to the City Council's budget that starts on Page 15. It is very simple. We have one page, Page 17, 18 and 19. He asked if there were any questions about the City Council's budget. If we want to make any amendments to this Budget, take a look at it now and make amendments in the near future. He asked if there were any questions from Council or the public on Council's budget.

[15-1979](#) 2018 Budget Memos

Attachments: [1 - Personnel](#)
[2 - Equipment Stormater](#)
[3 - Equip, Debt, General Fund](#)
[4 - CD](#)
[5 - CAPITAL](#)

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

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

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

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

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

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

ADJOURNED: 7:10 PM