



Minutes - Final

Budget and Finance Committee

Wednesday, May 31, 2017

5:30 PM

Council Chambers

Call to Order: Chairperson Guridy, Hendricks, Mota

[15-1637](#) April Monthly Finances

Attachments: [APR 2017 MO RPT](#)
[QTR CAPITAL REPORT - 1Q17 \(003\)](#)
[1st QT Acct 46](#)

Mr. Brent Hartzell stated that the first two pages of the April Financial Report on the bottom on Page 2 you will see 48 percent. We were at 49 percent a year ago. We are starting to see the increased rate of the resident EIT showing up now. Those things are moving along at a pace that I would expect them to be. On Page 3, with the expenditures, I mentioned last time that we had an extra pay period in March. We are holding about 31 percent of budget actual expended. The General Fund we are holding. The Solid Waste fund we are getting the majority of our Solid Waste fees for the year. It is lining up very similarly as it was the same time a year ago. It is coming in faster. The Risk Fund is 41 percent received, 30 percent spent. Right on pace. The Golf Course finally got some visitors in the month of April. There were expenses that came in earlier in the cycle this year. We are running a bigger deficit. The 911 fund nothing out of the ordinary. The Trexler Fund we are due to get another reimbursement from expenses that have occurred. The overall pattern is pretty much stable. He stated on Page 7, we had an increase in premium pay on the 911 fund. We are spending more in 06 than we would feel comfortable with. Now, it is concentrated in overtime. The vacancy rate follows with everything you are going to see.

Mr. Julio Guridy stated that in the Financial Report the way it was printed out, he never go the year to year.

Mr. Brent Hartzell stated that he has a full printout.

Ms. Cynthia Mota asked if she can see the first page.

Mr. Julio Guridy stated that the total intergovernmental revenue seems to be low. He asked if the city gets the casino fees quarterly. He stated that

the MGM Grand deal fell through.

Mr. Brent Hartzell stated that will be a seasonal thing. The casino fee will come up because it showed up that month and there will be some other reimbursements in May. We have receive what to expect for fourth quarter 2016 and first quarter 2017. In August we will get the second quarter 2017 payment.

Mr. Julio Guridy asked any other questions in regards to the Report.

Ms. Cynthia Mota asked about the revenue for the dog license hasn't been popular.

Mr. Brent Hartzell stated that what the city does and the Animal Control doesn't collect the license revenue. We collect it on behalf of Lehigh County and the city gets a small stipend for every license it sells. The revenue we are getting is a collection fee.

Dr. David McGuire stated that Mr. Hartzell used the phrase coming in faster than anticipated. Does that mean since it is more than this anticipated. He asked about the contribution from the casinos. He asked about online gambling, and airline gambling. If we keep eroding the casinos, we could end up in a very bad situations. We in the municipalities are getting a better deal from the casinos then we are more likely to get from online gambling. He asked if we can take action.

Mr. Brent Hartzell stated that it means both that an in the case of the Solid Waste fee it probably means we are getting it as a whole.

Mr. Julio Guridy stated that he doesn't believe they can take action.

Dr. David McGuire stated that of course we can take action Julio. We are a municipality and we stand to be hurt by this.

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

Mr. Ray O'Connell thanked Mr. Guridy. He stated that the Vacancy Report keeps growing. Streets 4, Police 15, EMS 4, Fire 3, Parks 6, CEDC 10, Planning and Zoning 4, Building Standards and Safety 9, and Communications 9. I understands with Communications, it is going to go away. There are 74 positions. How do you function?

Mr. Brent Hartzell stated that he can't speak for the other departments, but as of next week the Finance Department will be fully staffed. The departments are trying to do as much as they can to fill them quickly.

Mr. Julio Guridy stated that we passed in the budget several positions and they have not been filled up.

Ms. Cynthia Mota stated that the saddest part is, how long should we wait?

Mr. Julio Guridy stated that we are five months into the year.

Mr. Ray O'Connell stated to Mr. Guridy that Council has no power.

Mr. Julio Guridy asked if anyone else had any comments from the Financial Report in April.

Mr. Tom Hahn stated pass an ordinance that if they don't fill the job you lose the money out of the budget. They can't spend it and it is over.

Mr. Brent Hartzell stated that the Account 46 Report is as of this morning. In the aggregate through five months into the year our overall 46 spend is 5/12 as a whole. It is very well under control.

Mr. Julio Guridy asked about the Police and Fire premium pay. We have to make sure that it doesn't get too out of hand.

Mr. Brent Hartzell suggested that Mr. Guridy go back to the monthly report. He doesn't see anything that is vastly different from a year ago.

Mr. Julio Guridy asked if there were any comments on Account 46.

Mr. Brent Hartzell stated generally speaking this is the end of March. He stated that he has an expectation that the project that they started last Spring dealing with getting reconcilable in the Capital Accounts are getting very near to be complete. I am looking forward to be able to tell you such and what came out of it. We are racing to get that done along with the CAFR. We want to make sure we have that done and have a Report for you.

Mr. Julio Guridy asked if there were any comments from the public.

Mr. Lou Hershman, 405 N. Gilmore Street, stated that when he was on City Council they called and investigation and got an answer on the spot. He asked about the 27 pay days. He asked about the Investment Committee.

Mr. Brent Hartzell stated that it only happens once every 10 years.

Mr. Julio Guridy stated that we have so many people that are not in their positions so we have money in the vacancy report at year end.

Mr. Brent Hartzell stated that the \$3.6 million is already factored at the end of year and what we are going to have in the cash balance at year end. I am fully aware that by the time we get to December that \$3.6 million will be the deficit we have against our plan expenditure. We also have the first of the seven expenditures payments back to the Solid Waste Fund for the loan we took out last year. With the negative balance, there is an on-going issue that we often time get projects wrapped up with Transportation Projects. We have a committee that is listed as being required. The committee has not met for several years and I heard something about pooling money with Lehigh County a decade ago and it was deemed that perhaps our own individual investments policy was irrelevant. He stated that he would be very supportive in restarting the Investment Committee again.

Mr. Julio Guridy stated that something is going to happen soon. We don't know if the market is over-priced.

Mr. Glenn Hunsicker talked about Page 10 on non-pooled bank accounts and asked about the Bond Issue and if that is the money left on the bonds. He asked is there a reason the \$2.5 million bond from January 2017 is not in here or did we spend that money already.

Mr. Brent Hartzell stated it is reasonable to assume because we do leave the cash that is drawn in. Various Bond Issues that we have done and gradually been spending down over the last few years. The \$2.5 million issue is actually assigned to Lehigh County Authority. We were the conduit for it. This was part of the Administrative Order with EPA. That issue is actually an LCA debt.

Mr. Glenn Hunsicker asked if it is a ratepayer debt or taxpayer debt. Mr. Julio Guridy stated that everything is a taxpayer debt.

Mr. Brent Hartzell stated that the cash that we are accumulating for purposes of paying the debt services on the LCA Administrative Order is accumulating. I believe LCA has the \$2.5 million since they needed that to do the Administrative Order Project.

Mr. Glenn Hunsicker stated that it should have been an input/output. How do you track this? He asked about Page I in the Capital Fund, project traffic signals upgrades.

Mr. Brent Hartzell stated that we are always aware when calculating the debt issue. We throw everything we owe in there and has a schedule in place to pay it off. With the Administrative Order we are the conduit for the financing to happen, but LCA gets the money to do something with it. He stated that the beginning balance is showing \$242,000. You will notice that we are doing Project 1225 out of multiple bond proceeds. The 2015 debt proceeds contain a portion of it and the 2012 shows a portion of it. We draw down based upon what are in there. If you put those balances together you will get the total of what in that project. We are trying to do more of an efficient job once we see projects being closed and understanding where the spending was.

Mr. Daryl Hendricks asked Mr. Hartzell in his experience is this something that most municipalities do.

Mr. Brent Hartzell stated that it is something that all governments should do.

Mr. Julio Guridy stated that whoever is managing the project should give some kind of report on it.

Ms. Helen Hahn, 2016 E. Highland Street, asked if there is another financial meeting that teaches Council what is going on. It is evident that you don't. It should be more of a collaboration and somebody helping you.

Mr. Julio Guridy stated that we really don't unless something comes up. He stated that it is basically from experience, not necessary because it is written anywhere. He asked if there were any further comments.

Mr. Tom Hahn made a suggestion about the timer. Once something happens and it is a timeout the extra minutes when you are talking and Mr. Hartzell's is talking it should be added to the scoreboard and added to the speaker at the desk. He also stated that there is a \$500,000 royalty fee that is paid to the city by the fee payers. When we go out to LCA about the question about the Memorandum of Understanding and Administrative Order and the Bond, it is a taxpayers bill. No it is a feepayers bill. Why doesn't it go to payoff the bond?

Mr. Julio Guridy stated let's look into that. What is the purpose of the \$500,000.

Mr. Brent Hartzell stated that on Page 2 on the Monthly Report you will see in line 7120 right near the bottom that we have received our semi-annual payment from LCA of the royalty fee. The \$500,000 was a year ago and then it is an inflation factor in subsequent years. He stated why we are getting it is because the city owns the asset and is part of the agreement that was made with LCA.

Mr. Julio Guridy stated that Council will look into it for Mr. Hahn. He asked if there were any other comments.

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ADJOURNED: 6:24 PM