



Minutes - Final

Budget and Finance Committee

Wednesday, January 22, 2020

6:30 PM

Roll Call: Chairperson Siegel, Guridy, Mota

[15-3372](#)

Bill 2 Budget and Finance, forwarded favorably
Amending the 2020 Grant Fund Budget to provide for a supplemental appropriation of One Hundred Forty-Nine Thousand Eight Hundred Thirty-Six (\$149,836.00) Dollars from the Pennsylvania Commission on Crime and Delinquency (PCCD) Gun Violence Reduction Initiative Grant to the City of Allentown as a pass-through grant to Promise Neighborhoods of the Lehigh Valley toward the implementation of Allentown Zero Youth Violence Program.

Sponsors: Administration

Attachments: [Bill 2 Zero Youth Violence Grant](#)
[Ordinance #15591](#)

Mr. Joshua Siegel asked if there were any comments from the floor. He asked if the administration wants to speak about this grant first.

Ms. Bettina McClure stated that this is a pass-through grant from the Pennsylvania Commission on Crime and Delinquency. The city is the grantee. Promise Neighborhoods of the Lehigh Valley is the partner and implementer. This is a continuation of a previous grant where they piloted the Zero Youth Violence Program modeled after the Cure Violence National Model. The city reapplied and received additional funding. This grant is a two year grant. It is no match requirement. There is no liability to the city. Once we appropriate the funds, the city will enter into a sub-grantee contract with Promise Neighborhoods which will pass all their responsibilities and duties on to them. The city will be the intermediary and help them with reporting and documenting. Promise Neighborhoods will

Mr. Julio Guridy asked about the last meeting it was an the issue of how much we have to do with this pass-through grant. We really don't do much. It was said at that time that we have fill out the paperwork and get them back to the state. It is primarily the CDBG funds.

Ms. Bettina McClure stated that is very different. It is handled by CED. That is very different. Technically, the grant application is filed by the city.

She worked with Promise Neighborhood to put it together and set the goals. Once it is up and running and they have the contracts in place they will have quarterly reporting. The quarterly reporting when it is due, Promise Neighborhood is responsible for collecting all the information and providing her with all the documentation. The grants are generally reimbursement bases to document the expenses, put them into their proper format, and the city as the grantee needs to make the submissions online.

Mr. Julio Guridy asked what amount of time does that take you.

Ms. Bettina McClure stated to put together information that they send her in the proper format and allocate expenses into the right category is a couple of hours.

Mr. Joshua Siegel asked if there were any comments from members of the committee, from members not on the committee or from the floor.

Ms. Milagros Canales, Board Member for Promise Neighborhoods and on the Steering Committee for Zero Youth Violence and the Jordan Heights Old Fairgrounds Neighborhood, stated that it is the target area. they held a Peace Walk, family events, movies and educational things. The Zero Youth Violence Movement is about helping and educating the community about the awareness of violence as an epidemic and disease and they are working on a cure. It is on the program itself and the people involvement. The community is now buying in. The conversations that they are having with the youth and old residents. Having a partnership with the police department and everyone involved. She stated that she is looking forward to the next two years.

Mr. Tom Hahn stated that this is not a matching fund, but a straight grant. If this program starts, who is responsible to fund it for the next year. Where will the money comes from? We went through this on many occasions that we got things for crime and firefighting and then it became the obligation through the city to keep it going through the budget process. He asked who is going to monitor it.

Mr. Joshua Siegel stated that we are not hiring personnel. It will be no unfunded mandate associated with this.

Ms. Bettina McClure stated that the city received an initial grant to pilot this program. Based on the performance the city is able to reapply for the additional funds for two years. She stated that she hopes that state funding and other funding will continue to be available. Promise Neighborhood a part of their program efforts is also working on their own private fundraising efforts to sustain the program. It is essentially not a city program. The city

is sponsoring the grant and supporting the program. She stated that the city will appropriate the funds because it will go into a city account and will receive the funds from the state. It will be on a reimbursement bases. She stated that the city as the grantee will Promise Neighborhoods will submit reporting, receipts, contracts, documentation, staff time, time sheets to state before they release funds.

Mr. Julio Guridy stated that it is a two year grant.

Mayor Ray O'Connell stated that the grant programs normally last a year or two years. Not forever funding. The city will continue to look for funding. Promise Neighborhoods will look for funding.

Mr. Joshua Siegel stated that this is the nature of funding a lot of municipal projects. It is grant driven. It is a very successful model. It has worked in many cities and that is why the city was able to get additional funding after its initial piloting. Talk to your State Representatives and your State Senator and continue to advocate for additional funding. he commended the city's State Representatives. They were able to go to PCCD and get additional financing. It is certainly never a guarantee, but the program obviously proved successful and the fact that the city has gotten this second grant is reflective of the fact that the state recognizes its value and inherent impact to the community.

Mr. Julio Guridy stated that PCCD used to give a lot of grants before. They used to fund a lot of programs before. The city had a couple of people working through those grants: Phyllis Alexander and Olga Negron at Bucky Boyle Park.

Ms. Cynthia Mota stated that she is going to recuse herself since she works for Promise Neighborhoods. She stated that more money should be allocated for programs against violence. This models have worked throughout the nation. It is working and has been proven that it works. In order to do a good job, we need money. More money should be allocated to prevent violence.

Mr. Joshua Siegel asked if there were any additional comments from the floor.

A motion was made by Julio Guridy, seconded by Joshua Siegel, that this Ordinance be recommended for approval. The motion carried by the following vote:

Yes: 2 - Joshua Siegel and Julio Guridy

Recused: 1 - Cynthia Mota

Enactment No: 15591

[15-3396](#) Finance Reports

Attachments: [Dec 2019 MO RPT V1](#)
[Q4 2019 Capital Fund Report](#)
[Q4 Acct 46 Reports](#)

Future Goals/Objectives - what does the committee want to accomplish going forward?

Possible Issues:

Committees follow up on Administration compliance with recommendation in each respective committee pursuant to spreadsheet from Novak, Discussion of prioritizing Novak report recommendations, what are short-term vs long-term projects, some are more complex than others, outcome-based budgeting is significantly more complex and requires us to overhaul how we think about service delivery and departments working together, others are a little simpler, such as having a strategic plan for the budget.

Development of Strategic Plan initiative - perhaps a council of the whole oversight issue.

Breaking down the budget between baseline spending i.e personnel, basic social services and strategic spending i.e parks, economic development and forecast that over the next five and ten years to get a better approximation of the true long-term consequences of rising costs and the constraints they'll place the city and its ability to compete. South Bend, Indiana breaks down its budget in this manner and it helps greater to facilitate better discussion about the cities priorities.

Identifying short and long-term solutions to our health care and retirements costs and strategies to restrain them. I want to forecast the growing cost of healthcare and pension liabilities in the long-run to paint a clear picture in the long run.

Implementation of Performance Measures.

Identifying new sources of revenue in the long-run that expand the cities ability to make investments.

Items left over from previous committee:

Budget Process

Capital Process – procedures and assessment of capital needs.

Mr. Brent Hartzell stated that he will miss these activities. What he enjoys about this particular event is that they are able to show on a regular basis where their financial status is. He put a lot of emphasis on this report. He thanked the people behind him on the Finance staff for assembling this

regularly. This is really the month to month document that they see to tell them where the city is on its overall status. This is the honest total of cash going in and cash going out. It is something that you can rely upon on as a guide for your financial decisions going forward. He stated that he will miss a lot of things around here and appreciates their patience and graciousness.

Mr. Daryl Hendricks commended Mr. Hartzell with his honesty, transparency and forthrightness on delivering these reports on a monthly basis. He stated that he will have some tough shoes to fill and wished him the best.

Mr. Julio Guridy stated as chair of the committee, he worked very closely with Mr. Hartzell preparing for the meetings and the financial intricacies. He stated that Mr. Hartzell was very forthright and very knowledgeable. He stated that it helped the city to move forward and put them in a better financial position. He stated the best of luck to you.

Mr. Brent Harzell stated that he will be here in two weeks for the Council meeting.

Ms. Cynthia Mota thanked Mr. Hartzell for his willingness to meet with them and wished him the best of luck.

Mr. Joshua Siegel thanked Mr. Hartzell for taking the time in the last several weeks in opening his office. He is grateful for the position he left Council. You put us in a very strong position financially. You guided the city in some turbulent times. It is a testament to both yourself and your staff.

Mr. Brent Hartzell stated that the first three pages are the General Fund, revenues, and expenditures. The process of the December Report you will see updates in February and March for cash going in and cash going out. They will be very minimal. Page 2, our revenues at the time of the first printing was \$115.9 million that was driven by an outstanding economy helping with earned income tax. There were a 5.4 percent increase over the year before in the earned income tax collection. They had a strong year in Business Privilege Tax which he can not tout his revenue and audit team for that. In the past there were issues about whether they were going to pass the property tax budget. They did that this year. They had a collection rate above 96 percent this year. Nothing else on the revenue side that was a surprise. The casino fee, he takes full responsibility for because he did not understand that the state was going to be distributing the casino money in a different way of how they used to, but they gotten it taken care of in the budget year for 2020. There were instances where they budgeted not quite sure where we should have on the Rental Inspections and the Casino Fees.

They gotten those taken care of for 2020. \$115.9 million on the revenue side shows \$113.3 million for expenditures. That number may tighten. You may see a second consecutive surplus in the General Fund. The city is looking at indeed a second consecutive surplus in the General Fund. Nothing out of the ordinary on the other funds: Risk, Solid Waste, and Stormwater. He talked about the Golf Fund and revenues exceeding expenditures by \$215,000 in 2019. The Golf Fund, the revenue exceeded the expenditures in 2019. The coming year it will continue and disappear all together. The personnel expenses for premium pay and shift differential, they did have a significant increase in premium pay. The pooled and non-pooled cash, the number he pays the most attention to on this page is the 000 General Fund and particularly look where that number comes in from one year to the next. That number as far as cash balance was about \$9.5 million. They ended December at \$12.5 million. In the non-pooled back accounts, the money in the Stabilization Fund that they invested in short-term securities increased by \$100,000 in 2019. The Vacancy Report, they came in real close to budget. They budgeted \$2.1 million and came in \$2,109,000.

Mr. Julio Guridy asked will the city fair out with the new changes with the casino grants. The Wind Creek got the second largest amount of revenue at the State level of the casinos this past year. Would it help to increase the grant?

Mr. Brent Hartzell stated that it is partially driven by the licensure fees which will hold constant and a fixed portion of the gaming revenues. Concerns of a new casino will appear in the Meadowlands in New Jersey.

Mr. Joshua Siegel asked if there were any questions from the public.

Mr. Brent Hartzell stated that the Capital Fund is where they show the project balances as of December 31st. Bina Patel added several columns to the sheet which they will clearly benefit from that will identify the specific funding source of every one of the city's projects. You will see in tremendous detail where the sources of each of the projects are monetarily. He went over what the city has been working on with the Trexler Trust and stated that they have asked for accounting purposes to identify individual projects as opposed to general improvements for Parks and Recreation. Starting with Alton Park improvements and going down to Valania Park renovations you will see a detailed level of spending on park projects. He thanked Janet Roth of the Trexler Trust. It is a little bit of extra work for Bina. he stated that he appreciated her and the Parks Department. You can identify based on the specific funding source what projects are being funded from the 2018 short-term loan or the 2012 debt funding.

Mr. Joshua Siegel asked if there were any questions from his colleagues.

Mr. Julio Guridy asked about the ones encumbered and there is a negative number in them, for instance, the Hamilton Street Safety Improvement on 10th Street. The rest were adjustments by ordinances.

Mr. Brent Hartzell stated that they will need to take a look at that. There is something in the counting on that, that a transfer was made. When money can be moved from a closed project, not stating federal aid. They are tied to the particular financing issue from which the project was done that was redirected to a similar type project. They will do that.

Mr. Joshua Siegel asked if there were any comments from the floor.

Mr. Brent Hartzell stated that Council has asked for the last four years, the Professional Services account balance by bureau for 2019. He stated that Account 46, and Council can look through the detail and see how the bureaus did against the budget and spending on those items during the course of the year. It is the year end calculation. You have it for not only General Fund, but all the other funds as well included in the Report.

Mr. Julio Guridy asked about the actual spend or how much we have left over.

Mr. Brent Hartzell stated that it is actually what we spent. Dealing with City Council, the budget for 2019 was intended for the CAFR - Audit because it comes out of that portion of the budget. The bulk of the \$193,500, the adjusted budget has to do with the Novak Report because that was added in during 2019 for \$150,000. Between those you can see how much was budgeted for the year, then the actuals.

Mr. Michael Hanlon stated that Codification.

Mr. Joshua Siegel asked if there were any further questions from his colleagues or from the floor. He wanted some clear-cut, tangible, strategically objectives for the Budget and Finance Committee this year so they can have some measurable goals and objectives to move towards as they continue to stabilize the city's finances and make sure we are in a stronger position at least five or 10 years down the road. The most immediate is the Novak Report. It was suggested by Mr. Hanlon and he concurs that they should get a working group together made up himself and anyone else from Budget and Finance that likes to participate. For the time being Brent, and then your replacement an staff as well as a member of the administration. He wants to break it down between short to long - term objectives. They discussed at length the outcome based budgeting or

priority based budgeting which the Novak Report details. It is imperative and crucial if we are going to effectively continue to make investments. It is going to require Council and this working group to continue to oversee. Shorter terms things of a good working budget is a strategic endeavor and a plan that you calibrate your budget to. That can organically originate in Budget and Finance and move on to Council as a whole to sign off and approve upon. This committee should identify at least five or six strategic objectives that the budget that it can be calibrated to. He wanted to make sure they did it in an organic and open forum as a committee and for members that are not on the committee that want to participate. He asked if there were any comments from his colleagues or something they want to add. He stated that he spoke to the Controller Jeff Glazier about this and it is particularly important to deal with rising Healthcare and Pension costs, they do a five and 10 year projection of the budget based on baseline and strategic spending. He stated that he wants to work with Controller Glazier to identify baseline versus strategic spending and mapping that out on a percentile basis so they can try to identify ways to grow that. He asked if there were any comments, suggestions or critiques.

Mr. Julio Guridy stated that he likes Mr. Siegel's idea. It is a good way of doing it and how they are going to manage the city's finances. It was something that he wanted to do for a while. We are going through a transitional period and not because of the influx of residents, but because of how much resources we have, including the tax increases and expenses that we have. The whole amount of financial resources we have from the NIZ. He thought they would get a little more funding for the real estate funding part of it. The property values in the NIZ is actually a lot higher than what was there before. He wants to make sure that they follow the Novak Report and develop a committee. They were in favor that when they were making their Presentation. He was looking for some professionals out there that is a little bit separate from the administration, Council and one or two people that are knowledgeable and can help us on how the business world works. He stated that the city is basically like a nonprofit organization. He will support that and would like to be part of that committee.

Mr. Joshua Siegel stated that it is a working committee and will be more than members of Budget and Finance. When Mayor Pawlowski originally took over, there was a Blue Ribbon Committee that was formed that provided a private sector approach. There is some merit to that, although he thinks there are some limitation to that.

Mr. Julio Guridy stated that they have some side conversation about doing some type of audit and our Controller needs to identify in the audit how we can become more efficient to help the city.

Mr. Jeffrey Glazier stated that Mr. Guridy raised an excellent point. One of the things that the Controller could potentially do to address issues of efficiency are performance audits. It is a long-standing Solicitor's Opinion in the City of Allentown saying that Performance Audits fall outside the duties as outlined in the City Charter. He suggested when considering Charter amendments that was something that could be rectified to give the Controller that kind of authority to do Performance Audits.

Mr. Joshua Siegel asked if there were any more comments.

Ms. Cynthia Mota stated that she would like to see more grants and concentrate on bringing more grants to the city. We need to find other revenues. Ms. McClure does a wonderful job.

Mr. Joshua Siegel stated that is part of a good strategic budget to identify where some of the most valuable grants are: anti violence, poverty, substandard services, housing, and healthcare related issues and chronic issues in Allentown. We do need to have a sobering and honest assessment discussion on our healthcare costs and long-term fixed liabilities. We need to start forecasting at a five to 10 year threshold and what those healthcare costs are going to look like. He talked about implementation of performance measures and outcome based budgeting. He suggested identifying new revenue sources. We have a revenue problem in the city. He asked if there were any other comments from his colleagues or from the floor.

Mr. Julio Guridy asked Mr. Siegel about what the City of Charlotte Case Study and Baltimore Final Study.

Mr. Joshua Siegel stated that he was looking at successful models for outcome based budgeting and performance based budgeting. Two of the aspects of the Novak Report called for performance metric. Charlotte and Baltimore and examples of two municipalities that did outcome based budgeting with significant success. Baltimore in particular was able to utilize outcome based budgeting to increase its tax revenue and reduce its property tax rate by 50 percent of 10 years. They were able to increase municipal revenue by other means to turn the city around. Charlotte is a good example of Performance Based Metric. They have six different strategic budget objectives and has a city department that is specifically responsible for monitoring those budget projections and making sure they are actually coming to fruition and make those hard decisions that are required should those things do not come to fruition.

Mr. Julio Guridy stated that he had an opportunity at one time at the New

Jersey League of Municipalities training and the former Mayor of Charlotte was a keynote speaker and it appears they are doing much better than previous years. He is looking forward to learning about that as well. They are not doing that well. They have a downtown that crime is horrendous in Baltimore.

Mr. Joshua Siegel asked if there were comments from the floor.

Mr. Patrick Palmer, 617 Allen Street, thanked Mr. Hanlon for the email. He thanked Mr. Hartzell for everything he has done. He asked if when the previous budget was passed, the city did not have a Collective Agreement from different municipalities and our city. If we wanted to do something, the police and fire were not notified and involved.

Mr. Joshua Siegel stated that the traditional budgeting process it is broken down by finance and the cost constraints and the money associated with delivering a particular service whether its personnel or equipment. Outcome based budgeting will look at the outcomes. You can discern the outcome.

Mr. Julio Guridy stated that is what the Novak Report is actually suggesting.

Mr. Patrick Palmer asked if the city will take opinions from all of them.

Mr. Joshua Siegel stated that we already have Vision 2030 that is a great blueprint that the community did participate in. We can discern six more strategic objectives. There is always a public input period when trying to develop those core objectives.

Mr. Patrick Palmer stated that when Chief Granitz was appointed he mentioned a Gun Buyback Program. Where are we on that? He mentioned giving up some of his salary for the Gun Buyback Program.

Mr. Joshua Siegel stated that we have done it in the past.

Mayor Ray O'Connell stated that the city hasn't had a Gun Buyback Program since 2014. He stated that he will be talking to the Chief in the next couple of days.

Mr. Joshua Siegel stated that it is a point of reference. The city used to have a Gun Buyback Program and the way it functioned is that you will turn in your firearm for gift cards, not cash.

Mayor Ray O'Connell stated that you will get so much money for a working gun, BB gun, or air gun. You are not getting the really high quality gun off

the street.

Mr. Daryl Hendricks stated that too often you will get elderly citizens who have a gun laying around that may not be operable. You are not getting the thugs on the streets to turn in their Mac 10s.

Mayor Ray O'Connell stated that they last one the city did in 2014, they gave out \$1,600 - \$1,800 in gift cards.

Mr. Joshua Siegel stated that in an outcome based scenario, you would measure that you gave x amount of dollars to a Gun Buyback Program and assess what type of firearms. That allows us to have that dialogue. Did it work? Was it worth it? Are there better means of getting guns off the street. Maybe the buyback way is not the right way. Maybe there are other means.

[15-3394](#) Novak Report

Attachments: [Allentown Managment Audit](#)
[Allentown Implementation Plan](#)

[15-3395](#) Budget Information

Attachments: [BBMR_ChangeToGrow](#)
[Best Budget Practices](#)
[Best-Practices-Local-Government-Budgeting_whitepaper](#)
[Budget Issues](#)
[budgetbp](#)
[budgeting_101_coderre_2016_0](#)
[Capital Planning in the Digital Era eBook](#)
[City+of+Charlotte+Case+Study](#)
[Final-Baltimore-Case-Study](#)
[GFOA Best Budget Practices](#)
[LindaBilmesFinanceAdministration](#)
[performance_budgeting](#)
['Performance-Based Budgeting' Takes Off in States](#)

Adjourned: 7:59 PM