

Julio Guridy, President
Ray O'Connell, Vice President
Joseph Davis
Jeanette Eichenwald
Cynthia Y. Mota
Peter Schweyer



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COUNCIL MEETING MINUTES
October 3, 2012
COUNCIL CHAMBERS

Council Meeting – 7:00 PM

1. Invocation: Julio Guridy

2. Pledge to the Flag

3. Roll Call: Davis, Eichenwald, Guridy, Mota, O'Connell
John Marchetto represented for the Solicitor's Office

4. Courtesy of the Floor

Mr. Kenneth Heffentrager, 11th and Washington Street, stated that he had a question about the last meeting the KOZ zone where they picked S. 10th Street plot and Lehigh County has shot it down. There was a meeting for the KOZ before the City Council meeting and both at that meeting him and Mr. Pearson stressed that was a bad choice and we were blown off and asked if another spot was picked. Ms. Hailstone stated that she did not look at anything else because that was a logical choice. What happens to that? Is it a chance to pick another property or are we out of time.

Mr. Guridy stated that he is not sure if they are out of time. That property as you know it has to be approved by the three, city, county and school district. He is not sure if they have time to pick another property.

Mr. Heffentrager stated that he does not understand why it was picked.

Mr. Fran Dougherty stated that he is not sure, but will inquire.

Mr. Heffentrager stated that Ms. Hailstone said October.

Mr. O'Connell stated that they had until February 2013.

Mr. Heffentrager stated that he heard her say that it has to be submitted by October.

Mr. O'Connell stated that it has to be adjacent to something.

Mr. Heffentrager stated that he understands that.

Mr. Guridy stated that the issue is that in order to choose another property, there is a process to it. It does not happen overnight.

Mr. Heffentrager stated that picking that place and wasting he does not know how much of the city's money to look at that place when you can tell outside of it that it was going to be a rough sell and obviously Lehigh County thought so quite quickly.

Mr. Guridy stated that it is a different form of government.

Mr. Lopinto stated that he attempted to drop a petition off to Mr. Hanlon's office. He was unable to make it to Mr. Hanlon's office and he was denied entrance to a city office. The petition was submitted before this meeting, three days ago, on Monday and it should be on the agenda today, according to the city's Charter. It was dropped off more than two days before the meeting and it should be on the agenda to have a discussion about a referendum about the sale of public utilities and properties. He stated that he was denied to the city's office. He was told that the council may discuss this during some point of communications during the meeting. It should be on the agenda and up for debate today. The Charter requires and he wants to know why this was not done and why he was denied access to the office. What should be done to prevent this thing in future from happening?

Ms. Eichenwald stated to Mr. Lopinto that she knows nothing about this and is there someone here that can answer these questions.

Mr. Guridy stated that he heard about it and did not know who submitted it. We asked our attorney what to do with it and because we did not know who submitted it he decided that he will discuss it during communications and put it on the agenda for the next meeting.

Mr. Lopinto stated that in the meantime he was denied access to a public office of the city. Is there a way we could try to prevent this from happening in the future?

Mr. Guridy stated that there are certain things that they could do. It is for public safety issues. Some places take name in the front. He knows that Bethlehem City Hall there is a person right at the door and you have to give your name and be given a badge.

Mr. Lopinto stated that he would have been fine to do that. He was not given the option to do that.

Mr. Guridy stated that this is something that has to be discussed. This is the first time he heard of this. He never heard anything like that before. You have access to the elevators, but not inside City Hall. You wanted to go up to City Council.

Mr. Lopinto stated that he wished to get to Mr. Hanlon's office to deliver that as per the city's Charter regulations.

Mr. Hanlon stated that he apologized to Mr. Lopinto because he was stopped by the person that was downstairs and just before that we had an incident where five police officers came up to remove someone and he was being cautious. He spoke to the person downstairs and stated that he should have actually called.

Mr. Guridy stated that it was a mistake and Mr. Hanlon apologized to you.

Mr. Lopinto stated that in the meantime can they admit that it was submitted properly two days before the meeting.

Mr. Guridy stated that he would not say that. It was not submitted properly to us, to him.

Mr. Lopinto stated that it was delivered as per the city's Charter two days before the meeting to the City Clerk.

Mr. Guridy deferred to Mr. John Marchetto.

Mr. John Marchetto stated that he had knowledge that this was delivered to the city clerk's office on Monday afternoon, but quite frankly he read it and did not know what it was for.

Mr. Lopinto asked does the very top paragraph say that the undersigned petition the council to pass the following a

Mr. Marchetto stated yes, but it does not say anything about putting it on the agenda for discussion and a process to pass a resolution or referendum is different than the process to place something on the agenda.

Mr. Lopinto stated that what he request is that city council to do it. He does not request to pass a referendum because he knows it takes 2,000 signatures, it is much different. He is requesting that city council to do it which is done through the agenda which is what the city's charter requires. It either needs more work done of the city charter's information on how these things are to be submitted because he followed completely what is on the city's charter to follow the process.

Mr. Marchetto suggested that if Mr. Lopinto wants something placed on the agenda, your petition should simply state that I wish to have the following placed on the agenda for the next meeting. He is sure that council receives communications for certain things from time to time that not allows necessary make it formally to the agenda.

Mr. Lopinto stated does this usually have signatures of over 50 registered voters of Allentown.

Mr. Marchetto stated that in his experience many times people will pass petitions to sign things to show a majority or show of concern of multiple people and it is not just one individual. We previously had something on the agenda a few weeks ago and that petition simply stated that we want this on the agenda.

Mr. Lopinto stated that nowhere in the city's Charter the actual rules requiring putting on the agenda. There is no format currently in place. There is nothing in the city's Charter that requires saying that.

Mr. Marchetto stated that Mr. Hanlon had two days to certify the signatures and he does not know if that process was done.

Mr. Lopinto stated that is also a requirement of the city Charter and it was dropped off two days before the meeting.

Mr. Hanlon stated that there is nothing on it to add or be placed on the agenda. Had he spoken to Mr. Lopinto he would have asked him. Mr. Hunsicker was the first name on it. The other issue would have been, even if we would have certified, the question would have been what agenda it goes on. Typically, in the past you would have put it on the next agenda because this agenda was already out.

Mr. Lopinto stated that is not true based on what the city Charter requires.

Mr. Hanlon stated that is fine. You could do that and it would be put on the agenda.

Mr. Guridy stated that it would be put on the next agenda.

Mr. Kirk Raup, 818 W Union Boulevard, Bethlehem, stated that he wanted to talk to Council about the rail issue. He talked to council in late May or early June and spent the summer trying to get all three mayors of Allentown, Bethlehem and Easton which has been a little difficult then he thought it would be with vacations

and other things going on. He finally got a meeting with all three in Mayor Callahan's office next Friday and what he asking that the three cities join together and form a Rail Transit Authority to address the issue of rail transit in the Lehigh Valley and to that end, he submitted a draft resolution for all three councils along with the administrations because it would proper for them to introduce such a thing to get this thing on the way to being reality. He thought it might be useful to read the draft resolution that he sent to everyone. He does not expect them to have it with them, but he has given copies to Mr. Hanlon and the other clerks at the other two cities. If you have no objection he would like to read so he can be upfront and forward to what he is after. He read:

A Resolution of the City of Allentown, PA

WHEREAS, the City of Allentown, Lehigh County, PA. desires to help establish a Rail Transit Authority to provide Rail Transit Services for the Lehigh Valley area via connections with NJT, SEPTA, and the national network via AmTrak, respectively, and;

WHEREAS, this authority will be known as "Suburban – Metro Area Rail Transit, Lehigh Valley" (dba SMART-LV Regional Rail) and,

WHEREAS, per the PA. Municipal Authorities Act, this resolution is required as a precursor to Incorporating said Authority, and,

WHEREAS, the City of Allentown and the Lehigh Valley has lacked Passenger Rail service since 1962, and

WHEREAS, the City of Allentown deems Rail Service to be essential to the present and future well-being of the City and the Lehigh Valley, and,

WHEREAS, no other authority exists to directly address the issue of Rail Service in the Lehigh Valley; and,

WHEREAS, a Plan exists to assess, plan, engineer, build, operate, and fund such a project, and

WHEREAS, per the PA. Municipal Authorities Act allows for Cities' to create such an Authority, and,

WHEREAS, both State and Federal agencies (FTA, HUD, PennDot, and others) that may provide funds and other assistance make said assistance available only through such a Municipal Authority.

NOW, THEREFORE, BE IT RESOLVED, that the City of Allentown does intend to help create a Rail Transit Agency to be known as "SMART-LV Regional Rail" to provide Passenger Rail Services in and for the Lehigh Valley, PA.

Mr. Guridy thanked Mr. Raup and asked if the mayor has a copy of the resolution.

Mr. Raup stated yes, and Mr. Hanlon has the original. He has more if he needed one.

5. Approval of Minutes: September 19, 2012

Approved by Common Consent

6. Old Business

Mr. Guridy asked who was under that committee.

Mr. Davis stated that it is a motion to change it.

Mr. O'Connell stated to change the expiration date.

Mr. Hanlon stated that it was a mistake in the transferal letter. You need to make a motion to change the date.

Mr. O'Connell made a motion to change Mr. Robert Lovett's expiration date from Jan 3, 2015 to Jan 1, 2017 and that he was appointed to the ANIZDA board.

Motion to change the expiration date passed, 5 – 0

7. Communications

Mr. Guridy stated that Council met this evening to discuss the purpose of engaging the Pennsylvania Economy League and they had a very good meeting I think with Gerald Cross who is the Executive Director. They also met Rick Dreyfus who is an accountant and he is working with Mr. Cross on this resolution that will be coming up later. We also met with Steve Fischman who is an attorney and he will be working with Mr. Cross on this proposal that we are requesting of them. These individuals are very knowledgeable in their respective fields. They came together to meet with us on what we are calling a peer review for the proposal that was submitted by PFM, Scott Shearer last year. On October 9th and 11th at 5:45 PM Council will interview candidates for the position to fill the vacancy and make the decision on October 17th, prior to the council meeting at 6:30 PM. Council received a document signed document that we found out is from Mr. Lopinto and we will deal with that next week.

8. REPORTS FROM COMMITTEES:

Budget and Finance: Chairperson Schweyer

Mr. Guridy stated there was no meeting; and no report.

Public Safety: Chairperson Eichenwald

The committee has not met since the last council meeting; have a meeting prior to the next council meeting to dispense with two minor items.

Community and Economic Development: Chairperson Davis

The Committee has not met since the last meeting; the next meeting is scheduled for October 10 at 6:15 PM at which time we will review a few agenda items and engage in a pre-budget review of the department.

Parks and Recreation: Chairperson Mota

The Committee has not met since the last Council meeting; the next meeting is scheduled for October 17 – the only item the committee has before it at this point in time is reviewing the naming of the new trail in the Parkway at the Museum on Indian Culture and a resolution transferring Klein's bridge.

Public Works: Chairperson O'Connell

The Committee has not met since the last meeting; a future meeting has been scheduled for October 10 at 6:00 PM. He stated that he, Mr. Hanlon and Mr. Young need to take a field trip because he wants to see exactly what they are asking for under Resolution 50.

Human Resources, Administration and Appointments: Chairperson Davis

The Committee has not met since the last council meeting; a future meeting has not yet been scheduled.

Rules, Chambers, Intergovernmental Relations and Strategy: Chairperson Guridy

The Committee has not met since the last Council meeting; a future meeting has not yet been scheduled.

OTHER COMMITTEE REPORTS

Mr. Guridy stated that the Allentown Housing Authority met last week and they should get the minutes of the meeting. They discussed the project at Cumberland Gardens and other issues that will get you abreast of what is going on with the Housing Authority.

Controller's Report

None

Managing Director's Report

Mr. Fran Dougherty stated that the city had an extremely successful 250th Anniversary weekend. It was the heart of the whole yearlong celebration and it was a great success. He thanked council for their participation and getting the word out and those who participated in the events as well. They are down to two candidates for the Parks position. Ms. Mota is now heading up the final selection committee to interview those two final candidates. That selection committee besides herself will include Hugh Gallagher, Chair of the Recreation board; Lorraine Harper, Shade Tree Commission; Ernie Atiyeh, Presidents Council; and Hamp Smith of Youth Sports. It is a diverse mix of our committee on that selection committee. They had also had an offer to one of our two candidates for HR and we should have a selection this week. We had our first meeting last week with the School District and thanks to Councilman O'Connell assistance Larry Hilliard our ex-finance director has agreed to volunteer his time to assist me and the city controller in sitting with the school district to explore our concept of shared services. We agreed to move forward on a couple of levels. The more detail including fuel. We think that we can possibly save money on use fuel and when they fuel up. Our IT connections and wireless throughout the city and how they interact with us and trash hauling. We will be proceeding and we will give you updates as they come up. He stated to Mr. O'Connell that he had a meeting today with Parks and Public Works staff on the very issue of UGI and gas meters and we have come to a resolution. Mr. Hanlon came in at the tail end of that meeting. He was briefed and we will be more than happy to take you out there. He has a consensus from the administration of safety issues that needs to be explored and our comfort level and he looks forward to working with them on that.

Mr. Guridy stated that he would like to congratulate the administration, the volunteers, and the committee made up of volunteers as well and some employees for the 250th Anniversary Celebration was wonderful. He really enjoyed it and attended some of the events, including the one at Cosmopolitan the previous night. The parade was great and very well organized with the vendors and the kiosks. It was something that we have not seen for a very long time in our city and he was very proud and the whole event was very well put together. He saw a lot of diversity and he did not realize how many children were at the old Johnny Mananas Restaurant facility. They really enjoyed it in addition to the band that played and the food. It reminded him of the old Super Sunday events. It brought him back to the Hess's era. He loved the Brew Works beers.

9. APPOINTMENTS:

10. ORDINANCES FOR FINAL PASSAGE:

None

11. ORDINANCES FOR INTRODUCTION:

Bill 56 Trexler Trust Grant.doc

Referred to CEDC

Amending the 2012 General Fund Budget to provide for a supplemental appropriation of Seventy Thousand Dollars (\$70,000). This is a grant from the Harry C. Trexler Trust to provide funding for the City of

Allentown's 250th Anniversary Public Art Legacy Project, as well as the Parade, Festival and Park Celebrations.

Bill 57 Seventh Street Appropriation.doc

Referred to CEDC

Amending the 2012 General Fund Budget to provide for a supplemental appropriation of Fifty Thousand Dollars (\$50,000). This is a grant from the Department of Community & Economic Development (DCED), Commonwealth of Pennsylvania to provide funding for façade projects in the 7th Street Main Street District.

Bill 58 Finance.docx

Referred to Budget and Finance

Amending the 2012 General Fund by reorganizing the Finance Department and creating the position of Financial Analyst (14N).

Bill 59 CSC Grant.docx

Referred to Budget and Finance

Amending the 2012 General Fund Budget to provide for a supplemental appropriation of Eight Hundred and Seventy-Five Thousand Dollars (\$875,000) as a result of a grant from the Commonwealth of Pennsylvania to the City of Allentown in the form of a RACP Pass-Thru Grant to Community Services for Children.

Bill 60 Penn State - CADC FP.doc

Referred to CEDC

Amending the 2012 General Fund Budget to provide for a supplemental appropriation of Ten Thousand Dollars (\$10,000) as a result of a grant received by Penn State University for the Weed and Seed Youth Coordinator.

Bill 61 Solid Waste Amendment

Referred to Public Works

Amends the Municipal Waste Storage, Collection and Disposal, ARTICLE 1131, to comply with the state requirement that bans the disposal of covered electronics and televisions in landfills by requiring these devices to be recycled in accordance with state law, Covered Device Recycling Act 108 and addresses the storage of trash and recycling containers if such storage creates a public nuisance or vector problem.

12. CONSENT AGENDA:

CA-1 Police Officer Appointment

CA-1 Police Officer Appointment - Laurance Harris - Northampton, PA

Mr. O'Connell asked the gender of Laurance Harris.

Assistant Chief Daniel Warg stated that is a male. When they are done, they will have eight vacancies left.

Mr. O'Connell asked is this from the Cops grant. Does he have to go through the academy?

Assistant Chief Daniel Warg stated yes.

Resolution passed, 5 – 0

13. RESOLUTIONS ON SECOND READING:

None

14. RESOLUTIONS ON FIRST READING:

R 48 Review.doc

Consultant Engagement – PA Economy League

Mr. Guridy made an amendment to amend R 48 to read as \$15,000.

Ms. Mota seconded the motion.

Mr. Michael Donovan, 122 N West Street, thanked council for moving forward on this and hiring the Pennsylvania Economy League. He understands that they had good conversations about what the scope of the project will be. We do have a couple requests. Do you have any idea on what you are presenting as a charge in terms of timeframe of when you want to report back?

Mr. Guridy stated that they asked for a couple of weeks. It may take two or three weeks.

Mr. Donovan stated that one of the things that our committee is concerned about is the speed by which the administration may want to be presenting a resolution to you. He understands that is one of the first steps in putting an RFP out. We would like to mention that they are sufficient concerns that if the RFP would come forward to you before the Pennsylvania League's report there is interest in creating an initiative and another group wants a referendum. We would hope and request that council will wait and hear from PEL before any vote would come for a resolution. That would be our request and they hope that council understands why they would be interested. Since PFM had an opportunity to present their case and now PEL would obviously would present to you and to the public. There is a general feeling among his group that they would feel they would like to have a request of council that if necessary their group would make a presentation too. Clearly, as you know, there are two individuals with a lot of background with the city in terms of finances that may want to present their perspective of the analysis that has occurred. He does not know what the protocol is on that, but they wanted to bring that to council to say that obviously we acted in a professional manner and we tried to present the facts the best we can. It is very difficult in three minutes to do that. We would hope that if necessary if PEL has not covered a few things that we believe is important that we would have an opportunity to make a brief presentation that would be longer than three or five minutes.

Mr. Guridy stated that they have to look into the protocol on this and how that could happen.

Mr. Dan Poresky stated that he just wanted to express his appreciate to council for accepting our list of questions that a number of them, together to include in the review of the Pennsylvania Economy League is doing. You have been very cooperative in that with phone conversations and a bunch of emails. Earlier you said that PEL is going to doing a Peer Review of the information presented by PFM and the resolution here says they are going to review options and issues that have been presented and discussed to stabilize the city's pension costs. He wants to make sure that goes beyond what the PFM report is and would be looking at other options that are to be presented not just by many people that have come here.

Mr. Guridy stated that you are absolutely right. We have kind of expanded the scope of work a little bit and some of your questions will obviously be answered to your liking or not, but will be answered. Some of the questions they feel they might not have the expertise of answering and there are other questions that it would be almost impossible for them to answer. We did discuss that.

Mr. Poresky asked if they would be given a chance to hear their presentation of their report in public as we did with PFM.

Mr. Guridy stated that is the plan right now.

Mr. Poresky asked if they could say now that they would withhold giving the administration permission to move forward on issuing a lease agreement to the bidders until that report is heard.

Mr. Guridy stated that he could say that he had spoken to the administration that he would like to wait until the PEL report is presented prior to voting on the resolution.

Mr. Poresky stated that he realizes that is very good to hear that. Once again, he would like to express his profound disappointment with the PFM report and its obvious omissions that were pretty much obvious to a number of you and to the people here. The hundreds of thousands of dollars that was spent on that and they came up with something that was so deficient in its explanation of what expectations there might be for rate increases if we go private. They are really looking forward to the Pennsylvania Economy League doing something more honorable in their work than PFM has done and they serve you and the community well.

Ms. Julie Thomases, 824 N. Broad Street, stated that she wants to confirm that there is a member of the board of the Pennsylvania Economy League that is part of Aqua America. This has been brought up before, but are there any concerns that there is a conflict of interest here.

Mr. Guridy stated that they discussed everything and the way it was explained to us by Gerry Cross, Executive Director of PEL. There are three different kinds of PEL in the state, one is in the Philadelphia area, and that is the one that he may be a member. There is a central one which he is the Executive Director which is composed of five counties and two of them are not Erie, Pittsburgh or Philadelphia. No members from Aqua America as far as he knows that is related to Aqua America. There is no conflict of interest on that particular part. There is another out of Pittsburgh and that one basically follows the model for Philadelphia as he explained. He asked did anyone else would like to make an explanation of that.

Ms. Eichenwald stated that she specifically asked that question. She was satisfied with that answer. There are three divisions in the state of Pennsylvania and the division that we would be engaging is the central Pennsylvania division of the Pennsylvania Economy League. They only have five board members that control their work and none of them are associated with any of the bidders. That the person that we have been referring is on the Philadelphia board which is very, very large board and you pay \$1,000 and you are a member of that. She specifically asked Mr. Cross and he assured her that was not the case. She feels confident that is not so.

Ms. Thomases stated that she and Mr. Guridy talked about Deena Zosky and the Sustainable Return on Investment and we kind of just exchanged emails and you said that was a good conversation. She wonders if you could share what you got out of that and would anything that you got out of that conversation in terms of the expanded scope of the Pennsylvania Economy League if that be part of it.

Mr. Guridy stated that he thinks it would be part of it. He did speak to Deena and he found it to be a very good conversation. He thinks however that some of the issues that she is indicated in terms of the analysis that you are looking for may be out of the realm of what the Pennsylvania Economy League can do. For example: how would this proposal effect of municipalities including residents of Allentown and surrounding areas that may have some relations to our water and sewer. Also, how it would affect society in general. She discussed that and actually agreed that it is very difficult to qualify that or quantify it in a way that is reliable. She also discussed that in order to and a lot of questions that would be proposed would have to wait until they are bid. There is no financial viability to look at how much bids and where are the bids going to come. She felt that it was sometimes premature for some of those issues because it may not be anything and may not be high enough. That is the issue. How much will these companies bid on. Some of

those issues were very difficult to explain. However, she felt some of the other questions that you asked were very legitimate. The analysis is very complex and very difficult to make without enough information.

Ms. Thomases stated that they spent a lot of work putting together those questions that they felt needed to be answered. Did Pennsylvania Economy League get to look at those questions and do they understand where our concerns are?

Mr. Guridy stated that yes, they got the questions, and however, one thing they pointed out that would not be and kind of separated them from what they initially had. There was a scope of work that they already had asked them for and they just got the questions on yesterday, Monday or Tuesday, and at that time they have to go back and look at some of the things that they could do.

Ms. Thomases stated that she is concerned because the administration spent \$237,000 to their analysis and we are talking \$15,000 for council to do the Peer Review and she knows what you have what you have. That concerns her because there is a giant gorilla and this kind of thing that is consolidated into this effort for \$15,000 and you can understand why that concerns her.

Mr. Guridy stated that he certainly can understand. The only thing is that he has no direct control on what the administration is spending.

Ms. Thomases stated that she is talking about what council has to spend.

Mr. Guridy stated that what council has to spend, they actually gave us those numbers. That is the way they presented it to us. They said that is how much they would charge us for doing that particular analysis, Peer Review, and asked Mr. Hanlon if those were their numbers. He initially said \$20,000 and then they said \$15,000.

Mr. Hanlon stated that their numbers are based on the initial Peer Review and after the discussion they went over the scope of work.

Mr. Guridy stated that there are some things that were asked of them that are going to be separate.

Ms. Eichenwald asked Mr. Dougherty to follow up on what Ms. Thomases just said we know that \$239,000 was spent without PFM bill. Do we have the PFM bill to date?

Mr. Dougherty stated that he does not know, he will have to check.

Ms. Eichenwald stated that it is \$239,000 without the PFM bill.

Mr. Glenn Hunsicker , 844 S. 11th Street, thanked them for the PEL report that they are going to get. In the Whereas, it says the city's pension costs. Are we still talking about the police and fire pensions or are you expanding this out to all the pensions.

Mr. Guridy stated police and fire.

Mr. Hunsicker stated that they are basically talking about a \$12.5 million differential here between 2012 and 2015, roughly. That is the money we are supposed to make up.

Mr. Guridy stated that no, we are talking about \$158 million unfunded pension liability.

Mr. Hunsicker stated that he is talking about a year by year basis.

Mr. Guridy stated that the MMO is \$12 million today, but it supposed to increase to up to \$25 million in less than five years.

Mr. Hunsicker stated that we are talking about making that up, right.

Mr. Guridy stated that the administration proposal is about the whole thing, \$158 million.

Mr. Hunsicker asked with the PEL what you are charging them to do and what he hears tonight that you are going to give them the draft report. Did you give me any other information than what was in the original draft report presented last Wednesday?

Mr. Guridy asked Mr. Hanlon can he tell them everything that was given.

Mr. Hanlon asked Mr. Guridy does he want him to explain what he understands without seeing their scope of work they are returning. This is his understanding is that they are going to be engaged in a two-step process. The first step of that process is to define the scope of the problems that the city faces, the scope of the unfunded liabilities, the problem with the post-retirement benefits so council can see the liabilities that the city has and once they figure that out, they will look at the different options to deal with those liabilities.

Mr. Guridy stated that when Mr. Hanlon is saying liabilities, there is something that is not in the proposal that is going to be a liability that we are going to have to face. He is not going to talk a lot about it because we don't even know all the numbers, but at this point there is something called the Other Post-Employment Benefits. The numbers that he heard so far is about \$50 million and that \$50 million is something that they are going to have to deal with as well.

Mr. Hanlon stated that the simple thing is that you want to make sure you are not throwing an asset away in at a short-term problem and that you are not spending a lot of money for a short-term solution.

Mr. Guridy stated that would make sense.

Mr. Hunsicker asked will that be an additional charge that you will give the PEL people to look at. Did that come from you or did that come from them.

Mr. Guridy stated that is not part of the administration's proposal.

Mr. Hunsicker stated that they are talking about the council Peer Review and the administration's proposal.

Ms. Eichenwald stated that she would like to comment on PEL. She feels extremely confident that they will complete the first part of their charge which is to identify the problem in a long scope which PFM did not do. As far as the second part, finding a solution, they said this evening that they do not have the expertise to answer to a lot of questions. They were very honest, they said they do not. They will deal with only facts and figures. They will look at numbers, but so many issues that will determine what we do for the best interest of the city are beyond the scope of mere numbers. That does not mean that they are any less valuable or important in the decision making, but PEL will deal with only the numbers. Their expertise is only with Pension Management and Municipal issues. She does not want to overly rely that they would come back and would really have those defined best solutions. It would be helpful what they give us.

Mr. Hunsicker stated that goes along on what he was saying last week in one aspect was and he is not sure if he mentioned that or not when PFM report came out, it was more or less of what he asked Mr. Guridy what they were charged to actually do. They sort of added in solutions. If they were asked to do

that they should have put a disclaimer that they were only working on the data that they were presented with like Cheiron did on their actuarial report on their last page, they identified and said our data is only as good as the data we get. He did not see that in the draft report. He doesn't want to exclude them and say your solutions, but we don't know if the data we are going to get is accurate. We assume it's accurate, but we don't know. He appreciates what you are saying about PEL saying what they would do and what they have the expertise to do then it comes back to making decisions. One of the things in the email that Ms. Thomases sent to Mr. Guridy that was left out he thinks that some of the ideas was the effect on the SEIU workers and the other 27 workers that are paid out of the water and sewer funds. How are they affected? That is a big mess in itself just if that happens. If you can visualize what happens there that is a human aspect or a human resource aspect. That part is in important.

Ms. Eichenwald stated nothing that PEL will tackle.

Mr. Hunsicker stated that someone has to look at that. That is one of the most important things. You are talking about over 100 people; one-third of the workforce is going to get disrupted somehow. Basically, the SEIU contract whether they say that the people will pick this up if they would to become privatized. How their health benefits and all that would be going to go and where are those costs. That is a big thing.

Mr. Tom Hahn, 2016 E. Highland Street, stated that he wants to thank council for moving this project to this point, but there seems to be a lot of muttering about the timetable. If someone could tell me how long it took for the mayor to get his PowerPoint presentation from the company that we listened to for an hour and five minutes. How many weeks did that take?

Mr. Guridy stated that he can't tell him. He knows that they have been working on it for a year.

Mr. Hahn stated that is fine, but how long it is going to take the study that you are going to do and how many weeks are we going to wait for that.

Mr. Guridy stated that you can't compare. You have to compare apples to apples.

Mr. Hahn stated that he is not comparing oranges to apples. What he is trying to get across to them is that they are going to get the report and you going to have a meeting and you are not allowing any time for common sense to enter into the equation. He would like the same amount of time or more that the people that bring up these ideas whether its pro or con that the common sense people can review it and come back with what we think is right or wrong to give you the information that you are seeking to make the decision that affects us all. Is it common courtesy to give us three weeks or common courtesy to give us four weeks when everybody else takes their time to make a study and we are supposed to review it the day after you get it and can't study it and it takes you guys longer to read it and digest it long than we have to counteract what it is. Can you come up with a timeframe for us to handle the rebuttal or arrival or whatever the case might be? Why can't we have the time? We are talking common sense here. Give us the same amount of time if you are going to make a study and he had to read it and understand it and put his calculations back together. How much time are you going to give us?

Mr. Guridy asked council does anyone else wants to answer.

Mr. Hahn asked could he suggest three weeks.

Mr. Guridy stated that he already told them what is going to happen and what is the schedule, we have been discussing it for a while.

Mr. Hahn asked how much time do we get when we actually have a copy in our hand with comparing the copy that we have, the mayor's copy, the first proposal, the questions that we were asked so that if there is anything in there that we have to question, how much time you are going to give us to do that.

Ms. Eichenwald stated that she does not see any harm in allowing the time to study this proposal that we are going to get from the PEL and to offer the citizens of our community the courtesy of time. She noticed that when Mr. Guridy said that he would like to wait until after, she is a little bit concerned with that. She thinks that they should absolutely have to wait until they get the report from PEL, have time to digest it, to look at it, to question it and to think it over. She agrees with Mr. Hahn 100 percent.

Mr. Hahn asked how does he go about getting it so that they could do the same thing they council is going to do. How much time will it take you to digest it.

Ms. Eichenwald stated that they certainly don't know what is going to be in it and how long it is going to take us. She thinks as individual council people they should pledge to the citizens of this community that we will take the time that is necessary to make this important decision and not to be rushed.

Mr. Hahn stated that common sense has an opportunity to do it and have a discussion. What would be a normal amount of time that you think laypeople would need.

Ms. Eichenwald stated that is a difficult question to answer because they did not see the report. We don't know how much it entails. She thinks that the people with goodwill can come to the conclusion that an appropriate time to be afforded to the community and the members of city council to make a reasonable and appropriate decision.

Mr. Hahn asked is that agreeable to council and does everybody have a reason why we shouldn't have time to do this. It is not going to be rushed into it and we will get sufficient time to do this. Does anybody on council have a reason why we shouldn't?

Mr. O'Connell stated to Mr. Guridy that he said that we just started the process tonight and once they do the analysis and the report, it was mentioned that council was going to bring that report to the public. Is that true? If he does recall, PFM was put on the website and it will make some sort of sense that once we see it before we have that meeting to go over the document with the public that will also be put on the website. That would be fair to everyone. Not that they get a report and we have a public meeting and all of a sudden they say they are looking at the report for the first time. He understands what Mr. Hahn says and respects that. That is the protocol that should be afforded to the PEL analysis that we afforded to the PFM study. He asked Mr. Hanlon was it out the Friday which would have been September 21st, and then we had the meeting September 27th.

Mr. Hanlon stated that is good.

Mr. Guridy stated that they can put it on the website. In regards to scheduling he does not want to make that decision now.

Mr. O'Connell stated that they have to work through the dates.

Mr. Guridy stated that they have to start discussing the budget the beginning of November and they have a lot of work ahead of them. He just does not want to give definite time like Mr. Hahn is looking for. He does not want to give dates.

Mr. Hahn stated that you all are familiar with schedules and your committees, our committee or whatever you want to say. Getting it done and taking it off the website, getting it printed and getting it to the people. He is asking for the same fairness that you have. If it is problem with it, he wants everybody to come up and tell him what the problem is so he would understand. If it isn't he would like everybody on council to say no, and that his point is valid and you will give us sufficient time to do it.

Mr. O'Connell stated that is what he is trying to explain that they will do that. What does it take, he does not know. You will get it on the website. Some people will look it up, print it out and absorb it in a day or two. He is giving them the protocol that should be followed up with this report as a same protocol and courtesy to the public with PFM report.

Mr. Hahn stated that he guesses he was pushing a little bit too hard for everybody to say yes. He thinks that would make him happy.

Mr. Guridy stated to Mr. Hahn that he told him that they were going to do that. He agrees with Mr. O'Connell and doesn't know what he wants them to do anymore. You keep asking the questions over and over again, and we give you the same answers.

Mr. Hahn stated that this time the answer was we are going to do that.

Mr. Guridy stated that he told him that before. He has not changed his mind. He said it before. What else would you like me to say?

Mr. Hahn stated just say yes.

Mr. Guridy stated yes.

Mr. Glenn S. Hunsicker, 1051 N. 19th Street, stated that one of the questions that our group brought up and Ms. Eichenwald stated that PEL could not answer that is not a quantitative question that had to do with the environmental human element of it. Who will be answering that question or will it be discussed with our group on that. There were some questions sent to you via email, on human resources areas.

Mr. Guridy stated who will answer the questions about the environment. Those questions are a little difficult answer because we are not there yet. We have not gotten that information. They are difficult to answer because they may not be answerable with the information that we have.

Mr. Hunsicker stated that it would have an effect on the outcome so he thinks they have to be answered in some forum.

Mr. Joe Davis asked is Mr. Hunsicker asking for questions about when the RFP comes out concerning environment and the operating standards.

Mr. Hunsicker stated yes, specifically on some of the questions that were emailed to you.

Mr. Guridy stated that what Mr. Davis is discussing, we hired Dan Koplisch who has been working with that and he is a gentleman that was here the last time who had thirty years of experience working for our water system. He is a city resident and he can talk about it, if that is what you are looking for. There is also a committee, a non-bonds committee that supposed to be developed to deal with those issues as well.

Mr. Hunsicker asked will PEL be looking at combination scenarios with the financial data. Ms. Eichenwald said that they are going to be strictly working on numbers.

Mr. Guridy stated that he specifically asked that question to look at any combination or what is presented and come up with some response on that. He is pretty sure they said yes, they will do that.

Mr. O'Connell stated yes, they did say that on what options are available.

Mr. Rich Fegley, 1002 S Bradford Street, stated that they did calculations looking at in order to cover the pensions they have to raise taxes by a certain percentage and we actually came up with the average household number and what they would be paying. They basically see the full picture there. In this situation where they are involving a private water lease. We should also look at the worst case scenario and how much could they possibly raise our water rates and then there should also be a projection that should just be done as what is the highest we can allow them to raise our water rates before it be more ridiculous than a tax increase or an EIT increase. This is an assumption that has not been looked at. It seems like it could be as simple as if we lease the system, we have to tell them they could never raise the water rates more than six percent a year and that is a number they could know right now. He keeps hearing council saying they don't know those answers. We have to spend a lot more time and money and asked these other companies to invest a ton of money to give us their idea on what they could do for us and then we are going to make a decision. We should know right now the highest amount the water could go up.

Mr. Guridy stated that we could ask anything we want really in the contract.

Mr. Fegley stated that he is asking council to ask for that.

Mr. Guridy stated that it is not as simple as that. We can say look, if we were to do this, we don't want the water rate to be increased five percent maximum for the whole lifetime of the contract. We could say six percent, ten percent and we could say we want you to do X and Y. The implication on whatever we say or whatever we put into the contract would also coincide with the amount of money they would put upfront. The more stringent we put in the contract the least amount of money they offer. The more flexibility they have, the bigger amount of money. It is a private company and the bigger amount of money they would offer. That is his understanding to what Mr. Fegley is saying, and he is right. Initially he stated that he wanted to make sure that we don't get our water rates doubled like some other municipalities in five years. We want to make sure that we only get it raised five percent a year like we were doing in the city. Remember, there are other implications to that because we are also facing an infrastructure problem that we will face in the city in the future with the sewer system underneath.

Mr. Fegley asked were all of this in PFM's analysis and all presented to us at the presentation. He does not believe it was.

Mr. Guridy stated that it may not have been, but he is telling him that are the issues that we are facing in the future.

Mr. Fegley stated that he wants to talk about the amount of money council is spending on this. If he heard correctly, it was \$15,000.

Mr. Guridy stated that is what they are charging us for this particular study.

Mr. Fegley asked if the out of pocket council is paying \$15,000.

Mr. Guridy stated that for this particular study, that is what they are charging us. We also hired Mr. Dan Koplisch and we spent about \$3,000 on that. We don't know what it will cost us to do the rest of the actuarial report we are going to get.

Mr. Fegley asked if \$15,000 was just the start for the analysis that council is asking for.

Mr. Guridy stated for this particular group, yes.

Mr. Fegley stated that his concern is that Ms. Eichenwald two weeks ago and continues to bring it up on how much the administration has spent on PFM. He doesn't know how much they spent on PFM. On the water leasing deal we already spent \$230,000 plus and that doesn't include PFM. That number is fifteen times more than \$15,000. He asked if council is able to ask the administration to have PFM to do the analysis and fill the holes that are in there that we are asking this new group to analyze for \$15,000. He stated that the \$15,000 and the \$230,000 that money came from taxpayers or income coming into the city. It was taxpayers' money. The taxpayers' spent fifteen times more just to start. It could be thirty times more than \$15,000. He asked council if they are limited to what you can spend, why can't you go back and ask the administration and let them spend the slush fund that they have and go back to PFM and let them answer all of your answers and the questions that the committee is asking. Why can't that go to council right back through the administration? They have a lot of money to pay PFM. Let them answer the questions.

Mr. Guridy stated that we tried that route. If you remember you asked us to do that. We did it and then you said to us to have PFM answer the questions that you had, but you also said to us to ask them the questions in the previous meetings and you did not like the answers. You then said these people work for the administration, it is a conflict there. Why don't you get somebody that is independent and that is when we went over to PEL.

Mr. Fegley stated that you have \$15,000 and they have a half a million to spend.

Mr. Guridy stated that the budget is what it is.

Mr. Fegley stated that it is all taxpayer money. It all comes from the same pool.

Mr. Guridy stated that we pass a budget and only the mayor can open it once we pass it. We have in the city council budget an amount that is limited. The mayor has his budget and he can open it to transfer money.

Mr. Fegley stated that he is not asking for them to transfer money. He is saying that if they have deeper pockets, then you should have them answer the questions that you need answered. When it came to PFM, nowhere did they include anything about water rates and that was brought up. You are telling me that you asked PFM, and we asked PFM and they gave you the answers. He did not see any answers about how water rates would affect us. My conversation this evening started with where is the analysis of where the water rates could be.

Mr. Guridy stated that the issue with water rates is a little bit complex. You are saying tell us what the water rates are going to be 50 years from now.

Mr. Fegley stated that this is all complex. Tell us what the interest are going to be for bonds in the next 50 years. The analysis by PFM was based on all bond rates. They left out water rates, but they did bond

rates and there was a woman that was here that said even a 15 year estimate on bond rates is ridiculous and should not be trusted. He looks at it and says throw out PFM's analysis because you are saying it is too complicated to do water rates. The whole thing is complicated and they have \$500,000 to spend and council has \$15,000.

Mr. Guridy stated that we have more than \$15,000, but that is all we are spending on this particular issue.

Mr. Fegley asked how much could council possibly spend on this \$200,000 - \$300,000.

Mr. Guridy stated that our budget for this year is \$50,000 left.

Ms. Eichenwald stated that time and time again, she asks the questions and make the point. The \$239,000 they know it is spent and we haven't been able to get the final PFM bill. She also asked from what budget line that money has come. We spent so much time during budget season looking at every line by line and suddenly they will have and she thinks it is a fair estimate \$500,000 just suddenly to spend on this. She is surprised that she is not screaming. She agrees with them that \$500,000 and the question in her estimation that was asked of PFM was not to analysis everything, but to come up with ways to show the citizens they believed that the only solution was to lease the water. We have spent \$500,000. Her blood pressure was boiling last week sitting her in front of her was eight people and she does not know what they get on an hourly rate, but it is fair say \$200, \$300, \$400, or \$500 an hour. They sat here for three hours and they traveled here. She had a good view of them and some of them were almost asleep. The meter is ticking and you are absolutely right. We are going to be deeply disappointed on what PEL will do for us, not because they are not a reputable company. They are a non-profit. And they don't have an ax to grind other than doing a good job. It is just by the limited amount of finances that we have to pay them. You are right; we should all be screaming, \$500,000. Wait until November when we sit here and say how much and how about \$5,000 or \$10,000. Mr. Donovan knows we ask questions about \$100.

Mr. Dennis Pearson, 942 E. Tilghman Street, stated that much has been said about the cost of doing a study. Other stuff he has suggested about rates that might come up as far as water. You must realize that when you measure water whether it is accurate or not in a household that is mirrored in also the rate that you pay in the sewer. The amount of water that is coming in is soon to be the amount of water coming out. We do know that the sewer treatment plant probably processes more than the amount of water that is going into the system because of infiltration in the line and also the seepage of rainwater and somebody told him a rumor and he does not know it is true, but it would be devastating if somehow the city finds a way to charge a fee for the amount of rainwater that comes off your property. That would be devastating to the people and wrong. Someone made a suggestion that might be. Let us hope that the right decisions be made. Let us hope that the future both nationally and locally are ok and there is no emergency that occurs that would cause the administration to invoke Executive Order 13603 which will take over all the water resources that we say that it is owned by us and put in the hands of the armed forces.

Amendment to add \$15,000 to R48 passed, 5 – 0

Mr. Donovan stated that as budget and finance chairman in his second year on Council they started asking for details from each department and for three years, they went line by line. He remembers specifically with the Public Works department asking Public Works Director was it anything in particular when the shift was made for line 42 or 44 because we are all trying to find a little bit. We could use each and every one of those dollars and he remembers the details and the larger items did not have \$200,000 or \$500,000 as one line item for that. He thinks that is extremely important to understand. He realizes the strong mayor government can make moved around and we have tried time and time tried to say to the administration that those types of major moved requires a vote. He knows Mr. D'Amore for an example pushed on that. There

was a reason why we asked for that detail so we can understand the depth of each particular line item and you remember we basically said the only way we could save money in the city's budget was personnel because these non-discretionary expenses were "tiny" and each one was needed. To come back now here and over a two year period that much money was spent on a major strategy that one could argue that was the only one, but still a major strategy not brought to council when he was on last year. To see them, and he was involved in this year's budget last year and nothing was ever mentioned in the Public Works department of that type of money being spent. He thinks it is important for the public to hear that story again.

Mr. Hunsicker stated that when we talk about rates in a lot of these articles, everybody talks about rate increases and what you have to ask is the bottom line is service fees because service fees can be just as high as rate increases. You see all the articles and everybody says in the reports that came out a week or so ago that they talk about rate increases and it is not just rate increases, it is service fees. Service fees are a way around them saying we are not doing a rate increase. He stated that the money comes out of your pocket and goes back to the ratepayers. The ratepayers are equal to the property owners, equal to the people that pay their water and sewer bills. This is why this scheme falls apart.

Mr. Guridy stated that he understands.

Resolution passed, 5 – 0

R 49 Kline's Bridge Transfer.doc

Referred to Parks and Recreation

Authorizes the Administration to Execute an Agreement to transfer Kline's Bridge from Lehigh County to the City of Allentown.

R 50 Trexler Boulevard and 35th Street.doc

Referred to Public Works

Letter from Lisa Cocca re Trexler Boulevard 7 35th Street Permanent Encroachment.pdf

Authorizes an encroachment for the installation of an above ground UGI pressure regulator station at the Intersection of Trexler Blvd & 35th Street.

Mr. O'Connell made a motion to suspend the rules to introduce R51.

Mr. Guridy seconded the Resolution.

R 51 SOP Consultant.doc

Referred to Public Works

Resolution to hire a consultant to overview the creation of the SOPs for the water and sewer utilities

15. NEW BUSINESS

16. GOOD AND WELFARE

17. ADJOURNED: 8:29 PM

Council meetings are held on the first and third Wednesday of each month beginning at 7:00 pm in Council Chambers. For copies of the agenda or meeting announcements, please visit our website at www.allentownpa.gov or contact the Clerk at Michael.Hanlon@allentownpa.gov to receive an email notice of the meetings.