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Peter Schweyer, Vice President
W. Michael Donovan
Jeanette Eichenwald
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COUNCIL MEETING MINUTES
August 17, 2011
COUNCIL CHAMBERS

COUNCIL MEETING - 7:30 PM

1. Invocation: Jeanette Eichenwald

2. Pledge to the Flag

3. Roll Call: D'Amore, Donovan, Eichenwald, Guridy, O'Connell, Schlossberg, and Schweyer.
John Marchetto represented the Solicitor's Office.

4. Courtesy of the Floor

Mr. Lou Hershman, Gilmore Street asked if the audit will be reviewed by City Council. He asked if we will have information about the wage tax increase at the Budget and Finance Committee Meeting next week. He stated that the rate is 35 percent, you have to justify it. You just do not raise it. Will you prepare an amendment to the budget? He asked if it would indicate which pensions funds x amount of dollars are going to. He asked does Council vote on the NIZ zone. He stated that the way it looks, you are going to take the riverfront. He stated that Mr. Donovan said it would be paid for and that he knows what they are going to do is take properties that would be beneficial to pay the bond issue. Will that be brought to the citizens of Allentown? Will you vote on that tonight?

Mr. Donovan stated that he will have a report at his Budget and Finance Committee meeting. He stated that he is not going to give a lecture at this particular moment. He will talk about it next week. He stated that he repeatedly talked about how it is allocated as an investment. The assets of the pension fund when the money is available will be allocated according to the Fire, Police and the O&E.

Mr. D'Amore asked Mr. Hershman is he asking about the NIZ boundaries.

Mr. Schweyer stated that ACIDA is setting those boundaries.

Mr. D'Amore asked Mr. Unger or Ms. Hailstone if they had a better understanding of state law and can speak to this matter.

Ms. Hailstone stated that the NIZ legislation says that the contracting authority has the ability to set the boundaries of the NIZ.

Mr. D'Amore stated that the contracting authority is ACIDA. That means that the ACIDA Board will set the boundaries for the NIZ.

Ms. Hailstone stated that it is not on the agenda.

Mr. Hershman asked if an elected board that they did not elect can set the boundaries of taking taxpayers' money to pay for a bond issue.

Mr. D'Amore stated that the Commonwealth of Pennsylvania determines the powers of every local government body. The powers of City Council and the City of Allentown in general are determined by state law. This is just another state law that is determining those boundaries.

Mr. Hershman asked why the City Council voted on the KOZ.

Mr. D'Amore stated that they are not eliminating it. It is done at a state level. To stop it will require state legislation.

Mr. Hershman stated that an elected body is telling an elected body what they can do.

Ms. Hailstone reading from the legislation stated that the national organization states that the contracting authority may designate a neighborhood improvement zone of not greater than 130 acres in which a facility or a facility complex may be constructed and may borrow funds for the purpose of improvement and development within the neighborhood improvement zone in construction of a facility or a facility complex within the zone.

Mr. D'Amore asked Ms. Hailstone to bring the text up to the dais. He stated that he will pass it around for the members of council. He stated that they will move forward with the courtesy of the floor.

5. Approval of Minutes: August 3, 2011

Minutes approved by common consent.

6. Old Business

Mr. Bennington stated that last year Mr. Donovan had asked him and Chief MacLean to meet with the Iron Pigs regarding complaints on the fireworks/noise. He stated that they did and the IronPigs were very accommodating. He stated that there were no complaints this year.

7. Communications

Mr. D'Amore stated that a Public Hearing will be held on September 7th at 7:00 PM on Bill 58 – Zoning Amendment and Bill 59 – Zoning Map. This is regarding the Traditional Neighborhood Development Overlay District proposal for changing the zoning in the TNDO. They will reconvene the Public Hearing on the Intermunicipal Liquor License Transfer regarding Anjin Asian Diner and Grill, Inc at 7:15 PM.

8. REPORTS FROM COMMITTEES:

Budget and Finance: Chairperson Donovan – The committee has not met since the last Council meeting. The next meeting is August 24th at 6:30 PM. On the matter of the city's audit, based on the Charter it should have been completed by June 30th. The Charter also requires that every few years they select a new auditor which they did this year and it took longer than expected. They did select someone, but the ARA (Allentown Redevelopment Authority) is considered a component unit of the city audit and the city has to have an audit before they could complete their own audit. The ARA draft audit is complete and on the senior auditor's desk. The city released July's Preliminary Financial Statements and as he and Mr. Hoffman have continued to express the EIT revenues are falling far behind of what they expect and is a concern. He will also talk about the EIT distribution and the EIT justification for the .35 percent increase.

Public Safety: Chairperson Guridy – The committee has not met since the last council meeting. The committee will have a meeting by the next council meeting which is September 7th.

Community and Economic Development: Chairperson Schweyer – The committee met this evening and forwarded two Bills on tonight’s agenda. They had a conversation and discussion with public input on R-45. The next meeting has yet to be scheduled.

Parks and Recreation: Chairperson Ray O’Connell – The committee has not met since the last council meeting. The next meeting is scheduled for September 21st.

Public Works: Chairperson Schlossberg – The committee has not met and no report.

Human Resources, Administration and Appointments: Chairperson Eichenwald – The committee has not met and no report.

Rules, Chambers, Intergovernmental Relations and Strategy: Chairperson D’Amore – The committee has not met and no report.

OTHER COMMITTEE REPORTS

None

CONTROLLER’S REPORT

Mr. D’Amore stated that Mr. Hoffman informed him that he would not be here tonight, but we thank him for always being with us.

9. APPOINTMENTS:

None

Mr. Schweyer stated that he would like to move two things up and will start with R-46. He stated that R-46 is a condolences Resolution for the family of Officer Lasso. He stated that they have a gentleman here who serves as a member of the Fire Police in the Borough of Freemansburg. He made a motion to move R-46 up.

Mr. Donovan seconded the motion.

R46 Condolences for Robert A. Lasso

Expresses Condolences for Officer Robert A. Lasso

Mr. Schweyer stated that he is fairly confident that he speaks for members of council and every Allentown citizen in expressing our heartfelt condolences for the members of Mr. Lasso’s family and the community. He stated that with Allentown’s 200 officers that put their lives on the line and the men and women that we see everyday in our community and have a tragedy and a neighboring community just a few miles to the east of us should resonate with each and every resident of the City of Allentown. He stated that he is not going to do justice speaking about this particular officer. He stated that Ms. Eichenwald did the appropriate way to express how condolences are with her remarks during the invocation this evening and he certainly would like to echo them and he is asking for a yes vote on R-46 so that they can formally recognize this man’s service to his community and our Lehigh Valley Community and offer our deepest condolences to his family and colleagues.

Mr. O’Connell asked for the City Clerk to read the Resolution to the public.

Mr. Hanlon read:

WHEREAS, the City Council of Allentown would like to extend our deepest sympathy during this difficult time to the Freemansburg Police Department, Freemansburg City Council, the Freemansburg Administration and the family of Officer Robert A. Lasso; and

WHEREAS, it saddens the City Council of Allentown to hear such a tragedy and we would like to offer our prayers to the family of Officer Robert A. Lasso; and

WHEREAS, words can not express the sorrow we feel for your loss; and

WHEREAS, the City Council of Allentown is thinking about your department and the loss the family of Officer Lasso may feel during this senseless tragedy. Our love, thoughts and prayers are with your department and the family; and

WHEREAS, we hold the family of Officer Lasso and your community in our thoughts and prayers; and

WHEREAS, we are asking that you please accept our heartfelt condolences in your hour of grief.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Allentown, hereby sympathizes with your police department and pray that justice will be served.

Mr. Nicolas Santiago, Fire Police Captain, provided a correction on the Resolution to read the Freemansburg Borough Council. He stated that as a personal friend to Lasso, he would be humbled and somewhat embarrassed for all the attention he has gotten over the past few days. He stated that he was a wonderful officer and a wonderful man. He stated that he would like to thank the City of Allentown. He stated as the Fire Captain of the Bureau of Freemansburg during the incident itself, they had the detail of securing the incident scene in southern Northampton County. They had a limited fire police and reached out to the City of Allentown which gave them five (5) fire police and he thanked the city and Mr. Laudenslager from the City of Allentown's fire police.

Mr. Schweyer made the formal amendment to fix that correction.

Mr. D'Amore asked were there any objections and said by common consent.

Resolution passed, 7 – 0

Mr. Schweyer made a motion to suspend the rules and move R-45 – Keystone Opportunity Zone to this part of the agenda. There are a number of folks who wish to speak during the committee meeting.

Mr. D'Amore stated that this is on first reading and are there any objections to voting on it this evening. He stated to Mr. Schweyer that it was discussed at your committee.

**R45 KOZ Decertification
Resolution to Decertify Certain KOZ Eligible Properties**

Mr. Schweyer stated that Ms. Hailstone and Mr. Hefele are here from the city if there are any questions. He stated that five members of Council were at the dais at the time. He knows Ms. Eichenwald had additional questions and we would certainly like to give her an opportunity to express those.

Ms. Eichenwald thanked them for the opportunity to ask some additional questions. She stated that she sees the deadline date as September 1st. They are sitting there a few days before, is there a reason why we are late or we are making this decision with a small window of opportunity.

Ms. Hailstone stated that deadline was set by the Commonwealth in legislation that was passed in early July.

Ms. Eichenwald stated that she understands that, but why is it coming to them now. She stated that as a city council person, she read about it for the first time in the Morning Call and thanked the Morning Call for having placed the article in the paper. Why is it coming to us with a short avenue of deliberation?

Ms. Hailstone stated that it took some time for them to get clarification on what the legislation read and what apply actually meant. One of the pieces of the process is a resolution from City Council.

Ms. Eichenwald stated that she express her concerns with that. This is an important issue and important for the economic health of our community and for those businesses that are involved to be faced with that kind of decision moments before is a concern. She stated that she recognizes that there is nothing she can do about it now, but she hopes in the future they will be given more opportunity to study an issue, to talk about the issue, to talk to our constituents rather than being faced with the decision in a short period of time. She stated that she has a unique perspective on this having sat on two taxation body having served two terms on the School Board. That was exactly the timeframe that the KOZ has been introduced into the state. It was introduced with great fanfare and we were told how it would help businesses and it was the best thing in the world. She stated that now they are being told something else. That the NIZ is better for us and she is a little bit perturbed about this recent development that the NIZ is a better choice offering that opportunity. She recognizes that one can have the KOZ, but it stays with the property. She asked what would be the benefit and why are we doing this.

Ms. Hailstone stated that both programs offer benefits. These particular parties are within the NIZ and take the KOZ. The legislation will not allow those properties to be both KOZ and NIZ. It is up to those properties to make that decision which economic development tool is more valuable for their purposes.

Ms. Eichenwald asked Ms. Hailstone to verify properties. Properties are an inanimate object, does it stay with the next owner, and does it belong to the owner or stay with the address. Is the decision revocable, irrevocable?

Ms. Hailstone asked if Ms. Eichenwald is referring to NIZ.

Ms. Eichenwald stated that Ms. Hailstone is saying that the property will still have the opportunity to be KOZ or NIZ. What do you mean by property?

Ms. Hailstone stated a parcel of land.

Mr. Hefele stated that everything goes by parcel, either the KOZ designation or the NIZ designation.

Ms. Eichenwald said let's say I owned a property in that area, and I sell it. Does the new owner have the right to make that decision which one they want to be in?

Ms. Hailstone stated correct.

Ms. Eichenwald stated that it would be a fait accompli whatever the present owner of that parcel of land decides. She stated that the KOZ certainly has been helpful and beneficial to many property owners and if they vote to change this in effect they are saying that future property owners will no longer have a right to be apart of the KOZ.

Mr. Hefele stated that if the current owner consents to that, correct.

Ms. Eichenwald stated that she has other concerns, but is waiting to see what the public says.

Mr. Schlossberg asked if they are basically being asked to make a policy choice because it would be more beneficial to people.

Ms. Hailstone stated that they are being asked to pass a Resolution which will allow those properties to choose to come out of the KOZ in order to be part of the NIZ.

Mr. Bennington stated or stay in the KOZ.

Ms. Hailstone stated that if Council votes against this then any of those properties who are KOZ that want to be a NIZ, they can't because you have to pass this Resolution and there is a property there that desires to remain KOZ that is fine, they do not sign off on it and send the application in.

Mr. Donovan stated that he was going to vote in favor of this because these types of economic development strategies have been around along time and are no different from other areas in the country in terms of targeting tax flows from other economic development projects. The debate that is at hand is it an appropriate economic development project. That is what both sides are arguing. He stated that in his opinion, he thinks it is and he has gone on record stated that there are two sides and looking out for the city's health as a whole and its constituents and say it is a good project and the spin-off of its benefits on not only the arena site, but the other acreage that is available and being able to target state tax revenues back for development. What normally would not occur and would be very useful. He stated that he spoke earlier about his understanding about the financing deal being structured in the safest possible way and in fact it is very unique in terms of other arena projects that exist around the nation in which the press points out to being unsuccessful. He stated that he would like to go on record saying that if it were just an arena project he would not be in favor of it because he does not think an arena project by itself is sufficient and would like to be clear that when he speaks of an Arena he is not just talking about a sports team, he is talking about the 200 – 300 days a year to attempt to try to fill the place. He stated that by him reading the newspaper, listening to people and getting people involved. He asked are there risks, and he thinks that people of Allentown if people start talking about a fairly good plan with good people behind it and several million dollar investment which not just going to benefit a few people, but really has great spin off opportunity for the city. He stated that he was critical last time because he believes the administration has not done a very good job in communicating with the city and its residents. He stated that he does see it's an option for the property owners and that's what we are giving them, is an option. They have to decide if they want to be in the KOZ or do they want to be in the NIZ and that is a personal property owners' decision and the way that the state writes its laws we have to approve giving them those options.

Mr. D'Amore stated for a point of information and he is going to apologize to his colleagues and to the public for not being as sharp as he should be tonight, but he stated that Mr. Marchetto did provide them a brief interpretation of state law that Ms. Hailstone passed around and everyone now has since it is related to our discussion. The Neighborhood Improvement Zone legislation enabling law for the neighborhood improvement zone sets the authority for the NIZ boundaries which is the contracting authority which is ACIDA. It is the determination of the state legislature.

Mr. O'Connell stated that on the Resolution attachment A there are 21 properties listed. Have there been any preliminary discussions with the property owners. How they feel.

Ms. Hailstone stated yes, and they are here to help facilitate this process. It was communicated to us and we broke up the list to different people who have spoken to different property owners and it was communicated to us that all the property owners were spoken with. She stated that she has not personally spoke to every property owner.

Mr. O'Connell asked Ms. Hailstone what is the fell out there.

Ms. Hailstone stated that this list was asking to be part of the Resolution in order to make a decision itself. There are a few properties that have chosen not to decertify.

Mr. O'Connell asked how many.

Mr. Hefele stated the upper floors of Brew Works and the property right across the street 809. They have chosen to be KOZ and Americus.

Mr. Guridy stated that he noticed that the majority of the properties are owned by the Parking Authority and there are only a few that are owned by the Redevelopment Authority. There are only a few that are private properties. The one that you mentioned that opted to be KOZ are not in the NIZ. He asked can anyone identify the boundaries of the NIZ. Are there other properties that are not noted here, but part of the NIZ choosing not to be in the KOZ.

Mr. Hefele stated not by heart. If they are in the NIZ and choosing not to be in the KOZ, they will need to be on the list.

Ms. Hailstone stated it is the way it was drawn. Those properties told us prior to the Authority passing the NIZ boundaries. Therefore they are not in the NIZ. These properties lead us to believe that they were most likely interested in being in the NIZ and prefer to give up their KOZ benefit.

Mr. Guridy stated the 21 that are here, but there may be some that are here right now that chose not to be on the NIZ anymore.

Ms. Hailstone stated that they are just here to help them facilitate the process. It is up to them.

Mr. John Schneider, 3579 Drifting Drive, Hellertown, stated that he is the president of LSS Realty Corporation. He stated that four of his properties are on the list and the Resolution states that the city has sought and is seeking agreements with the owners of the properties listed on Attachment A. He stated like Ms. Eichenwald, he too found out about it in the Morning Call yesterday. He stated that he was not contacted by the city and had no discussions with the city about this issue until tonight when Ms. Hailstone was kind enough to come in and give me a crash course on KOZ and NIZ. Based on her education of KOZ versus NIZ, he believes it is in the best interest of LSS Realty Corporation to remain in KOZ and they will not participate in the NIZ. A lot of what was published in the article yesterday was simply not true. Let the record show that he is president of LSS Realty Corporation and have not delegated to anyone the authority to discuss or negotiate on behalf of LSS Realty Corporation regarding this issue.

Mr. Guridy stated to Mr. Schneider that part of the article was wrong and the part that he is concerned about it sounds like the person that made comments. He asked Mr. Schneider is this property that you are keeping.

Mr. Schneider stated that they have an agreement with a developer which is an on-going agreement as an option to purchase it. At this time, there is an option to purchase and they are not aware of any plans for them to close on the property. They are proceeding as though they are going to keep LSS Realty Corporation as a heavy industrial site to serve our tenants and customer base. They renew the leases on a daily basis and improving the site. They are entertaining long-term leases. If there were to be a sale, the new owners would have to respect the leases that are in place.

Mr. Guridy stated to Mr. Schneider that obviously he knows why he asked the question. It sounds like there will be a deal going on.

Mr. Schneider stated that it was represented to him that they had a deal to be a part of the process and switch from KOZ to NIZ and that is not true. He stated that prior to this meeting at 6:00 PM; he did not have enough information to make a decision. They are enjoying the benefits of KOZ or attempting to. It is difficult to say the least. They are passing the benefits to their tenants.

Mr. Scott Unger stated that as Ms. Hailstone pointed out, the discussions regarding these properties were providing to a group of people and he was responsible for the property that Mr. Schneider is talking about. He stated that he apologizes to Mr. Schneider, the Council and the Administration. He stated that what he thought he had done apparently he did not do. He stated that he had a conversation with the equitable owner group. What was clear, there may have been some interest from the equitable owner in the NIZ rather than the KOZ. If it is not in the Resolution tonight, the equitable owner and the two will not have an opportunity to have a dialogue. As Ms. Hailstone pointed out we had to get clarification from the state department of community and economic development on how you go through of decertifying. He apologized to Mr. Schneider.

Mr. D'Amore thanked Mr. Schneider for clarification and believes that when he says LSS, he is saying the Lehigh Structural Steel.

Mr. Schlossberg asked Mr. Unger is there any other situations potentially out there where the information was not properly communicated.

Mr. Unger stated that as far as he knows, the properties are quasi- public or publicly owned. The good news is that we have properties that have two robust options to choose from.

Mr. Donovan asked what it means equitable interest.

Mr. Unger stated that Mr. Schneider pointed out that he has an agreement of sale with a party.

Mr. Schneider stated that is not true. It is an exclusive option to purchase at an agreed upon price. There has not been an agreement for sale executed. There is simply the option, not the obligation. An agreement of sale is an obligation from both the buyer and the seller. This is strictly an option. The developer so wishes to purchase the property. He has the right to do that and the price has been agreed upon. The rest is the condition of the agreement of sale. They were never discuss or negotiated.

Mr. Donovan thanked Mr. Unger for stating that he made a decision and it may have not been a decision that worked out appropriately. He stated that he believes that Mr. Unger is a person that tries to do the right thing. It was something wrong here. Perhaps a phone call would have been helpful. He stated like Ms. Eichenwald stated there are things that they could have done better and it troubles him because he thinks this is a good project and we are making mistakes as we go down the line of communication.

Ms. Eichenwald stated to Mr. Unger that she appreciates him being here, but each time we are in a situation like this, it makes it exceedingly difficult to sit in this seat and very frustrating. When we talk about economic development, it is incumbent especially with City Council to make sure we make sure we maintain a business climate and that business will feel comfortable and secure with working with the City of Allentown and we don't take one overwhelming project and allow that to dictate how we will deal with other businesses. She thanked Mr. Schneider. She stated that she does not think that they are serving the best interest of economic development in the City of Allentown.

Mr. Schneider stated to Ms. Eichenwald that it is far more difficult to sit in his seat, then to sit in her seat.

Ms. Eichenwald stated that she understands that. She stated that her frustration comes from how difficult it is for someone such as yourself to do business in our city. She stated that she feels his pain.

Mr. Hershman stated to Mr. D'Amore that he raised a point about the contracting authority. He stated that when it is a contract, it takes to parties. Who appointed the contracting authority and doesn't Council have to approve contracting authorities. A contract authority who sets contracts has to be sent to City Council for legislation and approved by City Council. He asked Mr. Guridy does he remember.

Mr. D'Amore stated that ACIDA is an existing authority.

Mr. Guridy stated that was different.

Mr. Steven Ramos, 324 N. Eight Street, stated that the City Council does their business and want to make sure we the citizens understand what's happening. He asked if the KOZ businesses receive a tax benefit. Once it converts into an NIZ will they be in the same condition. Would there be a tax benefit once it is an NIZ. Why would a business want to change their status if there are no benefits? According to the Resolution, by decertifying these properties will no longer be eligible for KOZ benefits, but will become part of the NIZ. If you pass this, they will not have any options for KOZ or NIZ.

Mr. D'Amore stated correct. They don't necessary receive a tax benefit unless there has been improvements done to the property. Just because they are designated KOZ does not mean they get the benefits of the KOZ if rehabbing of the property has not been done. He stated he does not know.

Ms. Hailstone stated that there are no tax benefits to the NIZ program.

Mr. Donovan stated that in the tax abatement the cash flow goes directly to the property. In the NIZ arrangement, the taxpayer will pay a tax, but instead of it going to Harrisburg, it would be directed back into this zone. In the initial project, those tax benefits would go into the arena, but during the life of the NIZ the taxes are redirected in some way that benefits the zone and the region. The business owner would have to make a decision. The redirection of those tax funds spent in a way that ultimately improves the value of my business. He stated that he could be running a business where he is in a KOZ and getting a tax benefits and he made some improvements then he hears about a project to do major renovations in the city and he sits back and say wow as a result of that, the value of my business both in terms of property value and business value in terms of receipts, sales and net profit goes up. On the one hand, one says that they will take the tax benefit cash right away and another is a bank that he can get more funds in the long run as a result of the overall improvement in the city. He stated that is just a strategic decision that an owner has to make. Some properties may not see how they could leverage that as well and would say that they would take the tax benefit. Others would say that something that they would pay the taxes anyway and it was a strategic decision that the owner would have to make.

Mr. Ramos asked if the properties on the list once they are decertified they have chosen to not be on KOZ. If you vote on this tonight, would it affect LSS?

Mr. Donovan stated that it is a decision they make.

Mr. Schweyer stated that he would have the authority/right to say yes or no. He would be given an option. If he says no, he would remain as a KOZ. This is giving the property owner the option to decide what is best for himself of what he would benefit less from.

Mr. Ramos asked is decertification a final act.

Mr. Schweyer stated correct.

Mr. Andy Twigger, 1840 Sickermore Street, Bethlehem, stated that there were a couple of points and is for the decertification and is City Council's resolution not effecting property owners' rights at this point. He stated that Mr. Unger did talk to him several times and he did a great job and I did a poor job in listening. He stated that he did not understand the NIZ until a little less than two weeks ago when he felt he had a full grasp on it. He stated that his company Don Twigger is the company that has LSS under an option to purchase and the option was born out of an agreement of sale. It was extended through the agreement of sale and they had several amendments that have carried them into today. He stated that he would add that there were a number of different discussions with City Council and the Economic Development staff where there were a number of negotiations that Mr. Schneider was not part of such as the rezoning of the overlay district that was placed down there. It was more in keen with the development they were pursuing for this site. They are up in the air with because of the market conditions. They looked at a number of different options like to continue an industrial environment at that site and yet to be determined. He stated that Mr. Unger did talk to him.

Ms. Mulsberger, 8th Street, asked what the boundaries are for the NIZ. She stated that she was told from 4th Street to Fountain Street, Hamilton to Linden. Is that correct?

Mr. D'Amore asked if they had a map.

Ms. Hailstone stated that it is a bit irregular. It is approximately 10th where Linden.

Mr. Schweyer stated to Ms. Mulsberger that KOZ does not have a boundary, it is property specific. That was voted on in the past. Individual properties are for the KOZ. It is scattered properties. There are KOZ's not anywhere near downtown Allentown. There is a Keystone Opportunity Zone on South Tenth Street. There is a Keystone Opportunity Zone on Turner Street.

Ms. Mulsberger stated that the city has some type of art zone or entertainment and art zone.

Mr. D'Amore stated that is not the KOZ.

Mr. Unger stated that as Ms. Hailstone pointed out, it is a regular zone that is bounded by South 5th to South 10th roughly by the Hamilton Street Corridor in some cases as far north as Linden and as far south as Walnut. There is an area around Sacred Heart and the Waterfront.

Ms. Mulsberger asked when ACIDA gets together to designate the boundaries and what they should do finally.

Mr. Unger stated that ACIDA has designated a boundary.

Ms. Mulsberger asked if it is a change in the boundaries.

Mr. Unger stated that the Council is not voting on the boundary, but on the decertification on those KOV's that overlap the existing zones.

Mr. Donovan stated that the business owner who will pay taxes can go to something like the arena and have a spin-off effect or something closer to their property improvements to roads, etc. and systems that would improved the more focused area.

Mr. Tim Ramos, 907 N. 7th Street, stated that he asked is the NIZ primarily designated to the arena. He stated that he was looking at the list of the owners and why do they have a lot of government properties within the

KOZ. He stated that when he looks at the Parking Authority he assumes that the Parking Authority does not make enough money to do business on their own or do they need the state for tax exemption.

Mr. Schweyer stated that state law has it bigger than that. He asked if later means for other projects. Would that need state action or would you make that decision.

Mr. D'Amore stated it would be state action.

Mr. Donovan stated that he is on the Parking Authority's Board and he stated that the Parking Authority across the country is consider economic development engines because you need to build a parking garage in order to give people an opportunity to park or that property can be switched to something more productive. It is his understanding that the Parking Authority was given properties as members of the KOZ that allowed if the Parking Authority if they ever sold to a private entity and they get improved for example of the flat lot by PPL plaza. For a lot of the properties because the Parking Authority does not necessarily pay taxes on things there is no one necessarily getting hurt in the sense that this is an opportunity to apply a different economic development tool to properties that have not been developed even with the KOZ for some time.

Mr. Schweyer stated that the Parking Authority owned land on the 800 Block of Walnut Street that was given KOZ designation well before he was on this dais. They were able to market it because they did not want the property anymore. They sold it and that was the incentive to be able to sell it and now there are townhouses there. He believes it was dialogues between the cities and the authority and said we do not have the need for this property anymore; we can sell it and get out of excess property.

Mr. Guridy stated that it was the same example he was going to give. He stated that KOZ was developed to provide opportunities for properties that were undeveloped which are properties that have a hard time to be developed. He stated that having Szhuwalsky and Sons come and develop properties at that time they were looking at other properties throughout the city. That actually was the reason why they came to the City of Allentown. It does good for cities. Some cities chose not use KOZ like Bethlehem at that time.

Mr. Ramos asked if those businesses/entities that are paying taxes, those taxes goes back into them. If there are not paying taxes at the arena, how is that helping out city.

Mr. Guridy stated not in the KOZ.

Mr. D'Amore stated that the arena is not a KOZ. The NIZ is not a tax abatement. The KOZ is a tax abatement, but there are certain requirements to quality. If is not automatic. If your property is not rehab from the condition it was in and it was originally tagged as a KOZ then you do not get the benefits. There are some reasons why business under a KOZ may want to convert to a NIZ. If they do not think their ever going to get those KOZ benefits, it may be better to be in the NIZ. Improving the area around their property may improve the marketability of their property.

Mr. Ramos stated that it says that decertification of these properties means that these properties will no long be eligible for KOZ, but would come part of the larger designation, designated NIZ. Does it mean if they get removed from KOZ, they will be NIZ anyway?

Mr. D'Amore stated correct. He stated that every property in the NIZ is NIZ.

Mr. Guridy asked the administration if the Easton Real Estate Inc is a private property or public property.

Ms. Hailstone stated that is a private property.

Mr. Guridy asked if Rite Aid is private, LSS and Keystone are private. He asked about the Allentown Community and Industrial Development Authority.

Ms. Janice Bowman, 629 E Hamilton Street, stated that she went online and got a copy of the ten pages of the NIZ parcels and the total is of the assessed values as she understands is \$6,486,000 which is 100 percent assessed value or is that the taxes.

Mr. Donovan asked what her source was.

Ms. Bowman stated parcels in NIZ on the computer. There are ten pages of all the parcels. It says schools and districts there are 46 properties at \$4,049,618. Is that the actual tax or assessed value? She stated that she is talking to them as a city, but she is also saying what she asked the school board, is how much money we are losing. She stated that they are figuring about \$150,000. Mr. David Zimmerman requested information from the Mayor. He is on the board and has not gotten anything back and she asked if they received anything from the city concerning the same thing how it is effecting city taxes. You are talking about raising the 35 percent EIT.

Mr. D'Amore stated that NIZ does not cover real estate.

Mr. Schweyer stated correct.

Mr. Donovan stated to Ms. Bowman that loss taxes to the local authorities are not property taxes. The School Board also gets some of the EIT. He believes she is talking about Mr. Zimmerman's analysis that he seen some writing about. The lose taxes to the local authorities are not property taxes. The school board also gets some of the EIT and he believes that is about it from the local tax. The estimates that are flying about is what would be a loss to the city, county, and school for any other local taxes other than real estate. There is no loss of real estate taxes. The ACIDA is a tax exempt authority. Owning the arena technically they would not be paying taxes. As part of the plan, ACIDA will be making a payment in lieu of taxes to the three local authorities. It would help defray any loss local taxes. Mr. Zimmerman's report is an estimate. He put a circle around the site and it is not property taxes. You can forget about assessed value and forget about real estate tax bill itself. There are other taxes and fees. Some of them are state and some of them are local. What Mr. Unger said the exact arrangement of the pilot is what the payment of lieu of taxes is. It may not match the loss of revenue, but it is possible to have a pilot.

Mr. Unger stated that there is discussion of that and is not concluded.

Ms. Bowman stated that there are other taxes.

Mr. Donovan stated there are other taxes some of which are state and some of which are local. The exact arrangement of pilot may not match the loss of revenue, but there is a plan for a pilot. You can be penny wise and pound foolish. He stated that Mr. Zimmerman lives next to him and he sees him often and he took an issue with if it was \$50,000 or \$100,000. Within an \$80 million budget here and \$100 million budget in the school department as a business person I am going to sit down and say that I might lose some money here, but what do I get here? He stated that he is getting tired of this what are we going to lose and what are we going to gain. This is a project that he hopes that the City of Allentown does not kiss away based on we are going to lose this. It has not been explained very well. This is a complex plan that is a great opportunity for the City of Allentown, if done correctly.

Ms. Bowman stated that she was going to leave that with them and in there it is also a map on the back which is called the Allentown Culture and Arts District Master Plan. She stated that when she looked at it and tried to see how the arena fits with this and she has been reading articles and heard they were thinking to possibly

move it, that district according to the map goes from the jail all the way up to a half of block to PPL which is a full block in that district. She stated that she thought they just spent \$800,000 on the building near the riverfront and other properties with a piece of land. Is that a part of Allentown Culture. The businesses that are with eminent domain if she lived in that area she would get out of town. You did it in 1970s. Every 30 years you are doing something to take properties. Those properties are not safe.

Mr. Kenneth Seinfeld, 915 Hamilton Street, stated that the arena is a good idea. He stated that he is from South Jersey and Camden did the same thing with the waterfront. That area is booming now. That area and around the hospital is what the city needs. He question is where and if you have the questions for that. The 130 acres should surround the arena so that the money will go to the arena. He stated that he questions where the zone is. The KOZ is the abatement of taxes for ten years, but the other zoning goes to arena for the arena. This is a good project.

Mr. D'Amore stated in the NIZ, not the property taxes.

Mr. Guridy stated that they do know what the boundaries are.

Mr. Seinfeld stated to show the public the map of it. It brings up questions and doubts.

Mr. D'Amore stated that is correct. They should be able to turn on the projector and project a map of the NIZ and the fact that we can't is wrong on us.

Ms. Eichenwald stated that the KOZ was a wonderful economic tool and helped many businesses. The NIZ will do the same and she is not disputing that. The losing of taxes, if you take private property and use it for the public good there is a reduction of income. That does not mean it will not be made up in other ways. She stated that her objection is not to declassify it and allow businesses to have an NIZ. She stated that the way it is presented to the business owners in the City of Allentown. She stated that over and over she states this and then an issue comes up and we are back in the same situation. We should be able to project and people should know where the zone is and people should be aware if they have to come to a meeting. She stated that they read about the issue in the Morning Call. For her, there are two issues. One she is going to vote for it because it is an economic tool to use it. But it does not negate how strongly she feels that it needs to be a change in the culture. There needs to be a change in the culture in the way in which the representatives in the City of Allentown operate with businesses both present and future. She stated that it seems to her that they have one standard for the large project and another standard for other businesses. She stated that she is appealing to them to go to the enth degree to improve the business climate. Statistics tell us that in today's economic climate our future lies in the small entrepreneur. If we don't make it a comfortable environment for that small entrepreneur then she is concerned about the economic health of our city.

Mr. Bass, 527 N Howard Street, stated that he is trying to absorb everything that is being said. He stated that he does not understand how you can take properties from the private sector into the public sector and not lose tax revenues.

Mr. Dennis Pearson, 942 E Tilghman Street, stated that he is not the originator of the question, but you by this resolution seek to eliminate the KOZ zone and now when the KOZ zone was create the school district and county joined in. Will they have to vote on this or does your decision trump both the school district and the county. He stated that he would like to see Allentown financially and economically and residentially strong in all areas of the city. If we work for one area of the city, it would be ashame.

Mr. Schweyer stated that according to state law as part of the creation of the Neighborhood Improvement Zone, the city is allowed to decertify on behalf of all three. The reason is simple; all three taxing bodies had to agree on it in the first place. If any one of them said no, then it would not have happened. We saw that in

Northampton County where Bethlehem City and Bethlehem School District said yes and Northampton County said no. Therefore, they have no active KOZ here. The state law says the city has to make the decision, but it is based on the premise of if any one of the three says no, then it does not exist.

Mr. Guridy stated that like Ms. Eichenwald he would encourage the administration to publish the NIZ as soon as possible. A statement should be done to the public. The reason is that people are reading the newspaper and that what they are getting out of it and sometimes it is not correct.

Ms. Hailstone stated that the zone was approved at a public meeting and when Mr. Scott Krauss from the Morning Call asked for a copy a day or two ago, she was not in the office and the following day she provided a copy to him. She stated that she expects that the Morning Call will be covering that very shortly.

Mr. Guridy stated that they should do a public announcement because everyone does not read the Morning Call. He stated to put it in a newsletter or have a press conference.

Resolution passed, 7 – 0

10. ORDINANCES FOR FINAL PASSAGE:

Bill 60 HPRP Reallocation

An Ordinance providing for the re-allocation of funds within the Homelessness Prevention and Rapid Re-Housing Program (HPRP) Grant Program.

Mr. Schweyer stated that it is reallocating certain funds with consult with their community partners that have been involved with the homelessness prevention and rapid re-housing program. They have spoken to the community partners and this is to reallocating funds that were already approved and recommended favorably 3 – 0.

Ordinance passed, 7 – 0

Bill 61 Weed and Seed Youth Coordinator Grant

Amending the 2011 General Fund Budget to provide for a supplemental appropriation of Twenty-Eight Thousand Five Hundred (\$28,500) Dollars to provide for a Penn State University Grant for the Weed and Seed Youth Coordinator.

Mr. Schweyer stated that it was recommended favorably 3 – 0. This is \$28,500 in support of Weed and Seed from Penn State University to help a number of programs and does help fund Mr. Sam Martinez's position with Weed and Seed. This is the third year that we have done this and should not be new to any member of Council.

Mr. Donovan stated to Ms. Hailstone and Mr. Schweyer that Penn State has an operational near Overlook Park. Is there a connection with this? He stated that he says this because the arena project and to be a part of a much larger issue about Allentown with social capital and physical capital.

Mr. Schweyer stated that is not the Weed and Seed area. Those are independent operations.
Ordinance passed, 7 – 0

11. ORDINANCES FOR INTRODUCTION:

Bill 62 Weed and Seed Penn State Grant

Referred to CEDC

Amending the 2011 General Fund Budget to provide for a supplement appropriation of Nine Thousand Five Hundred (\$9,500) Dollars to provide for a Penn State University Grant for the Weed and Seed Youth Coordinator.

Bill 63 Enterprise Zone Grant

Referred to CEDC

Amending the 2011 General Fund Budget to provide for a supplemental appropriation of Fifty Thousand Dollars (\$50,000) in Enterprise Zone funding from the Pennsylvania Department of Community and Economic Development for implementation of the City Enterprise Zone program.

Bill 64 Neuweiler Brewery Grant

Referred to CEDC

Amending the 2011 General Fund Budget to provide for a supplemental appropriation of Fifty Thousand (\$50,000) Dollars composed of funds received from the Pennsylvania Historical and Museum Commission (PHMC) and the Lehigh Valley Economic Development Corporation (LVEDC) via a sub-grant from the United States Environmental Protection Agency to study the reuse and market potentials, and historic architectural treatment of the former Neuweiler Brewery.

12. CONSENT AGENDA:

CA-1 HARB Approvals - Approval of Certificates of Appropriateness for Work in the Historic Districts

Resolution passed, 7 – 0

13. RESOLUTIONS ON SECOND READING: None

14. RESOLUTIONS ON FIRST READING:

Moved Up

15. NEW BUSINESS

None

16. GOOD AND WELFARE

Mr. Connell congratulated Mr. D'Amore on official passing his magisterial test. He stated that it is a well deserved honor and he would make a wonderful magisterial judge.

17. ADJOURNED: 9:03 PM

Council meetings are held on the first and third Wednesday of each month beginning at 7:30 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 hanlon@allentowncity.org to receive an email notice of the meetings.