

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



Allentown City Council
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**COUNCIL MEETING MINUTES
December 5, 2012
COUNCIL CHAMBERS**

Council Meeting – 7:00 PM

- 1. Invocation: Jeanette Eichenwald**
- 2. Pledge to the Flag**
- 3. Roll Call:** Davis, Eichenwald, Glazier, Guridy, Mota, O'Connell, Schweyer
Dale Wiles represented for Solicitor's Office

4. Courtesy of the Floor

Mr. Lou Hershman, 405 Gilmore Street, stated that the water and sewer lease is on everybody's mind. Last night he attended a meeting and the subject came up again and it was a very polite discussion. The biggest concern is if this lease goes for \$150 - \$200 million whether we are going to pay on this lease to operate the plants and if the cost gets passed on to the users, users being other than the City of Allentown and the townships and the signatories that may take legal actions. They are talking about suing because they are not responsible for the debt for the city's police and fire pensions. They are going to pass the costs on to them. They feel some type of action should be taken to stop this. He stated that lawsuits are being filed. He stated that they were successful with this earned income taxes. Chances are they will be successful again. He stated that they should try to think what council should do to take up Mr. Donovan's recommendation and appoint a committee to look at alternatives. There have to be many alternatives and the mayor says that nobody provided any alternatives; he doesn't give people a chance to think of other alternatives. He stated to council to grab the bull by its horn and get the thing moving and see if there are any other alternatives. Councilwoman Eichenwald stated that you have spent a million dollars already on consultant fees. You can't continue this thing. He asked that they appoint a committee to look at alternatives.

Mr. Guridy thanked Mr. Hershman and stated that he will see him at the next meeting.

Mr. Glen Hunsicker, south Allentown, asked if they are going to bring up the financials on the Water Works. He asked if it was anything on the budget on the water issue. He stated that he does not know if he wants to bring it up now or later.

Mr. Guridy stated that you can talk about anything that is not on the agenda. We don't have this on the agenda. He doesn't have anything on the agenda to speak on just the water bill, the water fund.

Mr. Hunsicker stated that back in August he distributed this LCA sheet to council people that he spoke to. One of the interested things that come up here is looking at this budget item that came out recently and it talks about increasing their water flow to LCA by two million gallons a day. Are you familiar with that? On the line item, it says that you are going to get another \$250,000 for this two million gallons. One of the questions is where is this water coming from. Is this pure water coming from Schantz Springs or is it coming back through the system and it is going to get filter, chlorated, and put in fluoride.

Mayor Pawlowski stated that we have 20 percent extra water capacity when Agere moved overseas. They were using 20 percent of our water capacity. They are building bottle plants in Upper Macungie. Instead of drilling in the water table we were able to work out an arrangement which council approved and everybody was aware of that allows them to sell up to seven million gallons a day once the pipeline is built which is happening at the parkway. This is water and coming directly from the water table that is going to them. This is processed because they do not have a processes plant and they are buying the water from us as they would any other municipality in bulk and then they resell it since we don't have lines to connect.

Mr. Hunsicker stated that the question is if the water is coming directly out of Schantz's Spring to LCA or is it going to go to the Allentown Water Works.

Mayor Pawlowski stated that it goes through the Water Works.

Mr. Hunsicker stated that basically you are going to honor the agreement that you have right now and shutdown the 24 inch line that is bypassing that flow right now. Basically, the water flow comes out of Schantz's spring.

Mayor Pawlowski stated that will shut down, absolutely.

Mr. Hunsicker asked if during the first of the year you will shut that down.

Mayor Pawlowski stated yes, as soon as the pipeline is built. We will not sell to them directly anymore.

Mr. Hunsicker stated that the real question on this money issue, the \$250,000 basically that comes out if he sees two million gallons a day comes out to 730 million gallons a year. The rate down there comes out to 34 cents per thousand gallons and you gave the giveaway rate of 46 cents per thousand gallons in 2009. He doesn't understand those numbers.

Mayor Pawlowski stated that those numbers were negotiated through a very intense process and council approved that. It was a process that we worked very diligently with LCA and the county to negotiate. We thought it was a fair rate for the amount and capacity and the amount of water that they are buying and it brings us in once the pipeline is built over a million and a half dollars a year.

Mr. Hunsicker stated you are talking the 47 cents numbers. Now, this number is 34 cents. You are going in reverse direction. He doesn't think you can pump it out of the ground for that money.

Mayor Pawlowski stated no, Mr. Hunsicker you are wrong.

Mr. Hunsicker stated that he would like someone to audit that and come up with those actually numbers because 34 cents that is your new rate under the \$250,000 estimate that you are talking about. He stated that he might be wrong.

Mayor Pawlowski stated that it is an estimate based on the amount of capacity that they actual have. It is just a projection. The number can be higher. We were projecting on a conservative basis because we don't know how much we are actually going to pull out that flow.

Mr. Hunsicker stated that if you put it in the budget you should be pretty well defined on that actual number. It shouldn't be less than 47 cents. That is a giveaway number. Whoever negotiated that, he doesn't want them negotiating for him, but they did it. Twenty-five years with a five year automatic renewal and now you are telling me on this budget item you are going to go to 34 cents per thousand. There is something wrong

here. He wants to just bring it to this council's attention so you people have an understanding of what is happening here. He doesn't know if they looked at those numbers, but when you looking at this budget stuff and looking for money you are not going the other way.

Ms. Eichenwald stated that this is a really important issue and not to be just speeded along. She knows Mr. Hunsicker is allowed his three minutes, but at some point the public works committee needs to look at this.

Mayor Pawlowski stated that we get beat up if we budget our numbers too aggressively and now you are beating us up between we are budgeting our numbers too conservatively. If we get more revenue because we have greater flow that is a positive tick for us and it will end up in the closing balance. That is the bottom line we budgeted conservatively because we don't know how much direct flow we are going to have. It is 47 cents and not 34 cents. He does not know where Mr. Hunsicker is getting his numbers, but it is based on a conservative estimate/gestimate basically on how much flow that they are actually going to use and how much capacity they are going to buy. If we budgeted it on a conservative basis and our hope is that they buy all of it and we will get a greater numbers and that is ok, it will show up as a positive at the end of the year.

Ms. Eichenwald stated that she has not made a pejorative statement. She thinks when one asks questions it is not beating up. Sometimes a question is simply a question.

Mr. Gary Strathearn stated that council has been briefed by our valuation consultant Mr. Shambough from AUS consultants. He has said on several occasions that in his estimations and he has been in the business 40 years that the 47 cent per gallons number is based on the way the system is setup and is extremely profitable and a good deal for the city. He is the best advice going and if we need to bring it back in we will gladly do it, if there specific questions.

Mayor Pawlowski stated that he will be glad to bring Mr. Shambough back in to speak to the public works committee.

Mr. Tony Marger, 27th and Allen Street, stated that he understand that Council has a response about trees planted on 27th and Allen from Mr. Dougherty. He asked for the response and if he could see the responses.

Mr. Dougherty stated that he yields.

Mr. Hanlon yielded to council and asked if it is appropriate.

Mr. O'Connell stated that Rick Holtzman responded to the question that Mr. Marger asked. It could be parks and recreation or public works. What specific question you were stating a week ago that there were stating that might have been some improprieties done for this gentleman at 2702 Allen Street and basically you were saying that those trees that were planted in front of his house were done for him as a favor because he served on an ACIDA.

Mr. Marger stated that he is asking why it was done because there is no reason for the city to have planted trees at his house. He was given two explanations and both were incorrect and he would like to know the real reason and where the money came from to pay for those trees.

Mr. O'Connell stated that he believes that it was the revitalization program that the money came out to replace those trees through the revitalization.

Mr. Marger stated that is incorrect. He was at a meeting with the county and we went over the money that the city got for tree revitalize and the city only received funding for 2008 and 2009. What happened in 2011 was not covered and that neighborhood is never covered, never met to be covered and wouldn't be covered and only one person in the neighborhood wouldn't be the recipient for trees in the city.

Mr. Schweyer stated that he would submit to his colleagues that it would be perfectly appropriate for Mr. Marger to receive the communication. It would most likely he is an expert in the open records law. He has opened several open records law and certainly knows the process. It was not a legal opinion given to our solicitor. It was given to one member of the administration to council and he is entitled to it. Let's just save Mr. Marger and Ms. Fruhwirth all the aggravation forward the email to the gentleman.

Mr. O'Connell stated that would be fair and he actually thought that he was copied, but obviously you weren't copied on that. We will send you an email.

Mr. Guridy asked Mr. Marger if there was anything else he would like to know.

Mr. Marger stated that he got a response from another Right to Know Request that the city park's department paid \$8,500 to the Friends of the Parks for the 2011 Tree Vitalize Program and there is no 2011 Tree Vitalize Program. Why were they given the money and where is the money.

Mr. Guridy asked anybody from the administration.

Mr. Dougherty stated that he could make an inquiry.

Mr. Guridy asked Rick Holtzman if he had a comment on that.

Mr. Holtzman stated that he could not answer at this time.

Mr. Guridy stated that they will look for an answer and get back to him.

Mr. Dougherty stated that it precedes Rick's tenure, but he will look into it, yes.

Mr. Guridy stated to send Mr. Marger an email.

Mr. Dougherty stated that he will send it to the Clerk.

Mr. Kenneth Heffentrager, 733 N. 11th Street – Tenants Association of Allentown, stated that now the year is coming to an end and the budget soon to be finalized and the big issues have been dealt with, with the except of the proposed water and sewer lease deal he believes it is time with all the building efforts in center city that we really need to tackle the slumlords and the blighted properties. There was a conference this past Monday and Tuesday in Harrisburg with Senator Dave Argall who seems to have taken the forefront on this and there is a guide out there and he doesn't know if they have seen it, it is called A Quick Guide New Tools To Address Blight and Abandonment that seems that municipalities are far-reaching opportunity to go after them and not everything in this guide costs the city money and he doesn't think the city is doing enough on that. Also, with Christmas coming up fast and most people in this room, in this city will be with friends and family over the holidays. How many individuals this month alone are going to lose their home because of slumlords? Right now, it's only December 5th and it stands at five families are out this month and we have 20 more days before Christmas.

Mr. Tom Hahn, 2016 E. Highland Street, asked about the \$200 million and if we need approximately, estimated \$25 million to put into the pension fund for eight years the money is gone. How do we run the city when all the money is gone? If we get a \$4 million royalty check from the company as part of the deal, if you take \$4 million times 50 that is another \$200 million you have to pay back in the rates. Can someone give him a projection on how that money comes and goes and what the rate will be for the ratepayers whether they are residents or outside people who are contracted the water? How do the numbers add up?

Mayor Pawlowski stated that they have gotten that in the PFM study. It is all online and you can take a look at that. The rate is in the concession agreement. The rate is 2.5 percent plus the CPI for the first ten years. It's 1.5 percent plus CPI for all the years after that. The first few years there is no rate increase.

Mr. Strathearn stated that he wants to address the \$200 million. If we get the \$200 million that then lowers. The problem is the size of our unfunded liability. It is like gasoline on a fire of our MMO. Wants that money is deposited in the account of the pension plan and the unfunded liability goes down, then our MMO payments that is referred as \$25 million and he is looking at numbers that may end up being higher in a couple of years then those numbers go down dramatically because the \$200 million has lowered the unfunded liability. The whole essence of this process is to deplete the unfunded liability or eliminate it entirely if we can.

Mayor Pawlowski stated that the lower the unfunded liability, the lower the MMO, the higher the unfunded liability, the higher the MMO. That is the easiest way to think about it.

Mr. Hahn asked if they could we have a PowerPoint trip by the mayor to the neighborhoods where we got the petition to actually explain to the people who are asking me the questions, because he takes the time to come to the meetings to show a bill of what their water is now and after all the legal jargon and all the other questions and answers are put in there of what the actual bill will be in year 5, year 8, and year 10 on these projections that are all hearsay at this point by the mayor's own remarks these are estimates. How does he tell the people what happened at the meeting tonight. What was discussed? He would say it is the same thing over and over again. He can't show them what their rates because he did not get an answer with the number. He can't multiply anything by the uses. He can only go by the \$2 million plus the royalties. In other words it comes up to another \$200 million. He doesn't really understand the answer that he could give to the average person on the street who signed the petition not to privatize water.

Mr. Guridy asked if the people were signing and didn't know what they were signing.

Mr. Hahn stated they know what they were signing. He explained everything.

Mr. Guridy asked Mr. Strathearn if he could explain exactly what you said.

Mr. Strathearn stated that the mayor just explained the rates, but let's walk through that for a second. Think back 50 years ago. The average water and sewer average combined number 48 years ago was like in the low 60s and if you go back 50 years ago and told the folks that their water and sewer bills were going to be \$487 a year they would tell you you're nuts, it's not going to be there. Fortunately, they were able to negotiate within the agreement that has set rates frozen for the first three, CPI index 2.5 for the remaining 16 then the remainder will be 1.5 plus CPI. You can sit there and do the math. You can't do the math, but you could average the CPI being 2 percent. We have run some numbers like that and quite frankly it looks like over the last 25 years the city's water and sewer rates have raised 5 percent a year annually, not each year collectively. We have been through this many times and the rates have bounced all over the place. No one ever projected more than a year ahead of time what the rates are going to be.

Mayor Pawlowski stated that over the last ten years it has been 60 percent, over the last 20 years it has been 196 percent, over the last 49 years that we know of it has been 986 percent. This is actually lower than the average rate increase that we had. He stated that he has been at every last community group and if you would like him to come again, he will be more than happy to be there. He has been at Midway Manor to explain this. He will come to explain this and he has given his whole PowerPoint presentation. We have done numerous public meetings. Everything has been on the website and they have been as transparent as possible. If they want him to come out again, he will be more than happy. He was at the West Watch last night and he did the whole presentation again. He has no problem speaking to any group that wants to hear him about why he thinks this is valuable because if they don't we will fall off our own fiscal cliff. We talk about the fiscal cliff on the federal level. We have our own fiscal cliff here in the City of Allentown that we are rapidly approaching if we don't do something. We have a good plan; he doesn't think it is just a good plan, but a very good plan. It solves our problem, sets us on a fiscal footing, it puts us back and gets rid of our pension problems for decades to come and he doesn't have a problem talking to anybody, anywhere, at any time. He thinks this is not only a good decision for the city, but a very good solution for the city and the problem that we face and if we don't do this and he keep asking folks tell me what the alternative is because the alternative is raising taxes 100 percent. He doesn't believe that the city can handle that; he doesn't believe that our taxpayers, our residents, our businesses can handle that. It would absolutely destroy the economy of the city and he will not let the city go down that way.

Mr. Ernie Atiyeh stated that he is here on behalf of the Allentown Presidents' Council. We have an issue that came up to us and he would like to bring it out and hopefully try to solve it. When there is a landlord or basically anyone that has a water bill that is overdue or in excessive, the city comes and turns the water off after due diligence of many, many letters. What is happening, we have renters that once the city turns the water off the property is unfit for human habitation because you don't have any water. The property is tagged and the individuals are evicted from the property. We had an individual that said they paid their rent on Monday, and the city came in on Wednesday and they had to leave. Is there some way that we could go after the landlords or whoever legislatively if we have to go to Harrisburg, because what he was told that we can't deal with that at our level to go after the individual property owner. Maybe we can go after their personal assets or personal property rather than the property they are turning the water off. He really like them to look into that because it is a big issue right now and that is something that we have to deal with later once we privatize the water.

Mayor Pawlowski stated that the city has been very aggressive going after absentee landlords and much of the legislative actually helped and written by our folks. We have direct input from the legislation that was referred to earlier. We tried to implement some of that. Some could apply to us and some cannot. We have systematic inspections and we are working with, but the problem is that there is a very strong landlord lobby in Harrisburg as well and there has to be a balance between the landlord and their rights and the tenants and their rights. We are trying to work with many different legislations and groups and the Housing Alliances being one of them and trying to address that very issue. It is a lot more complicated because there are much more groups with much more interest involved.

Mr. Atiyeh stated that this individual came before us and the paid their rent on a Monday and was evicted on a Wednesday. That is all the money they have, we got to help.

Mayor Pawlowski stated that we have to help. It is terrible he agrees and he doesn't know the specifics of that circumstance, but he could guarantee that they tried for months to get the landlord to actually pay the bill. There has to be a point where we can't provide the product anymore if you are not going to pay for it. It is a very different situation and he agrees with Mr. Atiyeh and stated that they will work with you and the presidents' council. He is just as concerned as Mr. Atiyeh is.

Mr. Guridy asked the mayor if he promises that he will go to Midway Manor and speak to them.

Mayor Pawlowski stated anytime they want him to. Mr. Davis knows he has been out there several times.

5. Approval of Minutes: October 17, 2012; November 7, 2012

Approved by Common Consent

6. Old Business

None

7. Communications

Mr. Guridy stated that we received the signatures for the petitions and looked them over and analyzed them and they were appropriate. We had at least 2,000 signatures appropriately signed according to what was presented to him. We will be looking into that and having a Committee of the Whole sometime probably in January and move from there.

8. REPORTS FROM COMMITTEES:

Budget and Finance: Chairperson Schweyer

The committee has not met since the last Council meeting; the next meeting has not yet been scheduled given the budget.

Public Safety: Chairperson Eichenwald

The committee has not meet since the last meeting; a future meeting is tentatively scheduled for December 19th to review an appropriation from the Iron Pigs for EMS coverage.

Community and Economic Development: Chairperson Davis

The Committee has not met since the last meeting; the next meeting has not yet been scheduled given the budget schedule.

Parks and Recreation: Chairperson Mota

The Committee met this evening; a future meeting has not yet been scheduled.

Public Works: Chairperson O'Connell

The Committee met this evening and has three items on the agenda; the next meeting has not yet been scheduled.

Human Resources, Administration and Appointments: Chairperson Glazier

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 which is a board that he sits on met last Thursday and they should have the minutes from the previous meeting via email.

Controller's Report

None

Managing Director's Report

Mr. Fran Dougherty stated that in the interest of time management he only has one item of note at Council's request, the head of emergency management Chief Scheirer sat down this evening with Ms. Paulette Hunter to do their own post mortem discussion on Hurricane Sandy. He has fulfilled his obligation to council.

Mr. Guridy asked how does that go.

Mr. Dougherty stated that Mr. Hanlon attended.

Mr. Hanlon stated that Ms. Eichenwald and Mr. Davis.

Mr. Guridy stated that is very important for Ms. Hunter.

9. APPOINTMENTS

None

10. ORDINANCES FOR FINAL PASSAGE:

Bill 78 Lehigh River East Side Trail Transfer

Amending the 2012 Capital Project Fund Budget to provide for a supplemental appropriation of Seventy-Seven Thousand Two Hundred Eighty-Three Dollars and Fifty Cents (\$77,283.50) from various closed Capital Projects to the Lehigh River East Side Trail Project.

Ms. Mota stated that the committee met tonight and it was recommended favorably.

Ordinance passed, 7 – 0

Bill 79 WEST END THEATRE DISTRICT RACP GRANT FUNDS

Amending the 2012 Capital Fund Budget to provide for a supplemental appropriation of One Million Five Hundred Thousand Dollars (\$1,500,000) as a result of a grant from the Commonwealth of Pennsylvania to the City of Allentown through a RACP (Redevelopment Assistance Capital Program), pass-through grant. The Department of Public Works is supervising and monitoring the funds.

Mr. O'Connell asked Mr. Young to give a brief synopsis of what they discussed earlier about the west end theatre district.

Mr. Young stated that the funding was an RACP. They did a capital project about a year ago of \$1.5 million and that was our match and we had \$100,000 coming from the Fairgrounds. The first phase is under construction right now. Nineteenth Street from Liberty to Tilghman and the second phase will be advertised within the next couple of weeks with a new fence around the Fairground and the third phase is going to improve the theatre district.

Mr. O'Connell stated that was in front of Public Works and passed favorably to the entire Council 3 -0.

Mr. Schweyer stated that he would like to note for the record that this money was acquire through the Commonwealth from his former employer, Jennifer Mann. Typically, last year he would have abstained from the vote, but she is not in office and he doesn't work for her anymore and he doesn't have a problem voting on it. For the sake of full disclosure he had worked on this project several years ago in his previous project.

Ordinance passed, 7 – 0

Bill 62 SWENTERPRISE

That an appropriation in the sum of Twenty Million Three Hundred Seventy–Seven Thousand Eight Hundred and Sixty-One Dollars (\$20,377,861) is hereby made to the Solid Waste Fund as more fully detailed in Exhibit A, “City of Allentown 2013 Budget.”

Mr. Schweyer asked if the applicants here for the encroachment, the R55 217-227. They are not here anymore.

Mr. O’Connell stated no.

Mr. Lou Hershman stated that as you know Council has to pass a budget that is at least balanced. If you look at this budget, it is not balanced. It is a shortage of \$359,000. The expenditures exceed the revenue by \$359,000. What has happened again, the mayor presented a budget balances. He stated to Julio, remember this has happened before. You really don’t know what the closing fund balance is. What you have in front of you is a deficit budget and the law says you cannot pass a deficit budget.

Mr. Guridy stated that he understands that we have a surplus.

Mr. Hershman stated that is not balanced.

Mr. Guridy asked Mayor Pawlowski to answer that.

Mayor Pawlowski stated there is a page in the back that gives all the opening balances. It is on page 550.

Mr. Guridy asked Mr. Hershman to look at page 550.

Mr. Schweyer stated to Mr. Hershman stated that they had this conversation about formatting issues with the budget. As you know, we changed the format of the budget and as you know Mr. Glazier pointed out it is some of the funds and the surpluses were from previous years. In other funds, it is supplemented on page 550.

Mr. Hershman stated that page 550 didn’t show him anything.

Mr. Schweyer stated sure it does that is eight lines down, Solid Waste fund balance of \$5,079,515. Therefore, we are not operating at a deficit. We are once again, using the surplus dollars as we had in years past, as we have done for a couple of years since he has been on the dais. He believes that is the long-standing position of council to separate fees every year. As we improve the formatting of the budget, we are going to add the account balance from previous years of the start of it so that we are not flipping pages. He stated as of your philosophical question if we should use fund balances to balance the budget.

Mr. Hershman stated that the general fund is not balanced because there is a deficit of \$9.8 million. There is no way that the general fund is balanced with a deficit of \$9.8.

Mr. Guridy thanked Mr. Schweyer and asked if that could be explained to Mr. Hershman.

Ms. Bowman stated that the annual fiscal change on the general fund is, and you will see that on page 5 of your budget. It is not running a deficit.

Mr. Hershman stated that in other words you have to page through the whole budget to see if you have an opening fund balance.

Mr. Guridy stated that you know that, Mr. Hershman.

Mr. Hershman stated that our mayor, before this mayor gave of opening fund balance and closing fund balances and you knew what it was when you opened the book.

Mr. Dennis Pearson, 942 E. Tilghman stated that for those who haven't been on council long and may not have been in the city long not stating any issue of what you are trying to do with Bill 63. He wants to let them know that believe it or not the solid waste fee was incorporated in the general budget in the property tax itself, but because of Allentown one year using revenue sharing money for the fire department and everything else and the government deciding in the 1980s that was not a good idea. Allentown had to put the fire department back into the budget and the result it created a tax. Mr. Dadonna does not like raising taxes, he like to shift things over. What they created was a sewage fee which was initially \$25 and now it is up to \$375.

Ordinance passed, 7 – 0

Bill 63 SWFEE

That Section 1131.02, Authorization of City Contractor(s); Scope of Work; Fee, Subsection (C), Municipal Waste and Recycling Fee, of the Codified Ordinances of the City of Allentown, be and the same is hereby amended establishing the Solid Waste Fee as Three Hundred seventy-Five (\$375) Dollars.

Ordinance passed, 7 – 0

Bill 64 WATERFUND

That an appropriation in the sum of Seventeen Million Forty-Three Thousand Six Hundred and Eighteen Dollars (\$17,043,618) is hereby made to the Water Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 65 Water Rates

An Ordinance of the City of Allentown adopting the 2013 Water Rates.

Ordinance passed, 7 – 0

Bill 66 SEWER FUND

That an appropriation in the sum of Seventeen Million Seven Hundred Twenty-Three Thousand Nine Hundred Eighty-Four Dollars (\$17,723,984) is hereby made to the Sewer Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 67 Sewer Rates

An Ordinance of the City of Allentown adopting the 2013 Water Rates.

Ordinance passed, 7 – 0

Bill 68 LIQUIDFUELS

That an appropriation in the sum of Two Million Three Hundred Eighty-Six Thousand Eight Hundred and Seventy-Four Dollars (\$2,386,874) is hereby made to the Liquid Fuels Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 69 TREXLER

That an appropriation in the sum of One Million Two Hundred Seventy-Eight Thousand Seven Hundred and Seventy-Five Dollars (\$1,278,775) is hereby made to the Trexler Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 70 GOLFCOURSE

That an appropriation in the sum of One Million Three Hundred Seventy-Four Thousand Four Hundred and Three Dollars (\$1,374,403) is hereby made to the Golf Course Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget".

Ordinance passed, 7 – 0

Bill 71 EQUIPMENT FUND

That an appropriation in the sum of One Million One Hundred Six Thousand Eight Hundred and Fourteen Dollars (\$1,106,814) is hereby made to the Equipment Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 72 RISK FUND

That an appropriation in the sum of Eighteen Million Three Hundred Eighty-Seven Thousand Sixty-Four Dollars (\$18,387,064) is hereby made to the Risk Management Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 73 CAPPROJECTS

That an appropriation in the sum of One Million Forty-Five Thousand Dollars (\$1,045,000) is hereby made to the Capital Projects Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 74 DEBT

That an appropriation in the sum of Seven Million Seven Hundred Thirty-Seven Thousand Three Hundred and Thirty-Six Dollars (\$7,737,336) is hereby made to the Debt Obligation as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 75 E911

That an appropriation in the sum of Three Million Four Hundred Fifty-Three Thousand Two Hundred and Fifteen Dollars (\$3,453,215) is hereby made to the E-9-1-1 Fund as more fully detailed in Exhibit A, "City of Allentown 2013 Budget."

Ordinance passed, 7 – 0

Bill 76 GENERALFUND

That the following financial program is hereby adopted for the year 2013, and appropriations are made to the various departments as indicated in the section below and that the sum of Eighty-Seven Million Eight Hundred Forty-Nine Thousand Two Hundred Thirty-Four (\$88,058,391) Dollars, net of a planned vacancy factor of One Million Four Hundred Seventy-Five Thousand Dollars (\$1,475,000), be hereby appropriated as follows:

| | |
|---|-------------|
| To Non-Departmental Offices | 1,597,800 |
| Vacancy Factor | (1,475,000) |
| To the General and Civic Expense | 9,129,950 |
| To the Department of Finance | 3,312,217 |
| To the Department of Human Resources | 651,574 |
| To the Department of Community and Economic Dev | 7,476,042 |
| To the Department of Parks and Recreation | 1,406,630 |
| To the Department of Public Works | 8,592,150 |
| To the Department of Police | 34,734,653 |
| To the Department of Fire | 20,832,608 |
| To the Managing Director | 1,799,687 |

Mr. Hershman stated that his question is the Act 205 money you budgeted \$2.2 million you are going to receive from Act 205, but you have no expenditure for that money.

Mr. Bowman stated yes, we do and if you look on page 5 account 87. It says it is reserved for salaries and we got that corrected in the system and would reflect in the final. That is actually the unfunded liability. For 2012, \$2,145,963 and for 2013, because of the increase in our MMO and calculation that is greater than the MMO we would not have to put any into the unfunded liability.

Mr. Hershman asked if the pension funds were not bad as you saying because you don't have to put money into it.

Ms. Bowman stated no, the reason we don't have to put money into it is because the MMO has increased that much more.

Mr. Hershman asked the purpose of collecting that 3.2 is what.

Mayor Pawlowski stated that it is basically to offset the rising cost of the pensions. When we passed the .35 EIT it all goes to help the pension fund. The way that the calculation is put into place, it is a bill put in place in the 1980s you could only average out for three years. Because our unfunded liability keeps increasing it is a factor in the formula calculation and we could now utilize the bulk of it to pay for the MMO. In the past, the increase incremental average was actually lower and so we had some money that we could then utilize to pay for the unfunded liability. The problem is that we couldn't utilize that money in paying for the MMO the way that the incremental formula was setup under the 1980 law because we had a dramatic increase in the MMO and because we have a dramatic increase in the unfunded liability utilizing the formula that was set forward in the state law we were actually able to utilize all the amount to pay for the MMO. In the past, we could not.

Mr. Hershman asked Mayor Pawlowski if all the .35 money going towards the pension fund.

Mayor Pawlowski stated yes.

Mr. Guridy stated towards the MMO.

Mr. Strathearn stated towards the increase of the MMO.

Mr. Hershman stated that none of this money we are collecting .35 wage tax is Act 205 or as part of the line item 2906 Earned Income Tax where you have \$13 million some of the is the .35 also.

Mayor Pawlowski stated no, it is all going to the MMO.

Mr. Hershman asked is there a way we could get an accounting of this. In the past, we always got a breakdown of all the pension monies that were expended.

Mayor Pawlowski stated that we never changed the formula or the presentation.

Mr. Guridy stated that we still get the summary.

Mr. Hershman stated that it doesn't say anything about the pension fund distribution, how much money was spent and how much money going to MERZ, in O&E, how much money going to police, how much money going to fire. They keep you in the dark.

Mr. Strathearn stated that on September 30th this year everyone on council through the clerk received four separate memos from me put together by Debbie and my name where it broke down line item by line item what the MMO was going by police, fire, O&E and PMRS.

Mr. Guridy stated to Mr. Hershman if he has any further questions, they can certainly help him to understand it.

Mr. Ryan Hunsicker, Chapter Leader SEIU 32PJ, stated that he would like to direct their attention to the Parks Department budget, page 199 in their budget book. The elimination of two main ground maintenance crew with recreation and it is his understanding with the administration that the positions weren't filled and the reason it was eliminated. Is he wrong for thinking that or is it another reason. He cannot see eliminated two positions just because it was not filled.

Mayor Pawlowski asked Mr. Hunsicker would he rather eliminate positions that are filled.

Mr. Hunsicker stated that you are going to do that with water resources. He is trying to keep what he has. He doesn't see a reason that they have to eliminate something because the mayor has a need not to fill it. We spend hundreds of thousands of dollars on other issues and people are looking for work left and right and we have opening that we are not filling. The numbers don't lie. We went from 2008 with ten positions in maintenance level one down to three positions in 2013. It is ridiculous. He would like one of council members to take the initiative to get it reinstated into the budget.

Mr. Guridy asked if anybody wanted to take that on.

Ms. Eichenwald stated that she is certainly interested, but doesn't know what the procedure is in this stage. They need two days in advance for the amendments. Perhaps this is certainly something they can look into. She understands.

Mr. Hunsicker stated that even if we fund it for a dollar and we don't have them eliminated. If they are sitting there, that's one thing. When they are eliminated they are gone.

Ms. Eichenwald stated that she just don't know because amendments have to be presented two days in advance. To meet your request we would have to vote against the budget.

Mr. Guridy stated that if you would have brought it to us during the committee meetings for this particular issue for Parks and Recreation then we would have probably would have been able to do it.

Mr. Schweyer stated that we would have been able to consider it at that time.

Mr. Guridy stated that would have been a consideration and he would not have mind doing that at that time. It is late to suggest that now.

Ms. Eichenwald stated that this is a serious and important issue and something that we need to take a look at. She just doesn't know how we could deal with it at this moment. She is glad that he brought it to their attention. It is something that they could revisit.

Mr. Pearson stated that his understanding of this elimination of the two positions that there were no agreements with someone else. They were supposed to do something and you will do something. Back in 1981, the administration came to a defunct group the CNO and asked since the city could not use ACIDA funds to have separate workforces to have different pay they came to the CNO if we could fund a program in the parks and we agreed to under the condition that there will be no cuts in city personal and the budget debt year came out with a cut in parks personnel and you know what happened with our program, we cancelled it.

Ordinance passed, 7 – 0

Bill 77 Tax Rate

That a tax for general revenue be levied for the fiscal year, beginning the first Monday of January, A.D., 2013, upon all real, personal and mixed property within the limits of the said City, taxable according to the laws of the State of Pennsylvania, the valuation of such property to be taken from the assessed valuation of the taxable property under the provisions of the law regulating the same, at the rate of Ten and Seventy-one Thousand Nine Hundred Seventy-nine Hundred Thousandth (10.71979) mills on improvements and Fifty and Thirty-eight Thousand Thirty-one Hundred Thousandth (50.38031) mills on land.

Mr. Peter Schweyer made a motion to amend Bill 77 as a result of the county reassessment in SECTION ONE: That a tax for general revenue be levied for the fiscal year, beginning the first Monday of January, A.D., 2013, upon all real, personal and mixed property within the limits of the said City, taxable according to the laws of the State of Pennsylvania, the valuation of such property to be taken from the assessed valuation of the taxable property under the provisions of the law regulating the same, at the rate of Three and Forty-nine Thousand Two Hundred Sixty-seven Hundred Thousandth (3.49267) mills on improvements and Eighteen and Four Sixty-two Thousand Thirty-one Hundred Thousandth (18.46231) mills on land.

Mr. Ray O'Connell seconded the amendment.

Mr. Pearson stated that this amendment was actually required by law because of the reassessment that went from 50 percent to 100 percent if you would have kept the bill as is you would have doubled the tax, but there was a typo in there which you changed before you got here.

If you would have had that in effect you would have passed a bill that would have left the real estate at zero.

Mr. Guridy stated that he is glad that Mr. Pearson pointed that out to us. That was a good observation.

Mr. Pearson stated that he failed the taxpayers. He would have probably left them with having the rate set at 2012 and no zero.

Amendment passed, 7 – 0

Ordinance passed, 7 – 0

Mr. Guridy stated for the seventh time, he is happy to have passed another budget without a tax increase and we thanked the administration and the mayor and everyone in the city for the hard work they have done. He knows that it has been a strain financial and you have done a great job without having to resort of the tax increase.

Mayor Pawlowski thanked them for the hard work they put into this and he appreciates and know that they work together well. He doesn't think they ever had a default budget.

Mr. Schweyer stated the Risk Management Fund.

Mayor Pawlowski stated that was the only time. He thinks they set a record here.

Mr. Guridy stated that the good thing and as you pointed out people see us voting on this thing, but those of you who have not been here we have been looking at this and going to committees and spent a lot of time meeting with different department heads and talking about this budget and the good thing is other years we have been here until 1:00 in the morning in the past. We were able to make it a lot smoother and work together prior to coming here. We meet with department heads and the mayor on some occasions as well to put our disagreements on the table before we come here.

Mayor Pawlowski stated that if you look at Bethlehem, Easton and the county you actually have more budget hearings and the school district he would imagine. You do a very thorough job in looking into and examining the budget.

Mr. Schweyer stated that this was his first budget season in this capacity and we did talk about ways to improve the process not only last night, but other budget hearings. He would like to thank his colleagues. They had about 98 percent attendance from council at all the budget hearing which is really quite impressive.

11. ORDINANCES FOR INTRODUCTION:

Bill 81 Repealer.doc

Referred to CEDC

An Ordinance repealing Ordinance 15018 relating to an appropriation for the City Enterprise Zone Program – the funds had already been provided for in the budget.

12. CONSENT AGENDA: None

13. RESOLUTIONS ON SECOND READING:

R54 Capital Program

Adopts the Capital Improvements Program for 2013-2017

Resolution passed, 7 – 0

R55 217-227 Linden Street

Encroachment for the installation of a wall-mounted canopy over entrance door at the property located at 217-227 Linden Street on the 3rd Street Side.

Mr. O'Connell stated that Mr. Young explained to Mr. Davis and Ms. Eichenwald was all present. This is the Allentown Housing Authority. Mr. Davis was there this afternoon and Mr. Young gave verification that the administration approved of this and there were no objectors here. It was passed favorably 3 – 0 to the entire council.

Resolution passed, 7 – 0

14. RESOLUTIONS ON FIRST READING:

None

15. NEW BUSINESS

Mr. Ernie Atiyeh stated that he would like to put out an invitation to everybody. This coming Monday evening at the Sacred Heart Hospital the second floor at 7:00 PM the Sacred Heart Neighborhood Association is having their monthly meeting and will have a very dynamic speaker, Peter Schweyer who is the new Community Director with the hospital. We are having people there from Habitat for Humanity who will be talking about their brushes with kindness and also the new store that they are putting out on MacArthur Road named Restore. This is a great group of people and really trying to work with the City of Allentown.

Mr. Schweyer stated that it will be free parking. Last week, in his role at Sacred Heart Hospital he attended a public hearing on community health before nonprofit hospitals Lehigh Valley, St. Luke's, Good Shepherd, and Sacred Heart this is our second and the first was held in Bethlehem had a meeting at the Salvation Army on 8th Street and had approximately 125 people and the overwhelming majority of whom were residents of that immediate neighborhood. It was a tremendous conversation about community health and what we need to do in the Lehigh Valley. The four hospitals are doing this as part of the Affordable Care Act and we decided to work together to try to learn more of what we have to do in our community. If anybody cares at all on the overall health and wellbeing of our community in the sense of what we need to do to have a healthier community, this was a tremendous meeting. He was so impressed with the overwhelmingly majority of the people who are our residents. It was a tremendous opportunity to meet a lot of good folks who had really good thoughts about what the hospitals need to do and also what the community needs to do to improve access to mental and dental health. All the way down to office hours. A lot was big picture, bigger than any one hospital issues. We are holding a follow-up meeting on December 13th at 7:00 PM also at the Salvation Army. He encouraged and implore for everyone to get out. It was a dynamic conversation about real public policy issues that really don't get that much attention with a group of residents that we don't often hear from. The Bureau of Health was there. Belle was there.

Mr. Guridy stated that he has that in his calendar. They have been trying to get him to attend for a while and he has not been able.

Ms. Bowman stated that this year with the budget change she thank them for taking the time with them. It is a better move with the system and all around. She does welcome any criticism or suggestions on change and look forward to future years with it.

Mr. Guridy stated that it is good. He really likes the landscape and the other changes as well. You have done a wonderful job.

16. GOOD AND WELFARE

17. ADJOURNED 8:15 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.