

Michael D'Amore, Ph.D., President
Peter Schweyer, Vice President
W. Michael Donovan
Jeanette Eichenwald
Julio A. Guridy
Ray O'Connell
Mike Schlossberg

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COUNCIL MEETING MINUTES
June 15, 2011
COUNCIL CHAMBERS

COUNCIL MEETING - 7:30 PM

1. Invocation: Julio Guridy

2. Pledge to the Flag

3. Roll Call: D'Amore, Donovan, Guridy, Eichenwald, O'Connell, Schlossberg and Schweyer were present.

Ms. Frances Fruhwirth represented for Solicitor's office.

4. Courtesy of the Floor

Mr. Lou Hershman stated that he was concerned about the 35 percent wage tax increase. He stated that he still has not received the information and asked Council when they do present the numbers if they can provide the annual actuarial study of the pensions with it that is required. He asked has Council ever received a copy of the Risk Management Trust as it relates to Worker's Compensation.

Mr. Donovan stated that he left Mr. Hershman a voicemail message and will have more to say during the Budget and Finance meeting.

Mr. Hershman asked Mr. Donovan to add the actuarial study to that.

Mr. Donovan stated that he will find out about the status. He stated that he will talk about the EIT.

Mr. Schlossberg stated to Mr. Hershman there is legislation about the Risk Management Fund that has been introduced that is sitting in Budget and Finance that will come up for a vote that will require that the Risk Management would be presented to Council along with the financial reports. He stated that the information is accessible. If the legislation is passed it will be presented to the public.

Mr. Hershman asked if the trustees supposed to make a report about the workers' compensation report. He stated that he requested it and never got a copy.

Mr. D'Amore stated to Mr. Hoffman that his position was mentioned several times and did he have a comment or anything he wants to add.

Mr. Hoffman stated no.

Mr. Hershman stated that they are self-insured and has two trustees and that was the Finance Director and the Controller. You are required by the state to be self-insured.

Mr. D'Amore stated that they have to look into that.

Mr. Strathearn stated that he has to follow up with his colleague, the Controller and look at where it was historically.

5. Approval of Minutes: May 18, 2011 and June 1, 2011

Minutes approved by common consent.

6. Old Business

None

7. Communications

Mr. Donovan stated to Mr. Collins and Mr. Bennington that he played Golf at the Municipal Club and everything is great and wonderful, but will recommend that we are more rigorous. He stated that the players are being totally disrespectful about divots, the greens are chewed up by balls because they are not fixing the divots. He is going to recommend to Jeff that they probably need more policing and signs around every hole.

8. REPORTS FROM COMMITTEES:

Budget and Finance: Chairperson Donovan

The Committee has not met since the last Council meeting; the next meeting is tentatively scheduled for June 22nd at 6:30 PM – the agenda will include the EIT distribution and potential composite of the aggregate pension board.

Public Safety: Chairperson Guridy

The Committee has not met since the last Council meeting; the next meeting has not been scheduled. He stated that the Youth Summit was a successful event.

Community and Economic Development: Chairperson Schweyer

The Committee met on June 8th and forwarded B-39 on tonight's agenda and asked to vote on it this evening; the next meeting is scheduled for July 12th.

Parks and Recreation: Chairperson Ray O'Connell

The Committee met this evening; the next regularly scheduled meeting is on July 20th.

Public Works: Chairperson Schlossberg

The Committee met on June 8th; the next tentative meeting is scheduled for July 12th.

Human Resources, Administration and Appointments: Chairperson Eichenwald

The Committee has not met since the last Council meeting; the next meeting has not been scheduled.

Rules, Chambers, Intergovernmental Relations and Strategy: Chairperson D'Amore

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

OTHER COMMITTEE REPORTS

Youth Summit – Councilperson Schweyer stated that they held their Youth Summit. He stated that it was a long process and they collectively understood that the Council and the administration needed to do a better job with our citizens and trying to see what that looked like, they took a step back and collectively stated that they will just go into the schools and start talking to our students. He stated that a number of his colleagues went to a number of the meetings. They went to Allen and Dieruff twice and Central Catholic once and the administration was represented at every one of those meetings. Mayor Pawlowski and Mr. Ken Bennington attended the meetings and Mr. Hanlon and Ms. Whitehead represented from our office in all five

of the meetings. He stated that they needed to continue the conversation and the goal of course was never to tell the students what they had for them or tell the students what they should be doing or how they should be conducting themselves. He stated that we are not their parents. The goal was to listen to 16 and 17 year olds that like to talk and have opinions that are valid and they see and hear things that members of the city council do not hear. He stated that the goal was to have the decision makers in the community that make policies and procedures of what they do to begin to make those changes. He stated that they had the cumulative event the Youth Summit and he had five members participate Mr. O'Connell, Mr. Donovan, Mr. Guridy, and Ms. Eichenwald and members of the school board Ms. Lamb and Ms. Edinger and the Chief of Police and folks from Weed and Seed Ms. Alexander and Mr. Martinez, from Health, Ms. Kistler, Tara Craig from Special Events, Mr. Weitzel, Parks and Recreation, HR and representatives from LANTA. He stated that after the five meetings, they broke down the concerns in the five areas. The first was Public Safety/Relationships with the police officers, Employment Options, Recreation Opportunities, Transportation and Volunteerism. He stated that they had five stations and breakout sessions and excellent conversations with the students. He stated that they had forty-two students that showed up at the very end and it was a cross-section of students with seniors and freshmen, sophomores, and juniors from everywhere in the city and students from the suburbs that attend Central Catholic. He stated that they had every race and ethnicity and a good split between boys and girls. He stated that they had a fantastic presentation. He stated that they got a lot of feedback and if anyone wants the results of the survey ask Mr. Hanlon and he will provide them for you. He stated that St. Luke's Hospital and the Allentown Public Library were the sponsors and helped us put it together. He stated that the most important thing were for them to continue the conversation, take what we learned and heard back to what we did. He stated that he was very happy and very encouraged that there was a flurry of conversations immediately following it and the adults were interested in what the students had to say. He stated that he was beyond impressed by the caliber of students that are in the city.

Mr. Donovan stated as a member of the AEDC that he has talked to Mr. Scott Unger and it is anticipated that very soon the variety of analysis that are associated with the community project will be coming forth. He stated that they will be watching that and he wants it. He stated repeatedly he can't continue on until he sees that information. He stated that he wanted Council to know the people that are involved in the work are close to completion.

CONTROLLER'S REPORT

Mr. Hoffman stated that it was mentioned tonight about the PennVest loan and he stated that the project that the loan would fund is a worthwhile project for the city. He stated that it makes sense to replace all of the meters and the project that the loan would fund is a positive project for the city and it makes a very positive economic sense. It would increase the accuracy and the percentage of revenues that they should be collecting on water and also sewer. They are related. He urged Council to put that on the agenda tonight and vote favorably for it. He stated that closing is scheduled for August 9th and if that does not occur, there is some chance the money goes away.

9. APPOINTMENTS:

Reappointments and Appointments to the Human Relations Commission and the Firemen Civil Service Board

Janet Ney	Human Relations Commission	12/31/2013	Reappointment
Allyson Diane Hamm	Human Relations Commission	01/01/2014	Reappointment
Juan P. Camacho, Esq.	Human Relations Commission	10/25/2013	Appointment
Theodore Schick	Firemen Civil Service Board	01/26/2015	Reappointment

Ms. Eichenwald stated that she would like to divide it into two categories. She stated that they have three reappointments and one new appointment. She stated that if her colleagues are in agreement they can vote on the reappointments and then on the new appointment. She stated that the three appointments are to the Human Relations Commission. One is Janet Ney who serves as chairperson to the Human Relations Commission, and second is Allyson Diane Hamm and both have served their community and the Human Relations Commission with distinction and distinguished themselves with honor. She stated that she is very pleased to put forth the nomination for their reappointment. She stated that the third reappointment is with Theodore Schick to the Firemen Civil Service Board.

Mr. D'Amore stated that they will note that Ms. Hamm is here and would like to hear from the nominees. He asked Ms. Hamm would she like to say anything.

Ms. Hamm stated that it is an honor to serve on the commission and greatly appreciates continuing the work and representing the city and be a part of a party that is helping to ease relations and help different groups work together to create harmony. She stated that she is thankful for this opportunity and hopes they consider her.

Mr. D'Amore stated that he will state for the record Ms. Ney is doing her job as the chair of the Human Relations Commission. She is at a forum to help ease tensions in the City of Allentown.

Ms. Eichenwald stated that Mr. Adrian Shanker has joined them this evening and is a standing member of the Human Relations Commission and is here in support of the two reappointments to the Human Relations Commission and the additional new appointment. She stated that it gives her enormous great pleasure to present for appointment in addition to the Human Relations Commission, attorney Juan P. Camacho who is with them this evening. She stated that Mr. Camacho is an attorney who is here with his family and will also distinguish himself and bring honor to the commission. She stated that with a great deal of pride an encouragement that she introduces his name for appointment.

Mr. D'Amore asked Mr. Camacho would he like to say a few words.

Mr. Camacho stated that it is his pleasure to submit his application for the Human Relations Commission. He stated that he has already met them in past dealings and his help in assisting the government of Allentown and the citizens of Allentown have better relations with each other. He stated to Mr. Shanker the reasoning behind him being part of the commission is that he wants to be a part of taking responsibility in fighting the good fight and appreciate their consideration and he looks forward to serving on the commission.

Mr. O'Connell stated that before he was elected on City Council he had the pleasure of serving on the Human Relations Commission for two years and under Ms. Eichenwald who is the liaison for the Human Relations Commission what he has seen come forth in a year in a half are outstanding people who are willing to give to the community. He stated that the people being appointed to the Human Relations Commission has a sincere desire to help the citizens of Allentown with human and civil rights and he congratulates Mr. Camacho and he thanks the Human Relations Commission on what they do on a daily basis.

Resolution passed, 7 - 0

10. ORDINANCES FOR FINAL PASSAGE:

BILL 36 Trexler Grant

Amending the 2011 Trexler Fund and the 2011 Capital Projects Fund to provide for a supplemental appropriation of One Hundred Seventy Thousand One Hundred Fifty-Nine Dollars and Seventy-Five Cents (\$170,159.75) to the Capital Fund and Seventy Thousand One Hundred Fifty-Nine Dollars and Seventy-Five

Cents (\$70,159.75) to the Trexler Fund to provide for the annual receipt of capital improvement funds from the Trexler Trust designated by Court Order dated April 19, 2011.

Mr. O'Connell asked Mr. Weitzel if he wanted to give an overview on Bill 36. He stated that they are receiving money from the Trexler Trust.

Mr. Weitzel stated that the Trexler Trust budget follows a different calendar year than themselves so every year they budget for the capital appropriation from Trexler Trust and hope that the funds come in as they budget it. Usually in early April and this year the returns that they had budgeted were higher, about \$70,000 and they are appropriating those funds for other capital projects.

Mr. O'Connell stated some of those projects were for Keck Park, the Trout Nursery Renovations, pool renovations and feasibility studies, outdoor restrooms improvements and parking lot renovations and citywide park and playground improvements. This was under the Parks and Recreation Committee this evening and forwarded favorably 3 – 0.

Ordinance passed, 7 – 0

Mr. Bennington asked Council if they kindly move the Harry Roberts Resolution to the top of the agenda.

Mr. D'Amore stated that it is Mr. Donovan's time for the floor and stated that he was going to ask Mr. Donovan if he could yield for Bill 37 and Bill 39, but he guess he will ask if he will be willing to yield.

Mr. Donovan stated that he will yield and/or move the Resolution for the Harry Roberts forward, but will also want the right to be able to speak on another matter.

Mr. D'Amore stated of course and should they do the R6 first.

Mr. Donovan stated please.

Mr. Schweyer seconded the motion.

Mr. D'Amore asked were there any objections and they will move that forward.

R6ROBERTS PLAZA

Names the City property located at Union Street and Martin Luther King Jr. Drive as the "**Harry A. Roberts Plaza**"

Mr. O'Connell stated that on May 18th they brought this to first reading the Harry Roberts Plaza naming the plaza on Martin Luther King and Union Street the Harry Roberts Plaza and after following the protocol of dedicating city assets one aspect was not met and that was getting petitions from residents to support the Harry Plaza. He stated that Mr. Schweyer brought that to the attention of Mr. Kevin Easterling and Harry's brother who were representing the committee that evening and from May 18th until tonight they probably received about 80 letters in support of the plaza. That was the final thing they needed to satisfy all of the items and protocols for dedicating city assets and this was brought up on parks and recreation committee meeting and were voted on favorably 3 – 0. He stated that he was under the assumption that the dedication was going to be this Sunday and Mr. Weitzel stated that it will be in August.

Mr. Guridy encouraged his fellow Council members to vote favorably. He stated that Mr. Roberts was a wonderful individual who cared for the city and the parks and he was the person who championed the Martin

Luther King statue that sits by the plaza and it would be a great honor to have his name attached to that and it is our responsibility as Council.

Resolution passed, 7 – 0

Mr. Donovan stated that he would like to invoke council rule number 11 in paragraph E that provides the recall of a matter referred to committee and he would like to do that by recalling Bills 38, 40 and Resolution 30 out of committee and placed on the agenda and be voted on tonight.

Mr. Guridy seconded the motion.

Mr. D'Amore asked were there any objections and stated that he objects. He stated to Mr. Donovan that this might take awhile and asked would he be willing to yield until the last two Bills, Bill 37 and Bill 39, are acted on.

Mr. Donovan stated that he wants a discussion on this motion.

Mr. D'Amore stated to Mr. Donovan that if he wants a discussion on the motion, they can have a discussion on the motion.

Mr. Donovan stated that he is willing to yield on the Bills if they are favorably passed, but he would like to have the discussion on it now. He stated that while he realizes that this is a complicated matter and views on both sides, this is an opportunity as the Controller said to invest money in the city that will have a positive rate of return and modernize our water funds significantly. He stated that right now the projections after a three year installation period are a recovery of up to eight percent of revenues that they currently do not receive. The fallback position would be three to four percent just to meet the loan. He stated from his understanding there are a lot of unethical behavior going on with the water meters in the city and even for that matter if they were to break even he would be happy to solve that. He stated that he does recognize Mr. D'Amore's concern and they can have a short discussion and a vote and he would go by the vote.

Mr. D'Amore stated that they reason why he objects is not addressed in your petition. He stated that it is highly unusual to pull Bills out of committee and they do it when there is general assent and for one reason or another there was not a committee meeting and in this case there was a committee meeting and the will of the committee was not to move the Bill out of committee. He stated that this is a very unusual move. He asked were there a particular reason that Mr. Donovan can site. It must be done now and it can't wait for another Public Works Meeting.

Mr. Donovan stated that the reason why it did not come to committee is that there were only two other people with different opinions and he thinks this is something with a deadline as Mr. Hoffman said and even though they can discuss the merits of the three items, but it is legitimate of council to take a look at it this evening and make a final determination and make sure that they meet these deadlines if these Bills are passed.

Mr. Schlossberg stated that as Mr. Donovan mentioned there were only two people present at the committee meeting and the two Bills and the Resolution were unable to be moved forward. He stated that seeing Mr. Guridy seconded this motion, He believes that Mr. Guridy is inclined to have a discussion on this conversation.

Ms. Eichenwald stated that since Mr. Donovan said to bring this out of committee was because of deadline issues, she asked for an exact figure when that deadline would be, rather than leave it to a nebulous.

Mr. Young stated that right now the closing is August 9th which is the last day based on when they were given the notice of award of the loan that they can close.

Ms. Eichenwald asked if there was another Public Works Meeting that was scheduled.

Mr. D'Amore stated no, but he suppose they could schedule one. He stated that is what they usually do.

Ms. Eichenwald stated that the question is to Mr. Schlossberg since he is the Chair of the Public Works Committee. She asked what he thinks time wise with this August 9th deadline looming. What is his opinion?

Mr. Schlossberg stated that his opinion is to vote on this tonight. When you have a loan and deadline of this magnitude, waiting for the deadline to move forward or any delay is in his opinion is a less than preferential situation. The sooner they move forward is the sooner they can begin installing meters and more money that they ultimately start saving.

Mr. Guridy stated that he had to be out of the country for family reasons and he could not attend the meeting on Wednesday. He stated that if he was at the meeting he would have moved this forward to council and he thinks because the size of the loan and if he heard correctly that the RFP is already out and the bids are already advertised. He stated that he would have some time off on July 14th and would not want to jeopardize trying to figure out another Public Works committee meeting that he may not be able to attend. He stated that he supports to move it forward.

Mr. Young stated that the RFP is out and the bids are due on the 30th.

Mr. D'Amore stated that he is concerned with hast on this and has serious concerns and aired the concerns at the Public Works Meeting and will air them tonight if this Bill gets voted out and he mentioned to Mr. Donovan that it is highly unusual particularly Mr. Donovan was the great champion of procedure on this council and undermine the committee process and stated that if Mr. Donovan feels that it is that important he understands, but he does think it does undermine the committee process to move a bill that has had enough objection to it.

Mr. Donovan stated that they do have this rule and he would respect his opinion. He stated that he feels that it went to Public Works and he did not put up a stink that a \$9 million bond or note should have gone through budget and finance for a discussion and he feels for a variety of reasons and he understands your objections and his objections are separate from the nature of the project and he thinks that they need to discuss the merits of the project as well as your own objection which have merit and legitimate objections, but they are separate from the overall purpose of gaining efficiency with our water fund. There were only two people at the committee and we have heard from the other person in the committee that if he was there he would have voted to bring it forward.

Mr. D'Amore asked were there any more comments from Council or the public on moving the Bills and asked the Clerk to count the vote on moving the Bills.

Mr. Hanlon took a vote to move the Bills.

Bills moved to the Agenda, 5 – 2 (Schweyer, D'Amore)

Mr. D'Amore asked Mr. Donovan to yield for Bill 37 and Bill 39.

Mr. Donovan stated yes, they should not take long.

BILL 37 Street Vacation S Meyer-Baker Sts

Providing for the vacation of S. Meyer Street from Baker Street to W. Emaus Avenue and Baker Street from S. 4TH Street to S. Meyer Street in the Nineteenth Ward of the City of Allentown:

Mr. Schlossberg stated that it came before Public Works and voted on favorably 2 – 0. He stated that this is a standard street vacation to allow for a CVS on one corner of Emaus Avenue to begin construction to its current location.

Ordinance passed, 7 – 0

Bill 39 NEW COMMUNITIES - 2

Amending the 2011 General Fund Budget to provide for a supplemental appropriation of Sixty Thousand (\$60,000) Dollars to provide for a Pennsylvania Department of Community and Economic Development New Communities Fund Exit Allocation Grant for the Seventh Street Corridor.

Mr. Schweyer stated that Bill 39 is pass-through money for the last phase for the Main Street Corridor on Seventh Street. He stated that Main Street was initially designed to be a phase out grant and it is more money upfront and less money at the end. This represents pass-through money for a portion of state funding for the Seventh Street /Main Street program. He stated that they have asked as a result of this that they set up a future CEDC meeting and includes a conversation with the folks from the Seventh Street/Main Street corridor. Specifically the executive director, Mr. Peter Lewnes and they are working on that.

Ms. Eichenwald stated for a point of information and asked what that means, Exit Allocation Grant.

Mr. Schweyer stated that Exit Allocation Grant as they asked is just how they categorize the last round of grants for this program. It is just the state category.

Ms. Eichenwald asked is it only terminology. No one is exiting.

Mr. Schweyer stated yes. He stated that the Commonwealth is actually exiting. The Commonwealth funding is ending. The hope is the practice of this is that they will find additional funding from a private sector.

Ordinance passed, 7 – 0

Mr. D'Amore suggested to his colleagues that they take Bill 38, Bill 40 and R30 and discuss them since they are relating to the PennVest and have to vote on them separately.

Mr. Donovan stated that at some point he would have to make amendments to Bill 38.

Mr. D'Amore stated that they are procedural amendments and would Mr. Donovan like to make those amendments to Bill 38. He stated that they will call Bill 38 to the floor. It is next on the agenda.

Mr. Donovan stated that he would like to make the following amendments that are offered by the administration to Bill 38 – 2011 as it was originally submitted to City Council for preliminary reading June 1, 2011

Amendments

1. The maximum aggregate principal amount of the General Obligation Note, \$2,000,000, and its terms and provisions have been inserted in the caption and the body of the Ordinance.
2. The form of General Obligation Note and note purchase proposal have been inserted into the Exhibits.

Mr. Guridy seconded the amendments.

Mr. D'Amore asked were there any objections. He stated that there are no objections to the Bill and they can say that they Bill stands amended by common consent as proposed by Mr. Donovan's amendments. He

stated that they can begin the discussion and they are on Bill 38, but would like to expand to the PennVest discussion.

Mr. Donovan stated that since there was a willingness to bring to the board and they had the Controller say from a financial point of view that it makes sense, and that as Chair of the Budget and Finance Committee that it financially makes sense and will have more to say about that. He asked Mr. D'Amore does he think that it is appropriate for him to explain his objections and have that discussion.

Mr. D'Amore stated that this is a loan that comes from the public corporation that it is related to the Commonwealth and it is for a very fine project. He stated that his objection is that this work will require contracting work that is generally done by city workers and the reason why the city council passed an ordinance many years ago to ensure that the city council may authorize contracting out of any work done by city workers is to make sure that they prioritizes the services to the citizens, that they provide to all the taxpayers that the basic services that every municipality the size of Allentown is suppose to provide. His issue and concern is that he objects to the two years that he had been trying in any way he possibly can to raise the alarm bells that they are dangerously short staffed in many key areas and the city is not providing the citizens of Allentown the services that they need because we are short-staffed and any attempts being made to try to increase the staff has been met with resistance from the Mayor's office. He stated that he analogizes this request as the same request he gets from students every semester. He stated that he gets students that do not do their work for almost the entire semester and a week or two before the end of the semester come knocking on his door for extra credit and it makes him crazy. He stated that he never offers extra credit because he feels that what you need to do is the fundamental work first before you want to reach out and do extra. He stated that this is a great project, but we are asking for extra credit when we are not doing the work I the city that we suppose to do. He stated that he wanted a good sign of faith from the administration. He wanted them to hire four permanent workers. This is a loan, not a grant.

Mr. Schlossberg stated that there is general agreement in terms of the benefits of this project. It could potentially bring in over \$1 million a year into the water and sewer fund. It has the potential to dramatically modernize some of the infrastructure in terms of making repairs that they desperately needed. He stated that this is a time where both public and private sectors are being asked to do more with less and every single one of us if we are employed in the public or private sector has seen the challenges that the recession brings. Those of us in government have to think creatively on how we are going to get done the work that we need to get done. He stated that they are in a position with this loan not only to enhance revenue dramatically, but decrease expenses, staff time and field in terms of doing water meter readings. This will allow us to take water meter readers and drive down the street and collect readings. It is hope that the efficiencies that they will gain from this will enable the city to eventually bring back critical staff. He stated that this is not the time to hire or rehire. In the long-run they will have to bring people back, but this is not the appropriate time to do it.

Ms. Eichenwald stated that she comes with a neutral vision and listening extraordinarily carefully to what she just heard. She stated to Mr. D'Amore that she is confused on the issues he brought to the table and asked him to help her out and clarify it. She stated to Mr. D'Amore that on the one hand he told them that he is in favor of the project, is the issue whether or not they hire outsourcing people to do it rather than hire people to come and do it.

Mr. D'Amore stated that he does not believe it is possible to do it with city workers with the current city workers they have. He stated that he believes that it is miss-placed priorities, in the mayor' office. He stated that before we look to do special projects they should make sure that the work of the city is done. Paving the streets and making sure the parks are as what the citizens of Allentown expects our parks to be. Making sure that buildings in the city that are run by the city are being maintained as they suppose to be. Making sure the water and sewer system are working properly. All of those things are critically low with individuals.

Ms. Eichenwald stated that at the same time you are in favor of this project and that is where her confusion lies. She stated that the issue is not who will do it; it is whether or not it will be done. She stated that she does not understand. She asked how he would add it to the budget, the hiring of an additional four employees.

Mr. D'Amore stated that he is in favor of a lot of things and there are finite reasons towards this. The finite reasons should be put in priority. This should be lower on the priority list and other things higher on a priority list. He stated that he can be for a lot of things, but it is how he will prioritize things he is in favor of. He stated that he made the offer to the administration. Adding four employees for the remainder of 2011 would cost a grand total of \$100,000 or less. He stated that he offered to work with the administration to find the money and they never made a move in the direction so he did not begin the process of the money.

Ms. Eichenwald stated that if the \$100,000 was findable would it have not been incumbent upon them to find that \$100,000 at the time the budget was passed.

Mr. D'Amore stated that he thinks that there is a \$100,000 in the budget that can be moved around to hire four people.

Ms. Eichenwald asked for a response from the administration.

Mr. Bennington stated that the response would be that maybe the \$100,000 for the remainder of the year, but then they will be permanent employees with benefits and salaries and he is not prepared tonight for a budget approved for 2011 and a budget process for 2012 starting with all the committee chairs and department heads to go through this process.

Ms. Eichenwald asked Mr. Bennington does he agree on that \$100,000 with social security payments etc. That sounds low and that will be a salary of \$18,000. You are talking about an employee. It will be \$250,000 going forward.

Mr. Strathearn stated that for the half year, it would be around \$125,000. He stated that when Mr. D'Amore idea first surfaced he did some calculations and you are realistically talking about an annual basis going forward. In an annual basis it will be \$250,000.

Mr. D'Amore stated that is the commitment he is looking for. He stated that he can not believe that the administration would even think to say that the city can't afford to absorb four people. He stated that we need more than that. With thirty-six people lost a few years ago and a number of jobs that were attrition since then. He stated he is asking for four and asked for them to do the percentage on that.

Mr. Bennington stated that the city council already approved the 2011 budget with all the line items and all the people.

Mr. D'Amore stated to Mr. Bennington that they do not need to go through the problems of the budget process. We will be here until midnight.

Mr. Guridy stated he would like to move on because they are talking about all the bills. He stated that if they can get more information on the loan itself and how the loan will be structured and what is the financial liability to the city.

Mr. Bennington stated that he has Mr. Kevin Reid and Mr. Scott Shearer was not able to make it.

Mr. Kevin Reid stated to answer your question, the PennVest process is such as Mr. D'Amore indicated is a state rated agency and they offer low cost loans the project is approved through their approval process. This

would be in respect to two projects, the funding offer letters that have gone out to the city relate to the automatic meter reading project which has been discussed at slightly \$8.6 million and there is a project of the Schantz spring transmission repair which is slightly \$700,000. PennVest works on a reimbursement process. Once the entity (City of Allentown) if it moved forward favorably would actually take the bid, award the bids and pay contractors. They do not give the funds upfront, they reimburse. As part of the ordinance as well, there is a reference to a general obligation note. Mr. Donovan has read the proposed amendments to the ordinance which provides the opportunity for advance money to pay the contractors. The PennVest money comes in and that goes to pay the advance general obligation note. That is the structure and the process is similar in some respect to the other financing that has been before council. There is still an application process with the Department of Community and Economic Development. It is a process that takes a twenty-day review process. When all the official advertisements have taken place and that is only based upon an enactment by council and that gets submitted for a twenty-day process for that. There is also a process with the PennVest that was mentioned of the August 9th closing date. That is the date set forth by the agency. There is a website building of documents process when actually the closing documents are to be produced twenty-three days in advance of that August 29th deadline for the process to go through. That is the procedural process. The ordinance has the automatic reading project; the Schantz spring transmission number and the number in regards to the general obligation note the project.

Mr. Guridy asked what exactly the Schantz spring transmission is. Are we getting water from another basin or taking it from the Schantz and transmitting it to another place. What does that mean?

Mr. Young stated that the Schantz spring where they get a great deal of their water from come from the main out from South Whitehall Township into the city's water treatment plant. That line was constructed in 1901 or 1903. He stated that a couple of years ago they did a leak detection project on that and were able to locate numerous leaks and this loan is to repair some of those leaks.

Mr. Guridy asked is that the \$70,000+.

Mr. Young stated that is \$672,000.

Ms. Eichenwald asked what the consequences of not doing this. Let's talk about the leaks and the Schantz project. What happens if we don't do it?

Mr. Young stated that both of the projects were to help gain revenue. Right now when we bring the water back because of the leaks, we are losing water. He stated that the Schantz spring is one of their cheapest water sources. He stated that we are losing a valuable commodity that we can get revenue from.

Ms. Eichenwald stated that if they put it in the positive, how much revenue they would get back if they were to do this project.

Mr. Young stated that the bulk of the revenue comes from the meter side. When meters get old, they report low. He stated that we have meters in our system that was installed in the 70s. A consultant evaluated some of our meters and compared it to a nation average, based on age and determined that changing the meters out and putting in the new meters, they will have a revenue increase of \$1.5 million per year.

Ms. Eichenwald asked if it would take five years to cover this \$8.6 million loan if you add interest. Is this a project that employees of ours can do or is it necessary to outsource? What is economically more feasible to hire additional meter installers or to outsource?

Mr. Young stated that it would be a little more than that. He stated that they have three meter installers right now and they will continue to install. He stated that we currently have 34,000 meters. We have more meters

than we had then. The PennVest requirement is to get the meters installed in three years. He stated that because of the ramping up revenue increase he believes it is economical to outsource it. One of the reasons being that if we do it with our own staff that is on our tab. If we outsource it, we can apply it to the loan.

Ms. Eichenwald asked has Mr. Young followed procedures to have union permission to have it outsourced.

Mr. Young state that they took it to the outsourcing committee and it came out as favorable vote 3 - 2.

Ms. Eichenwald asked Mr. Bennington does that satisfy the requirement for the outsourcing agreement.

Mr. D'Amore stated no. That is why we have a resolution on the agenda.

Mr. Bennington stated by Ordinance in 1998 they needed a resolution approved by council.

Ms. Eichenwald asked if 3 – 2 satisfy the requirements and does it has to be rewritten by city council.

Mr. Bennington stated that it is a two part process. It has to go out to the outsourcing committee first will be two administrative personnel, two union personnel, and the council president, D'Amore.

Ms. Eichenwald asked have they done that.

Mr. Bennington stated yes, and that is where the two recommendations came from in favor of outsourcing. The second part is the 1998 ordinance that requires the administration to come with the resolution to council to get the outsourcing approved.

Ms. Eichenwald stated that it is a procedural process.

Mr. Donovan stated that after the third year when the meters are installed the estimate is \$1.1 million per year per year for twenty years. This is a twenty-year life. The loan itself is only one percent. The projection is an eight percent increase over current water revenue, but that will be a smaller percentage because when you include the sewer picking up. There is a great margin of safety in this. If you were not to get a million dollars you can actually fall back to \$400,000 or \$500,000 a year and still be covering the loan. For the point of efficiency and modernizing our infrastructure, it is very important and he would like to answer to Mr. D'Amore's concerns, it was his understanding that the committee that is required by the 1998 ordinance did ask that and one union member did vote.

Mr. D'Amore stated that it is not required by the 1998 ordinance.

Mr. Donovan stated that he understands that, but he was editorializing. He stated that Mr. D'Amore's analogy and giving the number of meters involved and the timeframe to get this done, you would need to hire a variety of people. You can not hire operating people in the city. You could only hire vendors who will do this. He stated that hiring four people would require the administration to open the budget and while you say that we can move some money around, it does surprise him. For example in 2008 in the budget Mr. Schweyer and he moved to moved water rates for specifically for the issuances of infrastructure because they were beginning to run low on revenue and you voted against that. He stated that he talked repeatedly about the need to get more people in the city across boundaries including water and sewer which is water rates, also in Parks and he stated that he called for real estate tax increases in the last four years and he has not gotten support from Council nor has he received support from Mr. D'Amore on the amount of money that is needed to hire these people. He stated that he believes strongly like Mr. D'Amore that this City has starved itself for years, in terms of personnel as well as infrastructure. This is an opportunity at a low cost rate to make an investment and he thoroughly supports him that in the fall and the next budget period there is a need to talk about personnel.

Mr. O'Connell stated that his question was answered concerning the outsourcing committee.

Mr. Schweyer stated that he does not know if this is a lot or a little bit. He stated that he is concerned that they are talking about a \$9 million loan with one percentage as he understands. He stated that when they did their recent loans which covered water, sewer and general fund obligations, it was a much more lengthy process. He stated that Ms. Eichenwald is right. Once these are installed over the three years they will have a million plus and he will accept those numbers as reasonable guess on what they are going to get. He stated that they are not paying it off over nine years. This is going to be paid off over twenty years. They are going to take administration and council and would be a twenty year amortization and with his anticipation is that in spite of the fact that they can pay more and his understanding there is no repayment debt penalties. Even though they aren't, this will be a twenty year loan. He stated that he is assuming that it is going to be placed under the water fund's general obligations. He stated that they are 2011 and next year 2012 principal at a little over \$1.2 million and 2015 it is a balloon payment. He stated that 2015 \$1.19 million and when they add it up it is \$6 million and they will add another \$9 million to it and that is \$15 million plus interest. He stated that his concern is not paying back the entire \$20 million plus. He stated that his concern is about the water system being old and had issues with the EPA and needing a tank for a \$10 million and INI issues throughout the system and that is not talking about the sewer fund, it is just the water fund. He stated that the payback is very real. They are looking at \$13.3 and add another \$9 million to that plus the INI issues. He asked what number we are looking at. He asked does it make sense to do this when we have to incur a yet undetermined amount of debt to bring our water system to where it needs to be.

Mr. Young stated that the holding tank is an equalization tank and that is for waste water and that will be from the sewer fund. He stated that the improvements will be with INI and will be in the sewer fund also.

Mr. Schweyer asked Mr. Young is he saying that they do not need a nickel more for water.

Mr. Young stated that he can not say that they will not need a nickel more; they do have constant maintenance and water lines that are approaching one hundred years old. The one on Hanover Avenue that was replaced was just at one hundred years old. They still look at structure improvements and over the years they have done a combination of both funds for that as well as operation capital.

Mr. Schweyer asked Mr. Young is he saying that as they go forward in his department the two biggest areas water and sewer that they are no major upgrades to our waster system beyond this that he can envision.

Mr. Young stated that water line replacement will be the bulk going forward. There are the outside possibilities of developing some new sources of water. Right now we have four and they are springs. The little Lehigh, the big Lehigh and they may want to do something to increase the numbers of sources.

Mr. Schweyer stated that is a strategic decision that they will look at cost benefits. He asked for the water system is what you think is our most priority aside for general line maintenance and repairs. He asked theoretically could they have applied for PennVest for more line repairs. He asked how much debt they need to be able to do it.

Mr. Strathearn stated that the project they are talking about when they started out this process with the staff how much work is going into weekly meetings, conference calls. He stated from a financial perspective and what he considers a critical thing and the rating agency. They do not have to take it to the rating agency because it is called self liquidating debt. It is paid off by the fees. He stated that one of the better remarks that they get back from the rating agencies particularly when you compare us with colleagues in cities along the Pennsylvania corridor we are relatively light and he would like to keep it like that, but not at the expense of

the basic infrastructure. He stated that their debt load especially to the GO and other stuff we are in very good shape.

Mr. Schweyer stated that he understands that, but would like to know what is next. He stated that the project itself has automatic meter readings that emit an electronic and cars drive around and pick them up and they know how to navigate. He asked how many meter readings do you have in your budget. He stated that he believes he saw three. He asked if they had a larger number of readers would they be capturing the same amount of money. Are they being read on a regular basis?

Mr. Strathearn stated that they have two readers right now.

Mr. Young stated that the meters have more to them than the ability to drive by. The meters will provide them with the ability to detect if the meters were tampered with, or the meters were bypassed and a number of areas where large high flow meters in when they were originally installed the facility had high flow and the facility has changed and they have a lower flow. He stated that when you have a high flow meter reading low flow it does not turn the mechanisms inside properly and you don't read them properly.

Mr. Schweyer stated that they talked about the tampering and is happy Mr. Young stated it publicly who do not tamper with the meters. He asked would you still need the two readers. He asked would the MW II go back to doing MW II work. He asked if Mr. Young is assuming that he would be able to get them installed in 36 months to meet the PennVest loan.

Mr. Young stated that they can probably do it quicker.

Mr. Bennington asked how much quicker.

Mr. Young stated that the consultant thinks that they would probably be able to get it within a year.

Mr. D'Amore stated that it seems to be convoluting of two things. He stated that Mr. Maley can confirm this, but the contracting out committee is the product of the collective bargaining agreement of the SEIU and the vote of the contract committee is completely advisory non-binding and the administration reserves the right to make any administrative decisions within the collective bargaining agreement. The ordinance is a separate thing and it covers all city work whether it is union or non union and is subject of approval by council via the ordinance. He stated that they run them concurrently because it makes sense to do it that way. He stated to Mr. Donovan is that they problem with the budget process is that council can do, authorize or appropriate any money they want to appropriate, but when it comes to jobs, we can not make the mayor hire anybody. He stated that he does applaud the motion Mr. Donovan made a few years ago, but the problem was that he was absolutely convinced that if they voted to raise the taxes of the citizens of Allentown to provide jobs, the Mayor was not going to hire a single one of those positions and the citizens would have paid more taxes and not get the services that they deserves. He stated that Mr. Donovan is correct he is asking city council leverage this project to get more jobs.

Mr. Guridy stated to Mr. Donovan that he was one of those people who voted against not raising the water fees at that time or raising the taxes. He stated that he did not think that if they raised the taxes it would have made it better for the citizens of the City of Allentown. He stated that he thinks in regards to this PennVest loan and how the financing is structured is the best way to do capital projects. He asked Mr. Reid if the revenue was going to get from the increase amount of fees would certainly exceed the loan itself for the life of the loan. He stated that therefore it makes good sense to get this loan and do these capital projects and if it takes us up to twenty years to pay it, they would seemingly collect those funds back in the end by providing a more efficient way of reading the meters and collecting the fees for the water.

Mr. Young stated that is true.

Mr. Schlossberg stated that he can sum it up by stating not doing this project will be far more expensive than doing this project.

Mr. Schweyer stated to Mr. Schlossberg that it is not that simple. The question that he had was more to what Mr. Guridy said. He stated that the question he needed answered is that if the future debt load would be significantly higher than it is now then he would have to question whether this was a priority for the entire water system. It is not that he has any problems with borrowing money in support of capital projects. It is a question of if this was the biggest and most important project for our water system he can get that, but if there are other issues that were A and/or B more important costly and a priority then they should have when looking at the overall debt load prioritize that. There is a cost savings now. Meters get old and start to fail and when meters get old and start to fail the city's numbers go down. There is a bit of diminishing return and he is considering taking that leap of faith. What would be debt load ten years from now? He stated that he agrees with Mr. Strathearn that the city's debt is low. He stated that they did not have a finance meeting or a committee of the whole to talk about these issues.

Mr. Donovan stated that as a relative newcomer to the city now seven years, one of the things he noticed is the fact that we have a relatively low debt load as compared to other cities. He stated that he also noticed when driving around and the water issues and other issues in the city, the bridge on 15th Street and we have severe infrastructure problems. He stated that one thing if they do not do this project and they have to bond for it later on they will have to pay 3 – 6 percent because that is what municipal rates are. He stated that he believes that it is appropriate that one of the ways to help us finance future infrastructure within the water and sewer is to make enhancements to our revenues first and that will give us more ability to pay debt in the future. He stated that they can afford as a city to improve some of our infrastructure. He stated that he finds it remarkable that they waited fifteen years on a bridge in which the design was ready back in the 1990s and the city did not bond then to do the bridge and they kept waiting for federal and state money and now we have a half closed bridge. He stated that Mr. Young is telling them that the meters were installed in the 1970s. That is a long time ago and if they wait any longer more are going to wear out. What is the risk is not getting a one percent interest or you don't generate money and the revenue is stable, not adjusting for inflation and not adjusting for rate increases. He stated as a businessperson this is a fairly attractive deal. He stated that the employment issue that Mr. D'Amore is talking about is a separate item. He stated that it is an important item, but it is based on council taking the leadership role on the budget cycle. He asked council to vote favorably on the PennVest and favorably on the Resolution.

Ms. Eichenwald stated that the decision rests ultimately on what research has been done on that \$1.1 million figure. Do you base it on other cities? How do you arrive at that number?

Mr. Young stated that when the consultant came in, he tested some of the meters. He stated that they knew the age of those meters and they ran a measure quantity of water through them and determined what the meter was reading and what they knew went through it and determined that the grading was low and he was able to that on a range of ages and he compared that with manufactures data that they have for meter readings as they get older. When he compared the data on how meters read when they get old. The data of our meters fell right in line with national data that the manufacturers had. He took the information the manufacturers had on the meters and applied them back to the actual numbers of meters that they had in different age groups and the billing rate and used the one before the increase last year and determined how much additional revenue that was able to be generated if all the meters were brought up to age.

Mr. Hoffman gave additional facts or figures on the financing of debt services. He stated if they had to borrow at regular rates of 5 give or take it would be that significant debt services every year and if you present value that it is worth about \$2.9 million. He stated that is the "grant" the state is giving and we have to pay it back.

He stated that it is a huge amount of value that they are getting. He stated that you can prepay it with the permission of PennVest. He stated that you will have to ask. He stated that the figures here to the increase in revenue are only water. Our sewer bills are a function of water. At 50 percent, it means that our sewer should go up to \$576,000. He stated that \$750 is the number or \$800. He stated that they would get a kick on the water and sewer side.

Mr. Donovan stated that came up at the last meeting.

Mr. Hoffman said all good things. In terms of the debt service and he has not adjusted his figures for the portion of 2011 that goes into water. If you look over the years of what is happening for water and sewer, and let's stick with water. One reason why they did not need an increase in water rates is because the debt service had dropped off dramatically. They have not had new debt. He stated that debt service in 2004 is about 6 percent per year and today, not including that little piece is about 3 percent. That is what happened to our debt service in the water fund. They will taper down on debt.

Mr. Hershman stated that the good news is that they are going to have a loan from PennVest and it is not going to cost him nothing. He stated that he hears from the Controller and everyone else that increase revenue in the water and sewer is going to pay the loan off. He stated that they should find more projects like this, but he doubts it. It has not happened and stated that Mr. D'Amore is on city council when they took a \$10 million loan and they promised to pay off the loan with the sale of the property and what has happened. The loan is still there and is not paid off. He stated to Mr. D'Amore that he would appreciate if he puts a bill on the agenda that he puts a copy up for the public to read. He stated that the 34,000 meters that we are going to install we paid for completely by this PennVest loan. He stated that when he reads the bill, the loan is only for \$8.6 million, but the project will be a \$9 million project. He asked is it going towards the water rates.

Mr. Donovan stated that there is another portion that is the Schantz Springs.

Mr. Hershman stated no, it says right here Mr. Donovan \$9 million will be going towards costs and the cost of Schantz Spring is \$700,000. He stated that the project is \$9 million and the other one says \$700,000 for Schantz Spring.

Mr. Donovan stated that the project is the total of the two different are \$9.2 million and then you have two loans \$8.6 million and \$700,000 add up to the \$9.2 million. He asked Mr. Hershman to tell him what he is reading. He stated that if you look at Bill 38 and look at the first two items \$8.6 million and \$672,000. That adds up to \$9.2 million and Bill 40 PennVest appropriation basically combines that to appropriate. He stated that he thinks Mr. Hershman is talking about the same thing; he is just not combining the two projects.

Mr. Hershman asked where they are going to get the additional money. It says approximately \$9 million and approximately \$700,000.

Mr. Schlossberg stated that it says approximately \$9 million and approximately \$700,000.

Mr. D'Amore stated that they can recognize Mr. Reid as a generally detached party here and asked for his analysis.

Mr. Reid stated that the key word is that it says approximately pursuant to local government unit debt act you need to have an approximate amount in there and the \$9 million approximate amount relates to water meter project and the \$700,000 relates to the Schantz Spring. He stated that most importantly you can not have a project more than the project offer letter from PennVest. They are specially those amounts \$8,612,681 is the funding offer letter and they are not going to give more than that and the other is the \$672,000 and they are not going to give you more than that or what they put in the funding offer letter.

Mr. Donovan stated that he apologize he was looking at a different letter.

Mr. Hershman asked was it additional costs.

Mr. Reid stated no there is no additional cost. That is the maximum amount that Pennvest will give and the maximum amount that is in the ordinance that would be considered by council.

Mr. Hershman stated that the project would cost more then they would get from PennVest. Why does it say it is going to cost \$9 million and it says \$8 million?

Mr. D'Amore asked Mr. Donovan if he wanted to respond to Mr. Hershman.

Mr. Donovan stated that he understands what Mr. Hershman is saying. The notes themselves have been fixed. The amount of money that will be lent to us at the one percent rate is fixed according to state law when you create the ordinance you use approximately and small amount above that. Sometimes you don't always have final term deals until closing. This is not what the project costs; it is simply saying what is approximately needed to be borrowed and the PennVest note itself would be \$8.6 and 700,000.

Mr. Hershman stated that they already know when the project is going to come in. He asked would it go out on public bids.

Mr. Donovan stated that it has gone out for bid and he suspects that if it comes out more than they will have to address this issue. The feeling is that it will come in at or less than the note. He stated to Mr. Hershman that he raises a good point, but this is simply the way that the state has them doing the borrowing.

Mr. D'Amore thanked Mr. Hershman and said notwithstanding the bill he was citing from, you have a point. The reality of the situation is the RFP closes on June 30th and there is no way of knowing if it would be additional costs. He stated that what they do know as Mr. Reid pointed out, the amount that they are getting from PennVest is fixed.

Mr. Hershman stated that he read in Bill 40 that one of the purposes of bill 40 is for the meters that are being disconnected. He asked if it was a figure available about how many meters are disconnected illegally.

Mr. D'Amore stated that he can tell them this, that he has seen the folks from water resources that actually shown him water meters that had been tampered. The new meters while not tamper prove will allow them to generate an estimate or approximate if they are tampered with and generate a reasonable bill.

Mr. Young stated that they will have technology in the meter itself that will let them know if the meter itself is being tempered with.

Mr. Hershman asked is it a fine if he disconnected his water meter.

Mr. D'Amore stated that he could imagine and is sure there is.

Mr. Hoffman stated that a point of what Mr. Hershman did make when alluding to the previous loans when an administration makes certain statements and certain promises. He urged council to follow up with this and say what has been the increase. No one is going to follow up and say oops. You have to see what really happened.

Mr. D'Amore stated that Mr. Hoffman is correct and he has been here for six years and there has been many representations made that have surprisingly not come to pass. He stated that it is very difficult for city council with the powers that are available with the charter and go backwards and fix something. He stated most often they can't.

Mr. Schlossberg stated that Mr. Hoffman is absolutely correct and it is incumbent upon them to keep an eye on the loan funds and make sure that they are being spent appropriately. He stated that as the speaking chair of public works, he can assure them that they will be keeping an eye with regular updates on this project. Mr. Young will be happy to provide and Mr. Donovan in budget and finance will do the same.

Mr. Strathearn stated that he wanted to make a note with PennVest loan, they are audited and followed. As Mr. Reid explained the city does not get the money until it is spent and then gets reimbursed. The state is over this with tough scrutiny.

Mr. Schlossberg stated to Mr. Strathearn if he is not mistaken there are significant late penalties.

Mr. Strathearn stated that he is not familiar with that and they can address that. He stated that PennVest has been around for twenty five years now and is a leading national statewide fund to support municipalities and is one of the first to do that.

Mr. Dan Mest stated that he worked in the water department and asked is he assuming that the Schantz line is gravity fed and the figure is being replaced or fixed. He asked Mr. D'Amore can he address Mr. Young on this.

Mr. Young stated yes and it will be fixed. They will run a line through it.

Mr. D'Amore stated limited.

Mr. Mest stated that are they going to cut the pipe and insert another line through it and eliminate jointly. He stated that it is a sad day in Allentown when they have to contract out and lose work. He stated that they are going to contract out the meter installing and he is wondering if there will be background checks for the people that are going to come into homes. He stated that they have their own city employees.

Mr. Young stated that the majority are jointly.

Mr. D'Amore stated that if it is going to be authorized it is going to be very strict and bid out based on the Project labor agreement.

Mr. Mest stated that you hear it all the time people knocking on doors saying that they are from the water department or the gas department and when he worked for the city, he had a badge.

Bill 38 PENNVEST NOTE

An ordinance authorizing and directing the issuance of the City of Allentown's guaranteed revenue note, series of 2011 in the total amount of \$8,612,681 (the "note") for the design and construction of the city's automatic meter reading project and the issuance of the city's guaranteed revenue note, series a of 2011 in the total amount of \$672,000 for repairs to the Schantz spring transmission; authorizing an increase in the city's nonelectoral indebtedness; fixing the form, number, date, interest and maturity of the notes; making a covenant for the payment of debt service on the notes; providing for the filing of the required documents with the Pennsylvania department of Community and Economic Development for approval of the issuance of the debt; providing for the appointment of a sinking fund depository for the notes; authorizing, execution, sale and delivery of the notes, and documents related thereto; providing certain covenants and restrictions for security

and payment of the notes; establishing certain tax covenants regarding use of the proceeds of the notes; repealing certain ordinances or part of ordinances; establishing the effective date of the ordinance.

Ordinance passed, 6 – 1 (D’Amore)

Bill 40 PENNVEST APPROPRIATION

Amending the 2011 Capital Fund Budget to provide for a supplement appropriation of Nine Million Two Hundred Eighty-Four Thousand Six Hundred Eighty-One (\$9,284,681) Dollars to provide for a Pennvest loan for the Automatic Meter Reading Project and the Schantz Spring Transmission Repair.

Ordinance passed, 6 – 1 (D’Amore)

R30 - OUTSOURCE AMR

Authorizes Contracting Out for Additional Assistance for the Installation of an Automatic Meter Reading System

Resolution passed, 6 – 1 (D’Amore)

11. ORDINANCES FOR INTRODUCTION:

Bill 41 GREEN CART

Referred to CEDC

Amending the 2011 General Fund Budget to provide for a supplemental appropriation of Nine Thousand (\$9,000) Dollars from the City of Allentown’s Consolidated Grants Program – Community Development Block Grant (CDBG) and Two Thousand (\$2,000) Dollars from the Greater Lehigh Valley Independent Practice Association, a private donor, to the Health Bureau’s Nutrition and Physical Activity Program budget. The funding will be utilized to increase access to fresh fruits and vegetables for youth and families participating in the Alliance Summer Recreation Program, the City’s Playground Program, and other selected community events throughout the year through use of a mobile food cart/green cart. The total supplemental appropriation from these two sources would be Eleven Thousand (\$11,000) Dollars.

Bill 42 TRAFFIC CONTROL MAP

Referred to Public Works

Amending article 507 (Traffic Control Maps) of the Codified Ordinances of the City of Allentown.

Bill 43 Risk Management Funding

Referred to Budget and Finance

Amending the Administrative Code, Article 130, Financial Procedures, by requiring the Administration to file a monthly report on the transfer of funds into the Risk Management Fund.

Bill 44 EAC Strategic Report

Referred to Parks and Recreation

Amending the Administrative Code, Article 177, Environmental Advisory Council, by requiring the Board to provide an annual report to Council at a public meeting.

12. CONSENT AGENDA:

CA-1 HARB Approvals

Certificates of Appropriateness for Work in the Historic Districts

CA-1 HARB Case Reports

Resolution passed, 7 – 0

14. RESOLUTIONS ON FIRST READING:

R37 HRA 812-814 HAMILTON

Authorizes the filing of a proposal for funds with the Department of Community and Economic Development (DCED), Commonwealth of Pennsylvania. The resolution permits the submittal of a Single Application for PA DCED HRA funding to assist in the redevelopment for the upper floors of 812-814 Hamilton Street.

Mr. Schweyer stated that they were given information about R37 which is HRA grant from the Commonwealth to the city. The city has chosen to structure this are allowed to under state law structure HRA money as a repayable loan. The recipients will actually be repaying it to the city with interest. It is a low interest rate of two percent and amortized over twelve years. The city can reauthorize and reallocate these funds to another HRA project. It was an unofficial vote of 2 – 0.

Ms. Jill Molsberger, Center City 229 N. 8th Street, stated that she does not know and asked if it is owned by a private individual. She asked was it incorporated and private or with public stock. She stated that they are taking public monies and loaning it at a low rate for a private corporation. Why are these people not using a bank? She stated that she does not understand why the public taxpayer's money being used for a private corporation.

Mr. D'Amore stated that he believes it is a corporation partnership. It is incorporated.

Mr. Collins stated there is bank money and it is state money and a competitive program and is a program that the city has been involved in with numerous projects throughout the city over an extended amount of time and they assist individuals that come with us with a project to apply to the state and there are no guarantees from the city that they will receive the funds. The state makes the determination as to whether the project in the application is worthy of the funds and urges private financing.

Mr. Donovan stated to Ms. Mullsburger that she asked a legitimate question and that most of the railroads in this country were given public land to expand. If you go back to the last one and fifty or two hundred years in this country on the state, federally and local level firms have been assisted in a variety of ways to produce the jobs that we have. This is not abnormal. There are low interest loans that support businesses in this city and throughout the country. It is a standard practice of the government to boost the economic condition of the city. He stated that Ms. Mullsburger may disagree, but it is a standard practice.

Ms. Molsberger asked is this a jobs program. She asked is this a restaurant. She stated that it feels like they are picking out their buddies.

Mr. Donovan stated that it is an investment program that leads towards jobs.

Mr. D'Amore stated that it is a corporation that holds property and part of the property is used as a restaurant. That is not the portion of the property that this money will be devoted to. He stated that for whatever reason the state legislator thought it was wise to take some money and devote it to various economic projects and those economic projects are prescribed by state law. None of us here have a rationale on those votes at the state level. All they can do is decide whether they want to as a municipal government to help facilitate the process of helping business in the City of Allentown to apply for the money, help get the money or they don't want to do it.

Mr. Guridy stated that it is a competitive process and the money is there for that purpose. If they do not allow it another community would take it.

Ms. Molsberger stated that it does not make it right and a lot of people damage the environments.

Mr. Sammy Hong stated that when he heard this about the loan to Brew Works and asked are they aware how many loans and grants this corporation has received.

Mr. D'Amore stated that not off the top of his head.

Mr. Sammy Hong stated that he could be wrong, but he was quote around \$6 million for this one property. He stated that he could be wrong maybe \$4 million or \$5 million. He stated that he applied for loans before and when the canopy came down and there was a loan to fix façade of the building because it was a deteriorating building and canopy he was told there was no money and last time he was here about the eminent domain he applied for a loan and numerous times he went to them and was told there was no money. He stated that he used his own money to fix the property which is in eminent domain right now and when he hears stuff like this it gets him fired up. He asked why he can't get a piece of that pie. Why is it that one property? It is favoritism from the Administration. He stated that it is not fair.

Mr. Donovan asked did he apply for the loan when the canopy came down.

Mr. Sammy Hong stated that it was two years ago and it was not himself. It was himself and a couple of the retailers and friends of his and they all go turned down. He stated that he was told there was no money.

Mr. Donovan thanked him and stated that he did say it was the canopy and it came down a long time ago.

Mr. Sammy Hong stated that it was great having the canopy and it came down and one of the reasons is that the building was deteriorating.

Mr. Guridy stated that he heard this from other people that they come to the City and they apply for loans and are told there is no money. He stated that he is right. There are occasions where there is money and different kinds of money for different opportunities. He stated that they have to find out what money is available that they can tell the business community that it is available for this. He stated that he feels for him and at the same time he is not going to ostracize these businesses because other people can not give it. He stated that they should be more active in letting people know there is money out there for businesses that want to apply for it.

Mr. D'Amore asked Mr. Collins the deadline for the application.

Mr. Collins stated that the application was submitted in October of last year. The application is in and they are actually at the stage since the state allows this to go back and the approval for the application after you have made it and has been made and the state responded favorable and they will not

Mr. D'Amore stated that this can go to Fegley Real Estate or no one.

Mr. Collins stated that is correct. These application are projects specific and a developer, business owners, property owner comes and effectively to the state with a project and requires the host municipality to help and assist with the application. It is a competitive process for the individual applicants on a state level.

Mr. Schweyer stated that the application is not made to the City of Allentown. He stated that you, the Mayor and anyone on the city council has the ability to vote on if this funding is approved from the Commonwealth.

Mr. Collins stated that the City has no guarantee or reprehensibility.

Mr. Schweyer stated that they city is acting as a fiduciary agent and that is our role. He stated that the individual business owners have applied for it successfully for HRA money.

Mr. Collins stated he does not know HRA specifically, but knows that has come up again in RACP and other state funds have been used across the city with many other projects.

Mr. Schweyer stated that this was an incidence where a private corporation identified state money. It would be a competitive application to the commonwealth of Pennsylvania. He stated that specifically the department of Community and Economic Development using their single application. He stated that they were approved by the Commonwealth and how it is structured.

Mr. Collins stated that it is in a loan form and gets paid make to city. They will be able to reload and will be a financial resource for other applicants in the future.

Ms. Eichenwald asked Mr. Collins were there other applicants that came to them and request the money. She stated that it was true they are not the fiduciary agency responsible for the granting of the money. She stated that they only applications that brought to us.

Mr. Collins stated for a state application project specific. He stated that the city has not had a loan program for a least a year.

Ms. Eichenwald asked if these other business is told about the availability of the state funding.

Mr. Collins stated in the most recent past and the structure of our office, yes. He stated that he can not speak of what happened two or three years ago before I involved.

Ms. Eichenwald asked was this process followed by Technicolor.

Mr. D'Amore stated that it was RACP.

Mr. Collins stated that a single application was made and for every state funding project a single application is made.

Mr. Schweyer stated that he wanted to correct the statement. RACP does not use a single application; DCNR does not use a single application.

Mr. Collins stated that if they do not vote favorably on this application, they will not receive this money.

Mr. Guridy stated that the issue and frustration is that many people come to the city and they are told there is no money. He stated that he agrees there is no money in the city. The city should be more forthcoming on paperwork and restructure loans. It has to be a better way to explain it to the public so they don't feel like there is favoritism. He stated that it may not be favoritism.

Mr. Bennington stated that in the past personalities were not as proactive as Ms. Hailstone and Mr. Collins. This department is much more creative and proactive.

Mr. Guridy stated that they need to provide a pamphlet or literature that will provide to people in the city of what kinds of loans they can get. There is a misconception.

Mr. Weiss asked who the intake coordinator is. Who does a business apply to?

Mr. Collins stated that the application is to the state through the city. He stated that it would be Mr. Duane Tolson or himself.

Mr. Weiss asked was it literature or outreach to inform business owners that these monies are available.

Mr. Collins stated that part of the application process is to create an application and give it to the state.

Mr. Weiss asked how the Fiegley's found out about this. He asked who does the ultimate underwriting or financial evaluation

Mr. Collins stated that when they were approved by an individual about a project and they provide them with the entire scope of the project. Should the application be made to the state should it be bank financed. He stated that the state does.

Mr. Weiss asked does the state do the underwriting for the applicants ability to pay off the loan. He stated that there are other monies and the intake person is Mr. Collins. Business owners need to know about this so that they can take advantage of it. He asked what are the blight criteria that they are collecting on the building.

Mr. Collins stated that in every application they are required to sit aside from and in this case it is \$5,000 for an audit that is proposed by the state for a closeout of the term. He stated that he and Mr. Duane Tolson.

He stated that the two upper floors. He stated that the 4th and 5th floor to provide structure. He stated that the application is to create level of use on those two floors that currently are not there.

Mr. Donovan stated that aggressive firms are constantly seeking money and constantly going to various entities and he has seen this over and over again. Including when they get turned down, they are back a week later. He stated that he could point to firms in the city as well as elsewhere who constantly are badgering. He stated that he has seen experts in business knowing how to get money that it comes from bank SPA or guaranteed loans that the bank ends up walking away which are totally guaranteed. It is important for business people to be constantly knocking on the door. There is a process and this firm was aggressive.

Mr. Schlossberg stated that the city could do outreach to small businesses let them know of training opportunities available. He stated that the Chamber of Commerce is offer quarterly training not just for small businesses, but anybody. He stated that he would like to see more businesses that they do not usually see. He stated that he does not fault the department of community and economic development for this at all. He stated that when he brought up the issue with Ms. Hailstone, they brainstormed ideas and had a conversation about and said that they would love to do it, but the city does not have the capacity. He stated that with the conversation they were having earlier, again this city has to make a choice. Do they continue to proceed with status quo as they are right now or at the end of the day, say yes and pay the additional money in order to hire people that will reach out to the business community about marketing, training, loan and grant programs that are available and when they have a different set of people in this room complaining about raising their taxes.

Mr. Jeff Fegley stated that his Bethlehem location caught fire in the first person that he called was Tom Williams from City line Construction. He stated that he tend to do business with people that are successful. He stated as a family member in a family business the comments that were made are incorrect about the money they received. They did not receive \$5 million in funding. There was a \$500,000 RACP grant and that grant actually with the added costs associated with dealing with the grant added 30 percent to the entire project and was about \$100,000. The rest of the project was done in loans. He stated \$1.1 million of his family's money was put the project and \$3.3 million federal loan and a \$1.8 million private loan with Wachovia Bank which is now Wells Fargo and ironically enough it was suppose to be a program through a loan pool and

every bank bailed out of the deal because the economy completely tanked. He thanked Wachovia now Wells Fargo since four years he is still operating and still generating tax revenues and has a hundred employees at the Allentown location. The new project will bring in a company that was located in the suburbs now will be located in the urban center with their very successful business and will create a minimum of seventeen new jobs in the city and new tax dollars. He thanked everyone for considering it. He stated that this is a loan and not a grant and they will be putting in their own family injection as well as other private funding.

Ms. Eichenwald stated that the difficulty tonight is that they are discussing two separate issues. It is unfair in any way shape or form to deny this to the Fegley's. They have gone through the appropriate process and have met the requirements and desiring of this loan since the money is available. The other issue is does our Community and Economic Development department fulfill its responsibility to other businesses who come asking for loans and many ways that is the greater issue and what concerns her. She stated that she is not going to vote against the loan to punish a responsible business people, but at some point they need to have serious conversations about process so that a person less known, less funded, less connected to the city comes to ask for the loan, how will we enable them to receive the money as well.

Mr. Collins stated that his aim is to grow this and six months into this position and has identified along with Ms. Eichenwald that our outreach can improve and needs to improve. They start some small low impact ways because they are a staff of two.

Ms. Eichenwald stated that she is encouraged to hear that because their difficulty is the mixing of the two issues.

Resolution passed, 7 – 0

R38OUTSOURCE WATER MAINS

Authorizes the contracting of additional assistance for the installation of 2011 Small Water Main Replacement at Various Locations in the City of Allentown

Mr. D'Amore stated to Mr. Young that this is borderline is the ordinance applies, but you wanted to bring it here.

Mr. Young stated to Mr. D'Amore that he had asked how long has they been doing the waterline projects and his response was that he has been with the city for nine years and they have been doing it his entire tenure. He stated that after they got off the phone, he talked to the project manager Mr. Rich Rash and he has been the project manager for as long as he has been with the city and he has been at the city for thirty years and it precedes him. The projects that are normally done are complicated projects specialized in construction and the contract has three boring locations in it where instead of excavating to lay the pipe you bore a hole like a drill. You typically do that when you cross a major highway like I-78 by Lehigh Street and there are three locations and they use it when it is a lot of traffic control needed and heavy traffic and if a lot of other utilities and involved or escalation gets deep. The contract does have a PLA associated with it and the selected contractor was a union contractor. There is one error in the Resolution, it was correct when the Resolution was written and that was the last whereas. It indicates that they have not had a response from the union and since the Resolution was written, they had gotten a response from the union. He read the response from the union.

Mr. D'Amore stated that it seems to him that the ordinance does not apply and the administration would like to go forward with this anyway. He asked members of council did they have any further comments or comments from the public.

Resolution passed, 7 – 0

Mr. Young talked about the passing of Mr. Dick Schmidt.

R39 Cancels July 6th Meeting

July 6th Council Meeting

Mr. Schweyer made a request to vote on this tonight.

Mr. Schlossberg asked the administration were there anything pressing that would prevent them from doing so.

Mr. Bennington stated that he asked his directors twice if they had anything crucial and there was nothing crucial.

Resolution passed, 7 – 0

15. NEW BUSINESS

Mr. O'Connell stated that he echoed Mr. Young's comments about Mr. Dick Schmidt. He stated that he knew Mr. Schmidt and he was a legion on the end side. He stated that Allentown has lost two legions. Ken and Dick and they will be missed.

16. GOOD AND WELFARE

17. ADJOURNED 10:14 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.