

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



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COUNCIL MEETING MINUTES
COUNCIL CHAMBERS
December 1, 2010

COUNCIL MEETING - 7:30 PM

1. Invocation: Julio Guridy

2. Pledge to the Flag

3. Roll Call: D'Amore, Donovan, Eichenwald, Guridy, O'Connell, Schlossberg, and Schweyer. Mr. Marchetto and Mr. Snyder represented for the Solicitor's office.

4. Courtesy of the Floor

5. Approval of Minutes: None

6. Old Business:

Ms. Eichenwald stated that she noticed that the COPS Program is not on the agenda and asked was there any information on how they are progressing along.

Mr. D'Amore stated to Ms. Eichenwald when she asked it is not on the agenda what specifically is she looking for.

Ms. Eichenwald stated they were waiting for a letter that City Council is supposed to sign and forward. Is it in limbo? What is happening with the COPS Program?

Mr. D'Amore stated that Mr. Atiyeh has been circulating a draft and all he has to do is show it to you and members of city council to sign that is not necessary something that they need to vote on. If they want to vote on a Resolution to support the letter they can very well do that. He stated that would be a very simple matter.

Ms. Eichenwald urged Council to do that. She stated that it is not the right occasion for that, but let them certainly do that.

7. Communications: None

8. REPORTS FROM COMMITTEES:

Budget and Finance: Chairperson Donovan

Mr. Donovan stated that they have not met since the last council meeting, but he has certainly have been looking at the budget and finance. They are scheduled to meet Wednesday, December 8th and have a couple items on the agenda. He stated to the Administration that several of them on Council have been approached with questions regarding the towing contract and in talking to Mr. D'Amore feel that they should discuss that this week or council needs to look into the allocation of the towing contract. They need to be prepared to discuss the issue.

Mr. Bennington stated that he would be happy to discuss, but it was a perfectly rationale decision on facts and they can certainly talk about them.

Mr. Donovan stated that he thinks it is appropriate to do that. He stated that hears what Mr. Bennington is saying, but feel that it is important to discuss and they can do that next week.

Mr. O'Connell stated that they received a response from the administration on that and asked him if he wanted to talk about it some more.

Mr. Donovan stated yes only because he received additional phone calls and do not necessary disagree with the administration, but he thinks for the sake of the council and the administration that this should be discussed a little bit more so it is flushed out. He stated that he would like to say no, but feels an obligation that it should be discussed.

Public Safety: Chairperson Guridy

Mr. Guridy stated that there have been no meetings and no reports. A meeting has not been scheduled yet.

Community and Economic Development: Chairperson Schweyer

Mr. Schweyer stated that the committee has not met since the last council meeting. The next meeting is scheduled for December 15th at 7:00 PM in Chambers.

Parks and Recreation: Chairperson Ray O'Connell

Mr. O'Connell stated that the committee has not met since the last meeting. The next meeting is tentatively scheduled for December 15th a 6:30 PM.

Public Works: Chairperson Schlossberg

Mr. Schlossberg stated that they had a very brief committee meeting after the budget hearing. They have one resolution on the agenda.

Human Resources, Administration and Appointments: Chairperson Eichenwald

Ms. Eichenwald stated that they have not met and have no future dates scheduled.

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

Mr. D'Amore stated that they had no meetings and no reports.

OTHER COMMITTEE REPORTS

Mr. O'Connell stated that the partnership between the Allentown School District and the City of Allentown with the co-chair Dave Zimmerman is in the audience and he is the other co-chair will be having a meeting before the holiday to tell the progress is and the achievements that were made and where they are going forward. They want to bring the superintendent of schools Dr. Zahorchak there and several council members have agreed to that some time in January to give them an update on his vision and mission and he feels it is very important for the continued partnership with the city.

Mr. Guridy stated that the Housing Authority Board met and came to an agreement with the union/teamsters and that should be flushed out very soon.

CONTROLLER'S REPORT

9. APPOINTMENTS: None

Ms. Eichenwald stated that she does not have any appointments tonight, but she is hoping to soon have appointments from the Human Relations Commission who is unable to function until they have a quorum.

Mr. D'Amore stated that they received an email today about one Human Relations appointment.

Mr. O'Connell stated that while the administration is here he would like them to speed up the appointments for the Parks and Recreation committee. They are looking for a representative from the east side.

10. ORDINANCES FOR FINAL PASSAGE:

[Bill 98 ARTICLE 331 EIT INCREASE Amended V2.doc](#)

Amends the Earned Income Tax to be increased from 1% to 1.4% on salaries, wages, commissions and other compensation earned on and after January 1, 2011 by individual residents and non-residents of the city.

Mr. Donovan stated that he would like to move that they amend Bill 98 to be from a 1.4% increase to a 1.35%.

Mr. Guridy seconded the motion.

Mr. Donovan stated that he would move that Budget memo #2 which identified the proceeds from EIT \$3,992,688 would be change to \$2,499,647 and that should be a part of the same amendment.

Mr. D'Amore stated that the amendment is on 331.02 of Bill 98 which is the imposition of the tax.

Mr. Donovan stated that it would affect the General Fund later.

Mr. D'Amore stated correct. That will be certainly something that they would address at the time of the passage of the General Fund. It was also 331.02 Section D that 1.40 would be changed to 1.35 and it occurs in two occasions. He asked was that an extent of Mr. Donovan's amendments. He asked Mr. Marchetto was what he read in sufficient for an amendment that is in order.

Mr. Marchetto stated that yes they are changing the Bill from 1.40% to 1.35% for residents and non-residents for both the earned income tax and the net income tax.

Mr. Guridy asked Mr. Donovan that the unfunded liability would have been up to \$1.1493 million.

Mr. Donovan stated that the reduction in revenue if this were to be put in place would be \$1,493,041 and that reduction would be applied to the contribution to the pension fund unfunded liabilities.

Mayor Pawlowski stated that it would have to be divided equally or it would have a gap in the budget.

Mr. D'Amore thanked the Mayor and stated that he knows that will be his intentions, but it will have to be moved at the time of the General Fund that is on the floor. He stated that if this all succeed this very well would be the way that the policy is enacted, but should know at the time of the framing of this amendment that can only be seen as an intention. They can not move that part of the amendment that they are voting on at this moment. He stated that the amendment has been made and seconded. They are now on the discussion of the amendment and opened up the discussion to council to discuss the amendment.

Mr. Donovan stated that he will reserve his comments for the passing of the overall votes.

Mr. Guridy stated that Mr. Donovan and he both agree on this amendment and think that they can do well with the 35 percent increase to the EIT and not have to go to the taxpayers which so much of an increase at the same time. He does realize that by doing this they have a big exodus of the fire department next year which then may have a need to increase it again. He stated that at this point he still stands for this amendment. He thinks it is reasonable to increase it by 35 percent and do it once and not have to do it for a very long time.

Mr. Schweyer asked Mr. Hoffman if he heard the amendment that was posed. It is a 35 percent increase as opposed to 40 percent.

Ms. Eichenwald asked if they would vote for this, the amendment will become part of this bill that then would leave a gap in the balanced budget. She asked how they would then compensate to arrive at a balanced budget.

Mr. D'Amore stated that Mr. Donovan expressed his intentions and would take place at the time of the General Fund.

Mr. Donovan stated that now he understands not receiving a formal listing of the fund and this is the first time he understands that. He asked for something in writing to understand, but he knows that the budget that was given to them initially called for \$9 million and that produced a balanced budget and a slight surplus. He was arguing for a small real estate tax increase and his initial thoughts may be that would be needed, but the fact that the mayor went to a larger number in the forecast of \$12 million, he guess that they need to see numbers to suggest it would have created a budget gap and they could have lived with \$9 million three weeks ago. He stated when they get to the General Fund there are cuts that they can make. He asked them to look at some of the cuts that were needed.

Mr. Guridy stated that to his understanding they need \$6.5 million for the unfunded liability and the pension and this money is going towards the unfunded liabilities and the reason why they actually discussed this because of Act 205. They can increase the EIT here without having to go on the ballot because the entire amount of the money would fill the gap of the pension. He stated that his understanding it was \$6.5 million and we are getting \$8.5 million with 40%.

Mr. Pawlowski stated that they have the portion of the EIT from the residents and a portion of the EIT that is from nonresidents. He stated that it is a formula that sets a floor for the non-resident. You can only use a certain portion of that towards your MMO and rest has to go to other additional costs which are the unfunded liabilities. He stated that they did not pull the number out of thin air. They looked at the actuary evaluations based on what they have and what the potential of the firefighters that are retiring and what they would need to cover that gap. This year, since they have not retired yet you can put that money towards the unfunded liabilities which everybody will agree including Mr. Hoffman knows that is not a bad thing. They will be one of the few municipalities in the Commonwealth of Pennsylvania that is addressing the unfunded liabilities. Next year, it is going to increase dramatically if you have half the fire department retire. They are going to need that extra money to make up that gap because that is what it is for to pay for the pension costs. If they cut this out, they will be in the same position next year. He stated that they can start addressing the problems in a very significant way now.

Mr. Guridy asked the Mayor if next year they would have to increase the EIT by 35 percent.

Mayor Pawlowski stated the reason that they chose 40 percent was not a randomly selected number. It was a number that should deal with the potential liabilities now because of the early retirements and what the

potential liabilities would be next year and the years going forward and how they can address it as a city. If you reduce the amount, you reduce the ability to do that and may have to go back and readjust again.

Mr. Guridy stated that he understands the predicament that the city is in and do not want to raise property taxes. However, the economic junction that they find themselves in this country and not positive employment, there is a lot of people that are suffering and he thinks that we they talk about increasing the EIT a buck here and a buck there makes a big difference for them. If you have a household and one is employed and another who is not, the one that is employed will be paying and he stated before that they should include not only the residents, but anyone that is employed in the City of Allentown.

Mr. Pawlowski stated that the people that are not employed do not pay EIT. He stated that the reason why they are doing it is to address this massive pension issue. That is the problem.

Mr. D'Amore stated to the Mayor that this time is for Council to discuss this matter.

Mr. Donovan stated that he was perplexed because he asked Mr. Bennington via email for a breakdown of the use of these funds. He stated that he sent that out to Mr. Hanlon and asked for it at the last meeting a breakdown of how these funds are used and was very specific about the language and not totally understanding the language of the formula in the state law and therefore needed an explanation. He is now getting it verbally and wants a chance to look at things in writing. He stated that another thing that he is concerned with is the last minute discovery of the deadline for tonight. It is at .4% and he prefers .5% for a variety of reasons. He stated that a \$4 million contribution would save about \$320,000 in the unfunded liability annual at 8 percent which is the return that is assumed. If you drop it by \$1,004,000 million you are not going to save that much more money each year and knows one of the things that need to be done is that unfunded liability has been funded by the marketplace not just for the fact that they have been making contributions. It is also affected by the decisions that you made in contracts. He feels that the .4 is a dramatic increase and he would like to see it at .35 and feels frustrated that they had 35 days to work with this and the administration had lots of time to learn about the EIT and we have been struggling against the rules. He stated at this moment he is in favor of the EIT and is in favor of it as a .35.

Ms. Eichenwald stated that the revenue side is half of the budget they also have the expense side. She feels strongly that they can reduce this and be kinder to the constituents that they represent which are seven of council and the 108,000 citizens of Allentown. Perhaps when they get to the expense side they will look with a finer microscope and make some necessary cuts.

Mr. D'Amore asked were there any of comments for council. They will have the administration to make any comments and then will g to the public.

Mayor Pawlowski stated for them to remember that they only could use this money for the pensions. The biggest problem is the pension. They talked it, they see the problem and see the increase. It is only going to get worse. It is not going to get better if half of the fire department retires. They have a firefighter now that will retire with a \$77,000, but the base salary was \$66,000 and he had \$101,000 with overtime. It is going to be big and will eat into the pension fund and the unfunded liabilities fund. The costs will only exacerbate. It is just going to grow, not get smaller.

Mr. D'Amore asked for public comments on the amendment.

Mr. Alphonso asked if they reduce to .35 are they still talking additional real estate taxes increase as was published in the paper. He asked can it be done without a tax increase.

Mr. Donovan stated that he is the one that asked the public to have a hefty debate about where they go to fund the city. The .35 does not necessary mean real estate increase if they do cuts and there are cuts that they can do. He stated that it could be done without a tax increase.

Mr. Hoffman stated that the .35 versus .40 without an increase in real estate taxes means about \$1.5 million. As the mayor has said there is a \$3,992,688 going to unfunded liabilities this year, but next year the MMO next year will go up \$4 million. We need something to happen next year and that could mean an improvement in the economy. It is not going to be state aid, but it could be something else. He does not want to rely on something dropping down from the sky. Unless it is a proposal of raising real estate taxes to make up the \$1.5 million he would urge them to vote for the .40 percent increase in the EIT tax.

Mr. Donovan stated that when he originally worked through the original budget, it was \$9 million to be raised with a .4 and that \$9 million was assumed that they would only be three quarters for the year and when he ran the numbers he realized that it would have without cuts be a need for real estate tax. In the most recent reports with the Mayor's office with a new amount for the EIT, \$3 million more, and the money went to the unfunded liabilities which did not exist before that. With him running the numbers they should be just fine. If the mayor said that they could only use half of the 1.493 in terms of reduction then that would be a \$700,000 gap. He stated that he would like to force the city to find \$700,000. He stated that he knows where the public would like to go and he will have comments when they get to that because he feels strongly and he knows he does not have the votes. He stated that they have to face the cuts and they are primarily in personnel, but he thinks the .40 going to .35 is the beginning of the type of thing that they need to do to put the city back. We can not just raise one tax at the last moment the state gave us. If we did not have that we would be facing a \$9 million deficit. That would have forced a real estate tax increase.

Mr. Guridy stated to Mr. Hoffman is he saying that all the money needed for next year would be included in the .40. If they go to the 1.35 they will not have enough money to fund the unfunded liability for next year.

Mr. Hoffman stated no the unfunded liability expenses line is brand new this year and is not state mandated. It is a way to use the additional EIT income for the pension this year and 2011. In 2012, they will have an increase in the Minimum Municipal Obligations that will absorb most of that \$4 million.

Mr. Guridy stated that is why he is advocating for the .35 percent now because they are doing 2011 budget and not 2012 budget. He stated that they should look for the 2011 budget in 2011 and in 2012 there will be a different budget and perhaps we would have to increase it by .5 percent more next year. He stated that they will cross that bridge when they get there. He does not think that they should putting money in the budget for 2011 that they will need in 2012.

Mr. Hoffman stated that they have set precedence in the past and he thinks with the Solid Waste Fund and believes it was 2007, Council increased the Solid Waste Fees with the assumption that they will stay leveled for the next year so they can stay leveled.

Mr. Guridy stated that Mr. Hoffman has been watching what is happening with the Solid Waste Funds and with the Water funds.

Mr. Hoffman said that Solid Waste is in good shape, but Water and Sewer is not.

Mayor Pawlowski asked Mr. Hoffman if he disagreed of putting money in the unfunded liabilities.

Mr. Hoffman stated that there are worst ways that they can spend the money and he thinks that putting the \$4 million in the unfunded liability is not a bad thing to do because they are implicitly getting an 8 percent return on the money in the long-run if everything being equal. This is a good long-term move to make.

Mr. Donovan stated that they are not cutting \$4 million. The \$4 million represents a smaller percentage of funds. They are not cutting \$4 million, they are cutting \$700,000. He realizes that they are not putting that money in the unfunded liability, but at the same time they have to make cut elsewhere too. He stated that he believes that they can make a decision to go to .35 and make cuts. \$700,000 in the unfunded liabilities is not going to solve the problem that was created by the market and the pension fiasco.

Janice Bowman, East Hamilton Street, stated that the Mayor said there is a firefighter that is going to need x amount of money next year for his retirement. She asked does the council know all of the details of what is needed this year and next year of the pension funds that they are dealing with in this issue. She asked Council did they have the facts on that or is it in the Mayor's hands. She stated that she would like to see as a taxpayer since they are voting on the budget. The Mayor has the estimates and she would like for council to get it a head of time so they are not looking at it at the last minute. She asked if council was involved with the budget up into the point of the EIT. She asked the mayor to be more forthcoming with council every three months or more frequently. The economy is not really good in the stocks invested in and there is no guarantee.

Mr. D'Amore stated that it is from the administration an estimate. He stated that they do not have that estimate.

Mr. Donovan stated that it could go both ways.

Mr. Scott Armstrong, 1516 Turner Street, stated that he is here as a spokesperson for the Republican Committee and would like to commend Julio Guridy and Michael Donovan for their attempt in trying to decrease the amount of the Earned Income Tax from .4% to .35%. Last year, Mayor Pawlowski trimmed 35 rank and file workers from the payroll and this year the Mayor can demonstrate his role in fiscal responsibility.

Mr. D'Amore stated that Mr. Armstrong was speaking from a prepared statement from the Bill and not the amendment.

Ms. Eichenwald stated that she has not heard an inappropriate statement yet. She stated that when they do and one is forthcoming that would be the time in which they would ask Mr. Armstrong.

Mr. Scott Armstrong, 1516 Turner Street, stated that he is here as a spokesperson for the Republican Committee and would like to commend Julio Guridy and Michael Donovan for their attempt in trying to decrease the amount of the Earned Income Tax from .4% to .35%. Last year, Mayor Pawlowski trimmed 35 rank and file workers from the payroll and this year the Mayor can demonstrate his role in fiscal responsibility and make a better case for a necessary revenue increase by trimming his executive team. The managing director, the communication director, and special assistant to the mayor cost the city close to \$250,000,000 annually. In addition the mayor's personal pay package has increased by \$33,500 since 2009 to \$95,000 annually. The mayor could demonstrate leadership.

Mr. D'Amore stated that Mr. Armstrong was not speaking to the amendments despite his comments so he is going to stop him. The amendment is to reduce the tax from .4 to .35.

Mr. Donovan stated that they will get to the bill in a moment and then his comments about the appropriateness of the federal tax.

Mr. Armstrong stated that he stood up because they where discussing how to reduce expenditures. He is here to offer specific expenditure reductions.

Mr. D'Amore stated that expenditure reductions are part of the General Fund that is not on the Bill let along the amendments. He asked the clerk to call the vote of the amendment.

The Amendment to result in a .35 increase rather than .4, passed 6-1 (O'Connell)

Mr. Donovan stated that it is time for each of them to have courage given the crisis that they have. When he was a young teenager he was enthralled by Jack Kennedy's profile in courage and is permanently impressed with the need to have to face challenges with unpopular solutions. They are now in a crisis and if they did not have this EIT they would have a significant deficit and that deficit would cause tremendous turmoil in the city with an increasing property taxes significantly in the city almost 33 percent, significant cuts in payroll that will cut into the services. He stated that they were hurt by unethical practices by the last administration and some missteps by all of them in current government. In the world of business, they would face up to their mistakes and take action to move forward and have the right to fire them, but unfortunately you will have to wait until the election. No matter who is in the seat he or she will have to face the pension problem in the future. It is not going to go away unless policies are changed on a state or federal level where they are given the right to take back the pensions, which he would like to do that, were overly exurbanite in the police force. He stated that both sides were unethical to the taxpayers of Allentown. Meanwhile they will have to meet the cost or the city would suffer dire consequences that none of them want. He stated that many of them know that they need to move on not only the pension fiasco but critical investments and projects that would improve the human capital in the city, reduce the tensions among social groups, and confident environment for investment that is perceived that the investment is fair and very creative in solving problems. He has suggested that in addition to the EIT they might increase the property taxes to invest in more police and people dedicated to bringing and bridging the social gaps that exist here. Other cities resolved their issue by taking such courageous steps. The cost is not that great if they get to the property tax issue. When they do consider the expenditures of the General Fund and other funds he would suggest measured cuts. He believes they are at a breaking point for having sufficient staffing to provide services. He stated that he will include non-personnel expenditures and will not find many savings there. He will call for changes in the non-bargaining salaries, but again the savings will not be great. The only true savings will come from the wholesale cuts in personnel and they will severely threaten the city's future. When he requests for additional receipts he will attempt to show the investment is not an earth shattering cost. He stated that he may fail at that and they run him out of town, but is what he believes in based on his experience in running organizations in his own studies. He stated that he supports the EIT at 1.35%. It is sufficient to cover the pensions. He urged his colleagues to vote for this and stated that it is important and the city will be in dire straights if they do not do it. He certainly wishes they did not have to and know who he blames, but that is the past and they have to move forward.

Mr. Guridy stated that he would like to express his sentiment about the tax increase. He thanked the mayor and the administration for having the vision and aggressively looking at ways to cover the pension costs without having to increase the property taxes. It is a humane way of doing it. It would not target the poorer of the community or those that are unemployed, but it allows those people who work in Allentown that use the services to also contribute some more to the cost of the services that they provide to them. He pushed for the .35 percent as opposed to the .40 percent because they are dealing with 2011 budget not 2012 and if they have to eventually have to look for more funding to cover future pension costs which are all estimates at this point, he would be prepared to do that. He feels that doing it this way and increasing the EIT as opposed to the property taxes would help the city a lot more to maintain those people that are paying property taxes in the City of Allentown and who are living here. He stated that they do not want to get rid of them. They want them to stay here and continue to support this city.

Ms. Eichenwald stated that they do this with a heavy heart, no matter what their votes is this evening. It is not an easy vote and none of them wishes to add more of a financial burden to the already stressed out economic conditions of the members of the city, but for her it is a better way to look at the taxation issue with property taxes. She stated that she disagrees with Mr. Donovan that the property taxes and an increase in any way

shape or form would be feasible and the best interest of the city. She stated that it leaves her with a dilemma with voting yes or no on the EIT tax. If they as city council take the measure and vote no, they leave themselves with an unfunded liability and in essence an unbalance budget and unless they are prepared to come up with six or seven million. It is not something that they can conceivably do. So the responsible thing, although painful is to vote for the EIT tax. It stretches the burden of taxation not only to us the residents of the city, but the ones who live beyond the city's borders and the people that come here on a daily basis and utilize the services. A no vote will leave them in a twilight zone on how they are going to pay their bills and it leaves them threatened by a state takeover when in essence if they were running a business they would be declaring bankruptcy which will make it harder for business to come here. She sees no choice. It comes upon them to be part of the solution and not part of the problem.

Mr. Hoffman stated that they all know and had discussion about the uncertainty as to the language in the Charter and what happens if you approve it or do not approve it. He stated that it is a deadline to have it published to get it enacted and if it is not enacted positive this evening and goes into default chaos is the word that comes to mind. He stated that the city needs the revenue and hopes that they can nail it down so that it can happen in an orderly manner. He asked them to make good economical decisions going forward. This is a painful decision that they all have to make. He urged the council to vote for the EIT increase.

Mr. Scott Armstrong, 1516 Turner Street, stated that he is the spokesperson for the Allentown Republican Committee and said that they warned them about six years ago about the pension costs. Everyone in the room would be paying for that for the rest of their lives. If your kids live in Allentown, they will be paying for it too and so would their kids. Last year, Mayor Pawlowski trimmed 35 rank and file workers from the payroll and this year the Mayor can demonstrate his commitment to fiscal responsibility and make a better case for a necessary revenue increases by trimming his executive team. The managing director, the communication director, and special assistant to the mayor cost the city almost \$250,000,000 annually. In addition, the mayor's personal pay package has increased by \$33,500 since 2009 and is now \$95,000 annually. That is substantially higher than the median earned income of the residents of the city of Allentown. The mayor could demonstrate leadership by returning his pay to a 2005 level and by eliminating these positions that are costing the taxpayers dearly. City Council should not let the mayor force them to hike the Earned Income Tax by 40 percent either through an agreement or acre essence. Failure on their part to act on spending reductions will result in higher taxes and higher unemployment in the city. Allentown Republican Party will make an issue at next year's council races. It is clear that every one mood in the country has changed dramatically and even democrats in Allentown will be wise to take note. Every one in Allentown had to tighten their belts. Mayor Pawlowski could either distinguish himself by making the tough choices and enduring some personal sacrifices or he could exempt himself from the hardships his current budget would impose on the city and its residents. City Council has an obligation here to see the burden of the pensions is spread fairly.

Ms. Eichenwald stated as a democrat in this city she heeds his words, but right now they are taking a vote on the revenue side. When it comes time to trim the expenditure, she is sure that he will hear amendments that address his concern.

Mr. Scott Armstrong stated that it is still troubling to him six years later that not one single democrat leader in the city stood with them six years ago when they tried to raise the alarm about the pension.

Mr. Donovan stated to Mr. Armstrong that he will be presenting a Resolution tonight calling for some of the things he talked about.

Mr. Lou Hershman stated that he was looking forward to the minutes that council promised that the mayor was reading of the Solicitor's opinion, but he guesses something happened.

Mr. D'Amore stated that they did take a look and this did not occur at a full council meeting. It occurred at a budget hearing. He stated that council does not approve budget committee minutes at a council meeting.

Mr. Lou Hershman stated that he was surprised that Mr. Donovan did not follow up on how the city went from \$16.5 million to \$19.5 million in collecting the earned income tax. How can the city make and correct a mistake in two weeks. If you get a budget on November 1st and a couple weeks later you get a budget memo stating that you are going to increase it to \$19.5 million and no one questioned the \$3 million. How are we going to budget the money to the unfunded liabilities. He stated that you are raising all this money and did not say how much money is going to the police pension fund or the firemen pension fund. He stated that years ago prior to this administration they always had a breakdown of how much money was going into each pension fund when it comes to contributions. He does not know if the Mayor is trying to save paper. You need some transparency here. He does not know if the mayor is trying to save on paper or not trying to have transparency here. D'Amore stated that when he would be president of city council that he would provide more transparency. What would be the difference between residents and non-residents? He asked how they are going to pass something that they do not know how it is going to be spent.

Mr. Donovan stated on the first question he saw the change in the EIT from two lines to one line and he did ask and was not aware until he went to budget memo #2 that had the increase into \$12 million which they combined the two and they asked why and it was an explanation given to him that it was ok. He stated that it is approximately 50/50. He stated that he hears Mr. Hershman on that and it frustrates him.

Mayor Pawlowski stated that it is 51/49.

Mr. Guridy asked if the .35 percent is going to the unfunded liability fund budget. He stated that he missed spoke the MMO and the city can not use it for anything else.

Mr. Hershman stated that Mr. Guridy should remember on council they used to get a summary and in there it would be a page that would tell you how much of that money is going to the state pension fund, fire pension fund, PMRS, and employee pension fund.

Mr. Guridy stated that this administration is giving them a lot more information that he and Mr. Hershman received six years ago.

Ms. Eichenwald stated that since the Mayor and Managing Director are here this evening, they can respond to Mr. Hershman's questions without a dollar figure, but a percentage.

Mayor Pawlowski stated that it will be their intention to break it out evenly and to be breakdown to the unfunded liability of each fund. An example the police fund is bigger than the firemen's fund and the firemen's fund is bigger than the officer's fund.

Ms. Eichenwald asked which of the two alternatives will be his preferred.

Mayor Pawlowski stated to break it out evenly among the two.

Ms. Eichenwald stated evenly no matter the balance of the unfunded liability.

Mayor Pawlowski stated that they both have huge unfunded liabilities. Putting the money into it helps both funds.

Ms. Eichenwald said they have it on the record.

Mayor Pawlowski stated that there is O & E, but it is small.

Mr. Guridy asked the Mayor to clarify if the police fund unfunded liability is more pertinent at this point than the firemen because the city has not had many firemen retire. It will be next year.

Mr. Gary Strathearn stated that with this money they will be guided by one of the major factors to determine the amount that goes into each one will be determined by the city's actuary for the liability etc. The actuary is part of the senior consultant team to the pension board. It is a significantly intensive calculation. The fire is all estimates. They do not know about it until two weeks notice. It will be measured, managed and much of the allocation decision will be actually evaluated.

Mr. Guridy asked Mr. Strathearn if he had a better understanding of the police pension right now on how much you are going to put in then the firemen.

Mayor Pawlowski stated that it is also the Pension Board and that board will make a decision on how to split up the money. His preference will be to divide it in half.

Ms. Eichenwald stated that she agrees greatly with Mr. Donovan that all of this information would have been better had it have come previously to tonight's meeting. She stated that it is on the record to divide it equally between the police and fire pensions.

Robert Toth, 1101 S. Howard Street, started with a quote "the basis of our political system is the right of the people to alter or change their constitutions of government" by George Washington. This administration is taking the City Charter and walking all over it. He stated that he realizes that this might be a necessary evil, but we have to ask ourselves what brought us to this point. Why are we putting a band aid on the problem right now? Why didn't we do something five years ago? We have to ask ourselves if we did would we be faced with this problem now. He stated that they did not learn much from history. There has been a boom/bust cycle since 1819. Somebody had to know that sooner or later that this problem was going to boom real quick. The housing market collapsed in 2008, but someone had to know this was going to happen. This is how the pension went from nothing to a huge problem over night. This administration started out in 2006 and it is now 2010 almost 2011. What has been done? He stated that they would not be facing this if they would have done something two or three years ago when the economy was better and more people working. Who brought us to this EIT tax? Obviously, the state because they passed it and why are we facing this dilemma right now.

Mr. Schware, 118 S. 16th Street, stated that he wants to follow up what Ms. Bowman stating of the administration sharing information with Council. He stated as a taxpayer it is a huge information gap between the administration and the taxpayer. He would call it an honesty gap. A little more a year ago, they were told how great things were financially in the city and how they solved the problems and how well run the city is being taken financially. He stated that in the middle of the summer he sat in a council meeting on an unrelated subject and there was a financial report was given and at that point everything was rosy and fine. He does not know when council found out it was a \$9 million hole, but if they did not have this rabbit out of a hat we would be looking at a real estate tax increase. Council and the Administration have to do better of expressing that to taxpayers. He does not support the EIT tax increase. As a taxpayer he is not getting anything for it. He is not getting another cop on the street, not getting another street repaved, and not getting anything more than he is getting now. It is covering up mismanagement, not dealing with the problem. He is sure nonresident paying for services they are not getting in Allentown, he is sure they will say the same thing. They are paying an EMS tax and the businesses are paying a business privilege tax. The EIT Tax is illegal and contrary to the Charter. The EIT tax will be bad for business and hurt business and ultimately cause jobs in the city. Last week the Solicitor stated that he reports to his clients which are the mayor, the controller and city council. He thinks that

if something goes against the Charter if it is a sound legal footing, the taxpayers deserve to see that legal opinion and why the charter is being gone around and what that legal opinion footing is.

Ms. Eichenwald stated that they have the Solicitor, Mr. Marchetto and Mr. Snyder and perhaps they can illuminate them on that issue.

Mr. Snyder stated that the answer to the question is very simple, Mr. Schware is one of the individuals who sued the city over the \$52 tax. There is no question that Act 205 and the applicable case law that was developed in 2006 sustain the legality. Mr. Schware has his own views and his views may be different from the city's as they were in 2006. The case law was developed in 2006 and in 2009 the Pennsylvania Supreme Court Case, the council is free to do what they are doing and pass this and the Mayor is entitled to impose this tax.

Mr. Schware stated that whether or not he was involved with any action against the city that is his right as a citizen and his right as a taxpayer. It does not mean he does not have the right to know what is going on in the city now. For an issue that is this important and certainly that deals with the city Charter and going around the city Charter if it is such a slam dunk why not give it to the taxpayers. He stated that he does not think it is so ironclad as the solicitor is leading them to believe and asked them to consider that when they vote.

Ms. Eichenwald stated as a City Council person, she can rely only on the solicitor's opinion.

Mr. Donovan stated that in the summer Mr. Schware is correct when it came to 2010 he stated that the revenue for this year was in line and the expenditures were being contained with exception of the overtime account. He stated that they repeated recognized in the spring and summer that 2011 is going to be a horrible year. He did not have an idea that the budget deficit was going to be so big this year and he did not know that a rabbit was going to be pulled out of a hat recognizes that he was convinced that they will be talking about a real estate tax and cuts. The EIT miraculously occurred and he agrees that we are not getting anything for it and he knows Councilman Phillips and he were very loud two years ago and in August 2008 they knew something was going to happen and they were told they would be fine. He agrees with Mr. Schware's concern and wanted to speak to the legality and the morality of it. He read the language over and over again and he sees that the state trumps the Charter, but then he says do the voters have the right to vote. He stated that sometimes you have to do something and he does not want to lay people off and he does not want to do a real estate tax. He stated that he does suggest the follow in terms of the interpretation of the Charter. There is an election in May and if citizens were to put together a petition to remove that now you carry through what the charter allows you to do.

Mayor Pawlowski asked if he approved of the fact that they put out to the general public to actually have a vote on the \$51 tax.

Mr. Schware stated that he is not going to reargue that case with him, but that was the process was clearly outlined in the Charter.

Mayor Pawlowski asked Mr. Schware so why did he sue the city.

Mr. D'Amore stated that this is not relevant to the discussion. He thanked Mr. Schware for his point.

Mr. Romancheck, South 16th Street, stated that everyone is talking about the legality and the solicitor should understand one thing that when they sued the city, they won. When it comes to legality, they will show the opinion in that case to anyone.

Mr. Ansen Desimon, Machine Shop, 157-163 Turner Street, stated look at where we are now and look at the older generation who built up the city and made it magnificent. What did we show them, how we can bankrupt it and parasitically suck the life out of it. He stated to Mr. Donovan to let him explain something to him about business, when he makes a mistake, he has to correct it for nothing. That is how business works. You cut, correct for nothing. He said lets talk about the tax. What is this tax, really? The city has to pick between Act 47 which is a municipality bankruptcy or this tax. What it really is is a bailout. He stated that the city is asking him and his family to bail you out. The Federal government does this and when they do they have oversight of these companies. The Federal Government has a hand on how they are run. He stated that he wants to be involved. He wants to have oversight and make decisions and want to know how the money is spent and where it will go and he wants to be involved in the cutting. He stated that he did not promise these people these pensions and did not get the city into this, but he stated that they want him to get them out.

Mr. Schlossberg stated that regardless of how any of them vote or how they feel about the EIT tax, Mr. Desimon's anger is justified and he will say that this crisis was not created by the current administration; it was created by mismanagement from the previous ones.

Mr. Desimon stated to call it what it is, a bailout tax.

Mr. D'Amore asked were there any other questions on Bill 98 as amended. He asked the Mr. Hanlon to call the vote.

Bill 98 passed, 4 – 3 (Schlossberg, Schweyer, D'Amore)

[Bill 70 GOLF COURSE FEES.doc](#)

Amending Article 400 Department of Parks and Recreation Fees, Article 400.04, Golf Course Fees by revising and establishing new fees for the Allentown Municipal Golf Course.

Mr. D'Amore asked if there is a proposed amendment on this Bill.

Mr. O'Connell moved the amendment there are two items missing weekday twilight resident and weekday twilight nonresident fee which is not in the original bill.

Mr. D'Amore asked Mr. O'Connell to read in the text of the two amendments.

Mr. O'Connell stated that the two amendments of Bill 70 would include weekday twilight resident now is \$13 and would change it to \$15 and weekday twilight nonresident is now \$16 and would change it to \$18.

Mr. Gurdy seconded the amendment.

Mr. Bennington asked Mr. D'Amore to remove the Caps.

Mr. D'Amore asked everyone to keep their comments down and asked were there any objections to the amendment that has been moved and seconded. Hearing none the amendment has been moved by common consent. He asked Mr. Bennington that his suggestion was to also.

Mr. Bennington stated to move the Caps as discussed.

Mr. Donovan moved to amend Bill 70 by removing all the Caps for the season passes and reinsert the following: Upping the fee by \$2 and that fee is doing the seasonal. He stated that he would have to defer to his colleagues who were at the last meeting about the \$2. He stated that it was a Caps issue and asked was it a totally different item.

Mr. O'Connell stated that in the original bill there were two items missing. Part of the discussion a week ago was that they did not want Caps on the amounts of rounds played. A season pass is a season pass. A membership is a membership.

Mr. D'Amore stated that he is not aware that is in the bill.

Mr. Donovan stated that it is the way it is presented on his sheet.

Mr. D'Amore stated just for clarity that the bill was amended based on Mr. O'Connell's motion and that is what stands amended. There was not anything about the Caps in the bill. It was an administrative action.

Mr. Bennington stated that there were Caps in the bill that they agreed to be removed at the last budget meeting.

Mr. D'Amore stated that he is looking at the bill and do not see the Caps and asked them to please apprise of where they are.

Mr. Donovan stated that there on the first page on the printed documents.

Mr. D'Amore stated that he sees they are actually crossed out on the computer. He stated that they have not been moved to be crossed out.

Mr. Donovan stated that he would like to move to amend Bill 70 by amending all the Caps on the season passes.

Mr. Guridy seconded.

Mr. D'Amore asked for clarification if it would eliminate all the taxes that is in parenthetical reference under Golf Course fees/Season tickets that refer to a round maximum.

Mr. Schweyer stated that he assumes that it removed the line items adult residencies and pass 7-day 60 round max completely eliminate that option and illuminates that option of adult nonresident 7-day 60 round max

Mr. D'Amore asked Mr. Donovan to move to eliminate those two lines entirely as a friendly amendment.

Mr. Donovan stated that he would add to the amendment to remove the lines of the following adult residencies and pass 7-day 60 round max \$665 and adult nonresident season pass 7-day 60 round max \$840.

Mr. D'Amore asked Mr. Marchetto is Council in order with this amendment.

Mr. Marchetto stated that you are in order if you understand what just stated.

Mr. Hanlon stated that they will remove Caps to the rounds and remove the resident season pass and nonresident season pass.

Mr. Marchetto suggested as a point of clarification would it be easier if they actually took the Bill and struck everything that they want stricken and pass it through council to make sure everyone sees what is stricken and that way you have a physical record of what you are doing.

Mr. D'Amore asked does all council have a paper copy of the Bill. He stated that he will read this in and if anybody from the public has a copy they can also follow along with them. He asked Mr. Donovan to correct him if he is in error. In 400.04 GOLF COURSE FEES

GOLF COURSE FEES

NEW FEE

Season Tickets

Adult Resident Season Pass (7 Day) (125 Round Max)	835	<u>950</u>
Adult Resident Season Pass (7 Day) (60 Round Max)		665
Adult Resident Season Pass (5 Day) (100 Round Max)	625	<u>700</u>
Adult Non-Resident Season Pass (7 Day) (125 Round Max)	1000	<u>1,200</u>
Adult Non-Resident Season Pass (7 Day) (60 Round Max)		840
Adult Non-Resident Season Pass (5 Day) (100 Round Max)	790	<u>900</u>

Mr. D'Amore asked were there any objections that this amendment. Seeing no objections, the Bill stands amended by common consent.

Mr. Donovan stated that he was not here and asked for Mr. D'Amore to explain the justification for the premium on residents. He is curious of what should be the spread.

Mr. Jeff Wambold stated that the memberships were basically increase at the same amount because before they did have a \$5 co-pay for nonresident members who played on weekends before 1:00 PM. He stated they removed the \$5 fee and that is why the nonresident membership was higher than the residents.

Mr. Donovan stated that he has to ask himself is the premium is sufficient and if not this year looking at it and want to know what the premium is at other golf courses here in the state and elsewhere. He stated that it is a sizeable spread, but the question is if it is even more. Is it appropriate and he does not know and maybe he can give it to him in the future a breakdown of residential use versus nonresidential use. He stated that he would understand if they raised the nonresidential they can lose revenue or gain revenue. He looks at those spreads and finds himself saying is that the right one and hopefully Mr. O'Connell next year they can look at that a little more closely.

Mr. O'Connell stated that he does agree, but they beat this to death at the last time around. They are at the point where they are satisfied and it is the best deal in town and the golf course is a first class golf course. People use it and rave about it. Let a good thing stand and let's vote on it and move on. There are twenty-seven resident memberships and there are thirty-five nonresidents' memberships. The small increases in the fee to play out there would not drive people away. In fact, they had people here at the last meeting that said it was great and all they were concerned with is do not Cap the rounds. A membership is a membership.

Mr. Donovan stated that the breakdown of residents versus nonresidents.

Mr. Schweyer stated that he supports the removal of the 125 round max. Do you have a desire to create a membership that is CAPPED lower round? If someone wants to pay the \$950 for an unlimited and you can golf 365 days a year, are there folks that would buy a 50 round discount. He asked if they could offer a second type of season pass that is capped at 50 rounds. He would consider a second option of a reduced membership for next year.

Mr. Wambold stated that it depends on how much they are playing now.

Mr. Guridy stated that is a good idea. He stated that Mr. Wambold has done a great job at the Golf Course. Why does the city have more nonresidents' memberships than residents' memberships?

Mr. Wambold stated that depends on how many people want to play. The golfing database of all the people that play golf regardless of the members, they play 8 percent of the rounds that the city has. 6.3 percent are really city residents that come to the golf course that day. 93 percent are nonresidents.

Mr. Guridy asked if the city was very competitive in terms of other municipalities and other golf clubs.

Mr. Wambold stated absolutely the same or less still with the increase.

Mr. Hershman asked does it still take five votes to raise a fee or tax.

Mr. D'Amore stated that on this vote, yes on any vote under the authority of the Charter.

Ordinance passed, 7 - 0

[Bill 71 PUBLIC WORKS FEES.DOC](#)

Amends Article 393, Fees for Public Works, by revising permits and fees for streets, utilities, waste water permits, chemical assessment and evaluation fees, and various other miscellaneous fees.

Ordinance passed, 7 - 0

[BILL 72 HEALTH FEES.DOC](#)

Amending Part III, Business Regulation and Taxation Code, Title Nine, Fees, Article 395, Community and Economic Development Fees, Section 395. 23, Child Care Certificates Fee, by including and increasing certain fees for food facilities that were previously established under the AIM regulations. The food facility fees have not been changed since the issuance of an AIM regulation in 1995 – this bill would place the fees in the code.

Ordinance passed, 7 – 0

[BILL 73 EMS FEES.doc](#)

Amends Article 391, City Billing for Emergency Medical Services, by updating this ordinance to adjust language to make the definitions consistent with the new Pennsylvania EMS Act 37 and increase fees to meet increases in cost of doing business.

Ordinance passed, 7 - 0

[BILL 74 BLDG STANDARDS FEES.DOC](#)

Amends Article 395, Community and Economic Development Fees, by increasing fees charged by the Bureau of Building Standards and Safety.

Mr. Tom Costa, 510 Mountain pike Road, asked for clarification on what is the fee for rental registration for 2011.

Ordinance passed, 7 - 0

[Bill 75 PLANNING-ZONING FEES.doc](#)

Amending Article 395, Community and Economic Development Fees, by increasing Zoning, Land Development and Subdivision Fees.

Mr. Donovan stated that some of the fee increases were pretty steep. Did some of them that were very significant was because of the different costs that have gone up.

Mr. Hefele stated that the zoning appeal fees went up \$75. They have not been increase since 2006 and the increase is necessary to cover the out-of-pocket costs.

Ordinance passed, 7 - 0

[Bill 100 SHADE TREE.doc](#)

Amends Article 911, Shade Trees to more specifically outline the powers and duties of the Shade Tree Commission.

Ordinance passed, 7 - 0

[Bill 76 SWENTERPRISE.DOC](#)

Adopts the Solid Waste Enterprise Fund: \$14,754,232

Mr. Hershman stated that based on Budget Memo #3 there is no amendment to this bill. He stated that Council did not make any amendments to Budget Memo #2 or #3. It has always been a practice to amend this budget memos.

Mr. D'Amore stated that is not correct, they accepted the Budget memos from the decisions from the Solicitor last year after careful discussion. It was determined once the Budget memos were accepted by Council becomes part of the Mayor's proposal and therefore do not need to be amended.

Mr. Hershman stated that the mayor suppose to submit to Council a balanced budget and the budget the Mayor submitted to council is not a balanced because it just listed the expenditures and revenue and the expenditures extended the revenue. If the council does not amend the budget with an opening and closing balance so you can see how much money you need to appropriate next year. He stated that they do not an unappropriated balance right now as the budget was submitted to you.

Mr. D'Amore stated there was and was dates and made public at the Budget meeting dated November 23, 2010 it is the opening and closing balances estimated, actual, and proposed. He stated to Mr. Hershman if he is correct, then council can move to accept this. He asked Mr. Hanlon does he have a record of the council accepting this.

Mr. Hershman stated that council never accepted they just looked at it.

Mr. Donovan made a motion to accept the opening and closing balances.

Mr. Schweyer seconded the motion.

Mr. D'Amore said without objection it is accepted.

Mr. Hershman stated that what we do in Allentown he understands Mr. Donovan's concern.

Mr. Donovan stated that he was not here because of his teaching schedule. One of the questions he was going to ask after Mr. Hershman was to talk about there is a budgeted deficit here in the budget book and he has this document that draws down on the cash balances that is allocated to the fund. The deficit does exist. It exists in the Water Fund and the Sewer Fund and he will talk about that. He does not disagree with Mr. Hershman's concerns and he apologize that he did not speak about the deficits before Mr. Hershman walked up.

Mr. Hershman stated that he is concerned on how the Council is operating here today stating they accepted a piece of paper that was accepted this evening.

Mr. D'Amore stated that this was a product of discussion at a budget committee meeting which he was at and Mr. Hershman made a comment that procedurally they did not accept it. He stated that Mr. Hershman ended up being correct and yielded to that and thanked him for pointing that out for them. They did what was procedurally correct and accepted it. He stated to Mr. Hershman do not tell them that they did not discuss it because they did discuss it.

Mr. Hershman asked if they still operate under Robert Rules of Order. He stating when you offer an amendment under the Robert's Rule of Order the amendment has to be read.

Mr. D'Amore stated that Robert Rules apply when the Charter or the Rules of Council are silent.

Mr. Donovan stated that he would like to offer an amendment to the Solid Waste Fund. He stated that they have a variety of charges here, but on the SW-5 Solid Waste Public Works 8005001 Account Number Rentals #30. He moved that the budgeted item \$194,490 be reduced to \$190,000.

Mr. D'Amore stated be reduced to \$4,490.

Mr. Guridy seconded so that they can discuss.

Mr. Donovan stated that it was a big jump from \$130,000 to \$194,490. He realizes that budgets are estimates but \$194,490 and he would like to see the administration to work within \$190,000. He stated if the Mayor has fixed contracts in place then they can not do it.

Ms. Anne Saurman stated that they do have some lease to purchase contracts as part of the rental that drive it to the \$194,490 as well as obligations for the warehouse, collection vehicles, and also the city is looking at based on yard waste and what is going on next year. The purchase of the lease to own tub grinder to handle the city' yard waste and since the county is eliminating their Snitsville Operation Site and throwing the responsibility back to the municipalities to handle yard waste operations.

Mr. Donovan asked Ms. Saurman is the \$194,490 is already committed.

Ms. Saurman stated yes.

Mr. Donovan stated that in some ways it is a way to educate the public in the fact that if they attempt to make any cuts they would either break contracts or make a decision not to spend. Is there anything there that Ms. Saurman can forego for next year?

Mayor Pawlowski stated that everything in there porta johns, trash collection vehicle, tub grinder which is the biggest increase in this expense since the county eliminated the program and they have to do something to take care of yard waste. They were able to get a tub grinder back from the county and received a grant many years ago from DNCR, but it is a very old tub grinder which is from 1993 and it is on its last leg. They do not think it is going to last another season.

Mr. D'Amore asked did they get the detail sheet for Solid Waste.

Mr. Donovan stated that he has 30, 35 or 40 line items spread throughout the budget with these small cuts and the public should know that it adds up to \$165,000. He stated that if he would go through the larger ones and take the small percentage on \$194,000 and took \$5,000 which is a relatively small percentage and asked the

Mayor can they save time and later start introducing these amendments that they are committed or would they be able to find some savings throughout that or do they have to tell the public if there are no cuts in the future it will be totally personnel.

Mayor Pawlowski stated as they look at this, they went through five or six different iterations with the staff and asked them to cut everything possibly that they can cut. There is no fat in this budget. They made it as lean as they possible can. Everything in the budget is because the staff felt that is what is needed in the operation. If you look at the details, it is all committed revenues. Most of the lines items are committed revenues.

Mr. Donovan withdrew the motion.

Mr. Guridy stated that he agrees with the mayor on this with all the budget hearing that they had they went through the budget line item by line item. They could not find anything.

Mr. Donovan stated that he is trying to make a point and help the administration to show that really this budget and what they face is a decision of how many people they want serving us in the city. He stated that there is a question of pay. He stated that he may not offer the amendments, but stated that he wanted them to understand that personnel is the issue in the city.

Mayor Pawlowski stated that they have the lowest personnel in this budget that they had in almost forty years in the city of Allentown.

Mr. Donovan stated with higher salaries and that is the issue.

Mr. O'Connell stated that Mr. Guridy has clarified the issue. He stated that this is his first year on City Council and finds the budget process very interesting and challenging for all, this administration and City Council, but that is why we have department by department budget meetings to ask the hardcore questions then. He stated that he attended every one and it is an experience and it has been a good experience. He stated that he does not want to spend time going through 167 or 180 line items. We had the opportunity to do it as everyone presented their budget. That is the questions and answer period. With respect to Mr. Donovan, he does understand personnel is the issue at hand. He would ask and Mr. Donovan kind of alluded to that in his amendments and items tonight.

Mr. Donovan stated that he agrees with Mr. O'Connell that it is tedious, but to his understanding during the committee hearings they can not make changes unless the administration says yes and the only time they can make changes is at this meeting when they offer amendments. He stated last year, although Mr. O'Connell was not there last year and trying to make the point last year that to manage this city properly they have to take a look at are they going to finance the people they have or if they are not going to finance the people they have we need cuts. It is either or. The discretionary expenditures are gone. The non-personnel expenditures are required, at least that is what they are told and he is not auditor and he is not paid to watch and see if everyone is doing their work he has to leave it to the administration and the cabinet officers. This is the only time he can raise attention to is this enough or this too little. He stated that he is willing to forgo these amendments if they as a group realize that they have to make the hard decision about payroll or taxes depending on what services people want in the city.

Ms. Eichenwald stated that she agrees very strongly with Mr. Donovan. We are perpetually told that the budget is a lean as it could be, but they know that the budget is higher than last year. When it comes time, very shortly she hopes they are going to have a very difficult discussion about personnel and salaries.

Bill 76 passed, 7 – 0

[Bill 77 SWFEE.DOC](#)

Adopts the Solid Waste Fee: \$340

Ordinance, passed, 7 - 0

As amended by the acceptance of Budget Memo #3 passed, 7 - 0

[Bill 78 WATERFUND.DOC](#)

Water Fund Budget: \$15,165,559

Mr. Donovan stated that he was prepared to make a few cuts, but wanted to ask the administration as they know and believe they have a deficit with the water fund and he asked was that correct. He asked was it a change in the memo and he remembers looking at the numbers. He stated that he is looking at \$14.41 in revenue against \$15 million. He stated that he did not say it is an unbalanced budget. He stated that they are running a deficit. That is different. He stated that he is going to put his accounting hat on. They have \$14.4 million in receipts against \$15 million which is drawing down the cash budget.

Mayor Pawlowski stated that it is not a deficit budget. He stated that Mr. Donovan has to look at the cash balances that they carry over year after year for the last forty years in the City of Allentown. It is revenue and you count it all in. It is not an unbalanced budget.

Mr. D'Amore stated that Mayor Pawlowski is pointing out that what he is obliged to do is to provide a balanced budget which does not necessarily means that receipts and expenditures will equal because it is a fund to draw down on and he is proposing to draw down on that fund.

Mayor Pawlowski stated that what this is not taking into an account and what they are not taking into account in a budget especially for next year that they have consummated a water deal with Lehigh County Authority and that pipeline will begin next year and they will have water starting flowing and will start generating revenue for the city. As they get into 2011 and 2012 and the pipeline is fully utilized, they will be getting about \$1.5 million per year of additional revenue. On top of that it is a large amount of un-collectibles that they are going after at this particular time. There is a percentage of the population because the meters are extremely old because they do not correctly calculate the water usage and honestly if you talk to the inspectors there is a portion of the population that has bypassed these water meters especially in the Center City areas and that all will be rectified and corrected. They were able get a significant PennVest loan which they are going to put in all new water meters in every single building in the City of Allentown, starting next year. It will be electronically monitored and if you put us in the 21st Century in a more state of the art facility and that will help us bring in more significant revenue.

Mr. Donovan stated that he does not believe that the Mayor provided that in writing at the Budget Hearing for the Water Fund. He stated that it would be useful and would ask for that if he were running a business. He stating that he needs to make one clarification of if you are drawing down on a cash balance to give a balanced budget, but has a budget deficit which is then is offset by drawing down on a fund balance for this and there is a difference from a financial point of view. That leaves us out of a forecast out of \$14 million revenue and a \$15 million expense an estimated cash fund balance of \$525,248 which is not a margin of safety even though we have cash elsewhere that we can draw down upon and even though we might have estimated revenue coming in. That needs to be pointed out because that is probabilistic about whether of when those revenues come in and the public needs to know if those revenues come in we are going to get expenditures of increases over the next few years. We are running pretty close to a zero situation and what does not suggest for the future of water rates in the future. He stated that he wants the public to recognize that they are running a budget deficit with a potential of revenue next year to offset it. He asked when construction would start.

Mayor Pawlowski stated that no, but they talked about it. That is actually a contract that is signed.

Mr. Richard Young stated that construction would start in the Spring and should take about a year.

Mr. Donovan stated that we will not start seeing the revenue until '12.

Mayor Pawlowski said no, we will start seeing part of the revenue here because we are selling 2 million gallon from Schantz Springs.

Mr. Richard Young stated that will start either in December or January.

Mr. Donovan asked was it not included in this budget. Is that in the \$14 million?

Mayor Pawlowski stated that additional revenue because it is a forecast out. He stated that his assumption is that they are going to use the 2 million gallons.

Mr. Young stated it is in the \$14 million.

Mr. Donovan stated that the new money will not come in until 2012.

Mayor Pawlowski stated to remember that this is the fund balance at the end of 2011 and then it picks up in 2012.

Mr. Young stated that the 2 million gallon a day they are looking to sell to LCA they are having difficulties with the construction at this point in time, but as the agreement is written, they start paying January 1st whether they are drawing water or not.

Mr. Donovan stated that he is just pointing out that they city is running everything tightly and they need to get that construction done for 2012.

Mr. D'Amore stated that they have Budget Memo #3.

Mr. Marchetto stated that Budget Memo #3 has changes to the Solid Waste Fund and the Sewer Fund and they should adopt that Budget Memo.

Mr. D'Amore stated that they have to move to accept that and they can move on to the Water Fund.

Mr. Schweyer made a motion to adopt Budget Memo #3.

Mr. Donovan seconded the motion.

Mr. D'Amore stated by common consent Budget Memo #3 is adopted for the Water Fund. He stated that they will go back to the Water Fund. He asked were there any comments on the Water Fund which is Bill 78.

Ordinance passed, 6 – 1 (Donovan)

[Bill 79 WATERRATES.DOC](#)

Adopts Water Rates for 2011 (2010 Rates)

Ordinance, passed 6 – 1 (Donovan)

Mr. D'Amore stated that they accepted Budget Memo #3 which has amendments to the Solid Waste Fund and apologized for his error. He asked Mr. Marchetto as Chair can he move to reopen Bill 76 which has already been voted on.

Mr. Marchetto stated yes, he can and reopen so that they can vote on it as amended by the Budget Memo.

Mr. D'Amore stated that he is going to move that they reopen Bill 76. He asked was there any objections to reopening Bill 76. By Common Consent, Bill 76 as of now amended by adopted Budget Memo #3, was approved, 7 - 0.

Bill 77, the Solid Waste Fee was reopened, and as amended by Budget Memo #3, was approved, 7 – 0.

[Bill 80 SEWERFUND.DOC](#)

Sewer Fund Budget: \$16,519,037

Mr. Donovan stated that he wishes to draw attention again to there is a budget deficit for this account which was offset by a reduction estimated fund cash balance and that Mayor Pawlowski explained how he plan on getting that back into shape in 2012. He asked Mayor Pawlowski if they had a similar plan for 2012 for the Sewer Fund.

Mr. Young stated that he thinks in the Sewer Fund the Cash Balance is much higher. He stated that he does not foresee the problem that is in the Sewer Fund that is in the Water Fund.

Mr. Donovan stated that it is much higher and he should have said that. He stated that would suggest that this year they are going to burn an additional \$1 million over receipts and that gives you three more years after this so you can burn a million dollars a year and then it would be zero. He stated that they will get expenditures increases over the next few years which means in the future.

Mr. Young stated that he does keep a close eye on all the funds. The Water, Sewer, Liquid Fuels, Solid Waste on a very regular basis and we are going to come under budget. What is in the budget is an estimate of expenses.

Mr. Donovan asked Mr. Young is he telling him that this budget is \$1 million over.

Mr. Young stated no.

Mayor Pawlowski stated that they are going to come under budget this year and will work very diligently to make sure that they will come under budget next year. He stated that a couple of things they have been doing here is they have be surveying all of the sewer lines because we have leakage and that leakage is obviously costing us money. He stated that the city put money as part of the bond that they use to fix some of these water lines and sewer lines especially in the areas where they have taken a close circuit TV camera and so they been able to go through some of the pipes and see where some of the leakage been happening because of the age of the pipes and sink holes they crack and every time it rains it is dumping more sewage into the pipes. Once they fix that, it increases the capacity which they can sell to surrounding municipalities, but reduces the cost dramatically.

Mr. Young stated that is less water they would have to treat.

Mr. Donovan asked the percentage improvement as a result of those improvements.

Mayor Pawlowski stated that could anywhere from ten to forty percent. It depends on the life of the pipe and how much they fix and how big the leaks are.

Mr. Donovan asked does the Mayor see it shooting to a surplus in 2012.

Mayor Pawlowski stated that their hope is to get it there.

Mr. Donovan stated that there is a plan and can the plan bring it to a surplus in 2012.

Ms. Eichenwald stated that these conversations are extremely troubling that the city is sitting with these types of numbers and she once again agrees with Mr. Donovan's perception and if this gets approve and become part of the budget Mr. Young she hopes that he would keep council informed, not on a yearly basis, but on a monthly or semi-monthly basis of where the balance of the fund is.

Mayor Pawlowski stated to Ms. Eichenwald that the Council gets monthly reports. He stated expenses and revenue every single month.

Ms. Eichenwald stated that she understands that, but it is always best when they have an opportunity to ask questions and all she is asking is that they can continue that discussion and monitor both the Water Fund and the Sewer Fund on a regular basis.

Mr. Young stated that he is here at the meetings on a fairly regular basis and he will be happy to answer any questions at any time. Whether here or if she wants to give him a call or send him an email he is willing to

Mr. Donovan stated that later on when they deal with the General Fund Budget that he has been working on that and he has non-personnel. He realizes that Mr. Young has non-bargaining individuals that work in the Water and Sewer Fund.

Mr. Young stated that he has non-bargaining in all the Funds.

Mr. Donovan stated that it is his understanding that the non-bargaining unit received a 1 percent increase this year.

Mr. Young stated that is what is proposed in the budget.

Mr. Donovan stated that he blew it for the Water Fund because he is about to make a motion that we reduce the non-bargaining increase to .5 percent rather than one percent. He stated that he has not done the numbers of that and this will quite frankly be in his three years the first time they are going to cut back on payroll. He stated to Mr. Hanlon that he might need help because he was focused on the General Fund. Even though it is not a lot of money overall, they had two unions already make very generous commitments to shaving their costs. He stated that he regrets that he would suggest for them to reduce the raise. He has not had a raise in two years and a prospect of not having another raise from his employer. He stated that we all know that companies that actually are trying to keep jobs have cut 5, 10 or 15% for pay. Even his employers two years ago temporarily cut them and when things improved a bit, they gave it back. He would like to recommend that he puts a motion to the Sewer Fund and if they could reopen the Water, and Solid Waste Fund to reduce the non-bargaining raise to .5 percent.

Mr. D'Amore suggested to Mr. Donovan that he makes the motion to the fund that they have open right now and they will discuss the reopening.

Mr. Donovan stated that he move that the non-bargaining employees in the Sewer Fund increase be limited to .5 percent.

Ms. Eichenwald seconded the motion.

Mr. D'Amore stated that they will open up for discussion the amendment from Council.

Mr. Guridy asked did they all get the sheets that were sent to them. It gave them the Budget breakdown where all the increases and in light of that he is looking at the final budget and the proposed budget in the amount of percentage increase and they are saving a lot more money than they are spending on this. He does not see what he would do for the one percent.

Mr. Donovan stated that there was a mathematical error of the percentage changes. He stated to save some money. He did some manipulation of the spreadsheet and he is looking at right now. He stated that the overall amount and if you only multiply .005 times the entire supervisory payroll which is about \$12 million which spreads across the city, you are not talking about a lot of money. However, the SEIU and the FOP have given back a significant amount of money to the city and he appropriates that very much. He stated that they need to make cuts as much as they can and the biggest opportunities are in personnel and he is making the motion of .5 reduce it. He stated that he will stop making motions if people do not want to save money.

Mr. Schweyer asked Mayor Pawlowski if these were the same folks they asked to increase their contributions to healthcare last year of 7.5%.

Mayor Pawlowski stated that he is right. This particular group has really been sharing the sacrifice for quite some time.

Mr. Schweyer stated that Mr. Donovan's argument is compelling that two of the three municipal unions have made significant concessions and these folks made their concessions earlier.

Mr. Guridy stated that was one issue and the other issue is that he does agree with Mr. Donovan that they have to try and save some money, but if they calculate this it will be less than two hundred thousand dollars. He stated that some of these folks have not had a raise in several years. He asked Mayor Pawlowski if they received a raise. He stated that he truly appropriates the concessions made by the unions they received a pretty high raise because of the contract in the last couple of years as well.

Mayor Pawlowski stated that they received a small raise last year, but two years prior to that they did not and we increase their healthcare costs. He stated that because they have contractual obligations with all the unions, this is the only unit that they can increase cost on and we have in some areas as Mr. Schweyer pointed out. He stated that although it is politically popular to deny them increases the fact is that the group has been overlooked or singled out for a long time. They share that sacrifice. If you look at SEIU, they received about seventeen percent increase over the course of six or seven years and that is not the case for the non-bargaining and what you have is a situation where the managers are making less than the people they are managing and they have a difficult scenario of a good portion that retire, it is going to be tough to fill it because you are not going to have SEIU people that have some knowledge of the operation to go into the jobs because they are making more money in some cases in being in the SEIU. At some point they have to start addressing this issue. This year is not the year to do it in any substantive manner, but this is a small way that they get a small parity to address the problem.

Mr. Guridy stated that Mr. Donovan made a compelling argument, but he would have to defer from his amendment.

Mr. Schlossberg asked when was the last time a non-bargaining unit employee got the same raise as a bargaining unit employee. He stated what the SEIU and the FOP did was commendable. They did a great thing for the city. He stated that if they cut salaries they will start to lose employees. We will lose talent and the managers that run the city's programs. This will be penny wise and pound foolish. If they did this it will make them lose talent and savings that could be created.

Mayor Pawlowski stated about twenty to twenty-five years. He stated to Mr. Schlossberg do not forget the knowledge base.

Ms. Eichenwald stated that she has a different perspective that two hours ago they asked the citizens of the City of Allentown to pay more money by increasing the EIT and from her point of view, her constituency is those very citizens and these are painful decisions and she does not take it lightly. The federal government just put a pay freeze on salaries. The City of Bethlehem is reducing its payroll and she is not advocating that here. In private business, those of us that have been or are business owners know that you have to make difficult decisions and you have a choice you either let employees go or reach a critical point in which you let another employee go your business will collapse and she understands that and they can not do that. If you are not going to lower salaries at least keep salaries at the rate that they are. She stated that she had a conversation with the administration last week about reducing salaries and here we are only discussing about keeping the salaries the way they are fixed and it goes with good conscious. She stated that she can not vote to increase someone's salary when the people that are paying back bills themselves when is the last time that any of the citizens or many of the citizens had an increase in their salaries. It is painful, but life is not fair and bargaining units have other ways in which they can increase their salaries, but the reality is that it is incredibly unfair to ask the citizens of Allentown to increase their payments in taxes and to raise salaries. She stated my dear colleagues I am puzzled. Several of them votes not to increase the EIT tax and yet that lowers the amount of revenue the city will take in, but at the same time you wish to increase salaries. She stated that she does not understand how this jives. She stated that she owned a business for many years and she knows in her own business that the revenue did not come in she could not pay her employees. When times are tough, we have to make tough decisions. Hopefully, things will turn around and she hopes that she is still here at that time to sit here and offer raises, but she can't do that today. She stated to Mr. Donovan that he has an amendment for a .5 percent rather than a one percent and she does not know if he will accept a change to that amendment. She thinks that it should be an across the board no raises for this year.

Mr. Donovan stated that he would agree and would like to change his amendment to no increase.

Mr. D'Amore stated that he will assume that Ms. Eichenwald will second that.

Ms. Eichenwald seconded that motion to change the amendment to no increase.

Mr. O'Connell stated he just wanted to echo what Mr. Schlossberg said and stated very well in which he will oppose any reduction in the one percent.

Mr. D'Amore stated that he concurs and he does not necessarily like the idea of comparing and contrasting and respect the collecting bargaining process and feels that they should all respect the collective bargaining process. That is separate from the non-bargaining unit employees. The non-bargaining unit employees have been the brunt of the sacrifice for a long time and we mandated upon them healthcare co-pay and that was last year and they had to forego raises numerous times. This is a very modest raise and he thinks that after giving up for so many years, it is not appropriate take from that group.

Mr. Donovan stated that he wanted to point out the 78 employees that he has with the list of changes. The average salary for 2011 is \$51,669 with the minimum of \$32,607 and the maximum of \$78,495. He stated that when he talked repeatedly about the responsibility that the residents of Allentown have to properly fund the

activity he hears that they can not afford more real estate tax and we have not had a real estate tax increase in five years. He stated that he respects the fact that everyone gets paid and every year he goes without an increase that bothers him, but the employees of the city work for the citizens of Allentown and he is here asked by the citizens of Allentown even though not a lot of people vote in the City of Allentown to try to help manage the city and his boss came to him two years ago and said no raise and came back this year and said no raise and came out and said no raise until at least 2012. He stated that you can argue that reason that he is arguing this is because of him, but the fact is that you hear all the arguments that people are not able to afford more real estate tax and he feels as he stated earlier that he is going to put together a Resolution requesting all the government and appointed officials make a donation back to the city in good faith of what the city is asking for the residents with the EIT and what we are asking the FOP and the SEIU to do and he thinks that we all in this together and if we look out for our own special interest we would fall apart. He feels that it should be fairness and balance in sacrifice and public employees often gets better healthcare then a private sector does and this is a responsibility that we all have to bear and if he loses the vote he loses the vote, but feels this is something he needs to present.

Mr. Schlossberg asked Mayor Pawlowski how many times did the 78 employees that they are having this conversation about that are affected by the one percent raise. How many times have they come to you or to a department head with an idea or an opportunity that resulted in a more efficient delivery of city services or on cost savings?

Mayor Pawlowski stated a large amount of times. These are the folks that lead the department and these are the folks that are constantly looking to retain costs and save money and increase revenue on a daily basis. These are the heart and soul of our operation.

Mr. Schlossberg stated that if this motion were to pass it would save somewhere between \$100,000 and \$200,000.

Mr. Bennington stated that if you reduce the one percent, it would be \$120,000. If it were .5 percent it would be \$60,000 on the 170 non-bargaining employees.

Mr. Schlossberg stated \$120,000 or the potential to do what ever we can to keep the good talent that we have and continue to utilize the institutional knowledge in order to save the taxpayers money. If we save \$120,000 now he bets they will wind up losing hundreds of thousands of dollars down the road. This is a poor fiscal decision. He stated to Ms. Eichenwald that she raised a very fair question. He stated that he voted no on the EIT and you asked how those of us that voted no on the EIT could justify supporting this one percent raise. The answer in his mind is fiscal responsibility. This one percent raise is the fiscally responsible thing to do and frankly it is the right thing to do.

Ms. Eichenwald stated that City Council is charged with having the fiduciary responsibility. That is our job tonight to make a budget. If you want to reduce it from making a budget to making a business or for home you have so much money coming in and that is all the money you have to spend. You do not want to raise the money coming in and you don't have the money to spend. There was no argument for her that our employees are superb and that they do a great deal of work, but how many people out there and how many of our citizens have gotten a raised this year or last year. How many of our citizens pay and she stated that she is going to make a judgment on this only 7 ½ percent of their healthcare cost. How many do not have any healthcare and how many have to pay it for themselves. How many have been reduced. How many citizens out there have a reduction in some way? The Lehigh Valley has the third highest unemployment in the state. And just imagine how much of the unemployment base is here in Allentown city. She stated that she does not do this lightly. She stated that she recognizes how wonderful and dedicated the employees are, but where will the money come from. We vote yes, yes, yes to increase and increase expenditures and increase revenue is the only way we can't sell a product. All we have is taxes and we vote no for that. She stated that she does not

understand the fiduciary responsibility. It is painful and difficult and employees hurt, but at some point we have to have some financial responsibility or it does not bode well for the City of Allentown.

Mr. O'Connell stated that have anyone considered the fact that these people are underpaid. Allentown School District Deputy Superintendent, \$135,000. What do you get paid Ken. Allentown School District \$115,000 what do you make Rich. He stated going back to Michael Schlossberg's point is that we have the best, brightest and hard working people in this room. One percent increase out of an \$88 million budget comes out of \$166,000. This is foolish that we are doing this and will oppose any decrease or freeze in these non-bargaining unit salaries.

Mr. Bennington stated \$95,000. These people are here on their own volition voluntarily tonight. No one forced them to be here. Most of these people work 24-hour 7. If I call in a middle of a snowstorm at 2:00 AM I can get Craig Messenger and if I call on a Saturday to get something in public works I can get Rich Young. On a weekend Greg Weitzel and on vacation I can get Sara Hailstone that is on vacation. These people are the hardest working group and they are unappreciated.

Mr. D'Amore stated that he appreciates Mr. Bennington's passion for the people that works under him.

Mr. Young stated \$88,000. He stated that most of them heard what he had to say last Tuesday and he meant that. The one percent, you raised the EIT to .35 percent. These people are paying it too. Our health insurance costs even though the percentage is staying the same the premiums went up so their costs will go up too. Essentially, it is flat. There is no raise. It looks like a one percent raise, but the costs coming out of that pay check, the take home pay is not going to change.

Mr. Donovan stated that he knows that he is not necessarily well like when he does things. He stated that he is not looking at the people; he is looking at the city. You have to separate the people from the problem. The problem is we have an overrunning deficit of salaries that are going up. Without a tax increase for five years that is major. We have the LST, EMT, and now the EIT which is a much more significant amount. If he had his way he would love to give raises and will personally get hit by EIT. If he had a real estate tax, he would be hit with that, but he recognizes that you get what you pay for. We do not raise enough revenue to give raises and we are very tight and asking everyone in the city to pay more and we are asking union employees and he does not care if it is a union employee or not. Two groups of employees have accepted cuts in their increases. If he had his way he would go with Ms Eichenwald and say that everyone in the city cuts their pay for a year five percent and we save about a \$1.5 million. We would save a little Social Security, but we would not save on the other costs.

Ms. Eichenwald stated that Mr. Bennington remarks pained her because it implies that her struggle here to be fiduciary responsible is also a reflection on how she reviews the employees. She stated that she reviews the employees with the same respect and admiration as do he. It has nothing to do with how she views them. It has to do with fiscal responsibility.

Amendment failed, 5 - 2 (Donovan, Eichenwald)

Ordinance passed, 5 – 2 (Donovan, Eichenwald)

[Bill 81 SEWERRATES.DOC](#)

Adopts Sewer Rates for 2011 (2010 Rates)

Ordinance passed, 6 – 1 (Donovan)

[Bill 82 LIQUIDFUELS.DOC](#)

Adopts the Liquid Fuels Fund: \$2,287,973

Ordinance passed, 7 - 0

[Bill 83 TREXLER.DOC](#)

Adopts the Trexler Fund Budget: \$1,370,613

Ordinance passed, 7 - 0

[BILL 84 GOLFCOURSE.DOC](#)

Adopts the Golf Course Fund Budget: \$1,527,081

Ordinance passed, 7 – 0

Mr. D'Amore stated that Council has to move Budget Memo #2.

Mr. Schweyer moved Budget Memo #2.

Mr. Guridy seconded moving Budget Memo #2.

Mr. D'Amore stated The Equipment Fund and the General Fund will stand amended by Budget Memo #2.

[BILL 85 EQUIPMENTFUND.DOC](#)

Adopts the Equipment Fund Budget: \$889,002

Ordinance passed, 7 - 0

[BILL 86 RISKFUND.DOC](#)

Adopts Risk Management Fund: \$17,140,295

Mr. Schlossberg stated that he is significantly concerned about the balance of Risk Management Fund. We have run a deficit in it for four years. He stated that he understands what is listed in the actual and estimate may not be what the end result is, but none the less based on the numbers in front of him it will be a \$500,000 Cash Balance by the end of the year when five years ago we had a Cash Balance of \$7 million.

Mr. Donovan concurred with Mr. Schlossberg.

Mr. Guridy stated that he concurs with both of his colleagues and ask the administration to keep looking at this budget and he expressed his sentiments during the budget hearing for the legal department. He is very concerned about it. The promised when he came in that the Risk Management Fund was very low and he raised it up. He asked the administration to keep their eyes on it and make sure it goes up.

Mr. D'Amore stated that he concurs with Mr. Schlossberg's remarks and his colleagues remarks. It is troubling that we see the depletion of this Fund over the years.

Ordinance failed, 7 - 0

BILL 87 CAPPROJECTS.DOC

Adopts the 2011 Capital Projects Fund

Mr. Donovan stated that he is not against the Fund proposal as presented, but since he was not at the Capital Improvement Plan and asked for an explanation of the Hamilton Street light upgrade was not included. He believes it was \$85,000 or \$65,000. Many merchants on the streets feel that those lights are antiquated and should be updated and it strikes him that the \$85,000 was not an expensive amount of money that could have taken a bonding for this. He stated that it has been a discussion with the Allentown Chamber of Commerce about the fact that the lights create havoc between Hamilton and Tenth and Sixth.

Mr. Young stated that the three intersections Tenth, Ninth, and Seventh the city put out to bids from the time they had these programmed PennDot implemented a program for eighty-eight ramp which drove the costs up. When they put in the new traffic signals, they have to redo the ramps for 88 Compliance because of that the cost for those three intersections went up. He stated that they pulled Seventh Street. The contractor has agreed to hold his price. The \$60,000 in the Capital is the differential so that they can do all three. They are going to start in the spring. There is a lot of lead time with the equipment.

Mr. Donovan asked Mr. Young if they were able to do the lights on the sidewalk or not. Are we able to update the traffic lights on Hamilton Street and asked if the city will be doing that.

Mr. Young stated that you will probably see the construction occurring in the Spring on the new traffic lights on Ninth and Tenth and probably will be a little bit later when they start with Seventh.

Mr. Schlossberg commended the Mayor and the administration for this Capital Budget. There are bold proposals and vitally necessary proposals to particularly repair some of the infrastructure needs.

Mr. Young stated that bids are going to be received tomorrow at 11:00 AM in Harrisburg for the replacement of the 15th Street Bridge.

Ordinance passed, 7 - 0

BILL 88 DEBT.DOC

Adopts the 2011 Debt Obligations Fund: \$7,515,386

Ordinance passed, 7 - 0

BILL 89 E911.DOC

Adopts the 2011 911 Fund: \$2,952,119

Ordinance passed, 7 – 0

Mr. Schlossberg stated that before they get to the General Fund he would like to motion for them to move forward Bill 93 and 94.

Bill 93 RACP SYMPHONY HALL.doc

Amending the 2010 General Fund Budget to provide for a supplemental appropriation of Two Hundred Thousand (\$200,000) Dollars to provide for the grant from the Commonwealth of Pennsylvania Office of the Budget to the Allentown Symphony Association.

Mr. Schweyer stated that this Bill was forwarded favorably in a vote of 2 – 0.

Ordinance passed, 7 – 0

[Bill 94 LVEDC CHAMBER GRANT.doc](#)

Amending the 2010 General Fund to provide for a supplemental appropriation of Six Thousand (\$6,000) Dollars from the Lehigh Valley Economic Development Corporation to the Lehigh Valley Chamber of Commerce for the Hamilton District Main Street Program and downtown events.

Mr. Schlossberg recused himself since he is employed by the Lehigh Valley Chamber of Commerce.

Mr. Schweyer made a motion to suspend the rules and pull Bill 94 out of committee so they can vote on it this evening. He stated that there were two members of the committee present and Mr. Schlossberg had to recuse himself from the vote and did not have enough for a quorum for vote.

Mr. Guridy seconded the motion.

Mr. Donovan stated that he is the vice president of the Allentown Chamber of Commerce and is loosely affiliated with the Main Street Program and that would leave five of them for votes so he will recuse himself.

Mr. Schweyer stated that although Bill 94 was not given a full vote he had a wonderful conversation with himself about Bill 94 and he agrees very strongly about Bill 94. He stated to save \$6,000 on a program that has been highly efficient.

Ordinance passed, 5 – 0 (Donovan and Schlossberg recused themselves)

Mr. Schlossberg made a motion to bring Bill 95 out of committee.

Mr. D'Amore seconded the motion to bring Bill 95 out of committee.

[Bill 95 HANOVER PROJECT.doc](#)

Amending the 2010 Capital Fund Budget to provide for an appropriation of Two Million Seven Hundred Seventy-two Thousand Six Hundred Forty-Two Dollars and Eight Cents (\$2,772,642.08) reflecting receipt of funds from the America Recovery and Reinvestment Act (ARRA) to install replacement water line, install ADA standard handicap ramps, and provide milling and paving of Hanover Avenue extending from the Hamilton Street Bridge to Graham Street. The Bureau of Engineering is supervising and monitoring the funds.

Mr. Schlossberg stated that this was the acceptance of Stimulus money for work the city did on Hanover Avenue.

Mr. Schweyer stated that he is assuming that it is the section of Hanover from the Bridge to Graham Street.

Ordinance passed, 7 – 0

Mr. Schlossberg stated that he has one more Resolution R-53 that he would like to move forward on the Agenda.

Mr. Donovan seconded the motion to move Resolution 53 forward.

[R53 1520 Hanover Sewage Plan Module.DOC](#)
Sewage Plan Module for 1520 Hanover Avenue

Mr. Schlossberg stated that this is an installation of a septic system 1520 Hanover Avenue and would connect to the Allentown Sewer System. He stated that they are required by law to approve it, but it is pretty run of the mill.

Resolution passed, 7 – 0

[BILL 90 GENERALFUND.DOC](#)

Adopts the 2011 General Fund at the sum of \$88,582,576 Dollars, net of a planned vacancy factor of \$853,081 Dollars.

Mr. D'Amore stated that he has requests from a number of his colleagues that they take the discussions on the General Fund by department by department. It is less than a haphazard process. The first thing in the Budget book is a non-departmental which covers the Mayor, City Council, Controller, the Solicitor's office and the General and Civic.

Ms. Eichenwald asked would they have public comment by department or wait until the general one. She suggested that they do it by department.

Mr. D'Amore stated that they can do it either way. The only problem by doing public comment by department is that they do have a rule that the public could only speak once and would put people in a position if they come up to speak then they could not speak again.

Mr. Schlossberg asked was it possible to suspend that rule for the remainder of the discussion.

Mr. Donovan stated that since it is their department that they will suggest to their colleagues that they move to take Account 34 and change it from the Training and Professional development and reduce it from \$7,000 to \$5,000 a change of \$2,000.

Mr. D'Amore asked Mr. Donovan if he was referring to GF-11.
Mr. Donovan stated that it is GF-11 0000101010000 Account 34.

Mr. D'Amore stated that it is GF-11 which is line 34.

Ms. Eichenwald seconded the motion.

Mr. Donovan stated that it is a sacrifice to them. He stated that he wants to send a message to the public and the administration that if council is going to ask for changes they need to do things too. He stated that he will be donating 7.5 percent take home Council pay back to the city.

Mr. Schlossberg stated that he does agree with Mr. Donovan and upon further reflection he will also like to make a budget amendment that they take line 46.

Mr. D'Amore stated that they only can discuss one item at a time.

Mr. Guridy stated to Mr. Donovan that he is assuming that he is recommending that the extra \$2,000 go to an unappropriated fund.

Mr. Donovan asked does he have to specify that in a motion.

Mr. D'Amore stated that yes.

Mr. Donovan moved to reduce Account 34 from \$7,000 to \$5,000 and the \$2,000 difference goes to the unappropriated fund balance.

Mr. Schweyer asked Mr. Hanlon would this dramatically impact his ability to serve as City Clerk or Ms. Whitehead's ability of Deputy City Clerk.

Mr. Hanlon stated no, this is your training.

Mr. Donovan stated that he thought that it was for the staff. He stated that he knows Ms. Whitehead is new so he was only going to reduce it by \$2,000. He asked if his colleagues wanted to bite it down a little more.

Mr. Hanlon stated that Ms. Whitehead would use some of it.

Mr. Donovan asked what the staff would use. He asked them to reduce it from \$7,000 to \$4,000 and send the remainder to the unappropriated balance.

Amendment passed, 7 – 0

Mr. Schlossberg stated that Mr. Donovan is absolutely correct. If they are asking for cuts from other departments then they should be willing to make cuts themselves. He would like to make an amendment on Line 46 Contract and Service fees from \$160,000 to \$140,000.

Mr. Donovan stated that he seconded. He was going to do \$10,000, but Mr. Schlossberg can do \$20,000.

Mr. Hanlon stated that the money they have is to pay for an audit and they do not have a number yet. It would probably be about \$50,000 and the other money would be for financial consultants or what ever comes up. It would be no more money in your budget.

Mr. Guridy stated lawyers.

Mr. D'Amore stated that he is going to speak against this. This is an insurance policy for City Council. He stated that if they at any time during the course of the year and need professional services or come into conflict with the administration and we need consultants if it is a conflict of interest with the Solicitor's office and we need a legal consultant or financial consultant or any type of consultant in order for us to do our job we have no other source of money and his presumption is if they are running into a conflict with the administration they would not be generous enough to give them a transfer of money. They do not use the entirety of this line, but like they have a bank account in our personal lives or an insurance policy to fall back on this is Council's insurance policy.

Mr. Schlossberg asked to amend his motion to \$10,000.

Mr. Donovan seconded the motion.

Mr. Schweyer asked if this should pass it would go to the unappropriated balance.

Mr. D'Amore stated yes.

Amendment on the reduction of Account 46 by \$10,000 passed, 5 – 2 (Schweyer, D'Amore)

Mr. D'Amore asked were there any further comments from the public for the non-departmental and moved on to the Director of Finance.

Mr. Donovan stated that he was going to do this as an overall, but did not realize that they were going to talk about it department by department. He stated that they have a significant classification change in this department and he does not know exactly know what that classification was, but he was planning to make a motion that would cover the entire General Fund Budget. All salary changes caused by and all classification changes related to personnel of non-bargaining personnel at or above 15 would be deleted from the budget.

Mr. D'Amore stated to Mr. Donovan that they have decided to take the discussion on this General Fund on a department by department basis and that does not stop him from making an amendment that would expand across departments. This is the General Fund and he stated that Mr. Donovan has the power to make an amendment in spite of how they decide how to discuss it.

Mr. Donovan prefers to do it global.

Mr. D'Amore asked did any one have any thing specific on Finance and moved to Public Works.

Mr. Donovan stated that there are a lot of large numbers there in the 20s, 30s, 40s, 42s, 46 accounts and recognizing when he assumes the budgets were created in the department every single dollar is committed and he had \$10,000 in the department. He stated that he is willing to accept the professionalism of Mr. Young and see if those funds are committed and Mr. Young would be shorthanded if they were to cut it any further. Mr. Donovan stated that he would move on GF-15 0000102012001 Account 34 that the Mayor's office budgeted from 3,750 drop to 3,000.

Mayor Pawlowski asked why, his whole budget decreased by \$3,252. The Council's budget increased by \$113,639 and he stated that he sharpened his pencil. His budget is lower than what it was last year.

Ms. Eichenwald seconded Mr. Donovan's motion for the Mayor to reduce Account 34 budget from \$3,750 to \$3,000.

Mr. D'Amore stated that GF-15 Professional Services Line 34 service training from \$3,750 to \$3,000.

Mr. Schlossberg asked Mayor Pawlowski if he would use this entire line item.

Mayor Pawlowski stated that a lot of it is to travel back and forth to Harrisburg and to Washington, DC. With the change of the administrations he thinks it is going to be even more important than ever as a city to make sure they get the fair share of the dollars that come out of the state as well as the federal government. It is going to be very difficult if they do not represent the municipality to have the interest be known. A lot of things the city does on a weekly and monthly basis that requires interventions and that is what these funds are for. It is critical.

Mr. Donovan asked if they were travel funds or fees for traveling.

Mayor Pawlowski stated mostly travel funds and some conferences. There is US Conference for Mayors.

Mr. Donovan stated that that the Mayor is correct that his department has a very low budget. He stated that he would be willing to withdraw the motion if the Mayor give thought on making a commitment to make a donation back to the city as a sign of good faith.

Mr. D'Amore stated that he is somewhat perplexed by that and he thinks that travel reimbursement if they are going to cut this thing is most likely thing to consider cutting. He stated that he traveled to Harrisburg to conduct business since he has been elected to City Council and has not put in a request for a dime.

Mr. Donovan stated that is why he made his other suggestion that if they keep it in perhaps the Mayor would give a contribution back to the city.

Ms. Eichenwald asked to reintroduce the amendment.

Amendment to cut \$750 from that account failed, 4- 3 (Donovan, Eichenwald, D'Amore)

Mr. D'Amore moved to the Police budget.

Mr. Donovan stated that this is where the citizens if they are willing to increase the revenue to take in the city and invest in the 20 additional officers. The \$2,689,759 he will note that in order to do that it would take a real estate tax increase. He stated that recognizing that and recognizing the tone of the crowd he realizes that and won't introduce it, but he wishes that they have the will raise taxes to hire more police officers and the will to hire four neighborhood officers in the Community and Economic Development department.

Mr. Guridy stated that following Mr. Donovan's comments he wishes they had the will to hire forty more police officers, but they can not. As the Chair of the Public Safety Committee he would love to do that, but obviously we can not. He would not change the budget that dramatically to do it.

Mr. Donovan stated that if they were to raise little over \$4 million with a 14 percent tax increase based on calculations that he has on 29,560 properties in the City of Allentown, 90 percent of the properties would have a \$150 increase per year. The remaining 10 percent would go no higher than \$500 per year and houses at that level is assessed at \$240,000. Ninety percent of the house total value in the city is assessments are \$60,000 which is why it is \$150 to raise \$4 million. The city taxes are not that high although he recognizes that there are many people on fixed costs. He stated that he had a phone call on yesterday from someone complaining and he was able to look at it because of the database he can see properties and it was \$300 a year so a 14 percent increase would be \$40 - \$45 a year. He asked did any one realize that. Does anyone look at their city bill and see that a 10 percent increase to most of us would be \$60 or \$70 a year and yet we say we can not afford twenty police officers and the talented people that can bridge some of the social gaps that are in the city. He stated that he is not running again because he feels that he can not make any headway in convincing that they need a little more revenue and certain amount of cuts in certain areas. He lives in a deteriorating area and he feels that it could be fixed. We met with students at Allen High School. Every one was of color and they were talented and they wanted to succeed and they feel left out of the city. They feels that no one cares about them and yet they had three or four creative ideas that we can implement right away, but it takes staff to help that. They want jobs and are willing to do internships and we have no community development program to do that and yet you do not want to pay more taxes.

Mr. D'Amore asked were there other comments on the Police budget or comments from the Public. He asked were there comments from Council on Fire or comments from the public on fire. He asked were there any comments from Council on Human Resources or comments from the public. He asked were there any comments on the Managing Director which includes IT and EMS or Managing Director. He asked were there any comments from Council on Parks and Recreation or any comments Community and Economic Development.

Mr. Schlossberg stated that he has one cut that is in Line 46 GF143 Contract and Service Fees which currently reads \$229,400. He stated that he would like to amend that to read \$219,400 by removing \$10,000 that is currently slated for an Ambassador Program. It was in the budget last year and it is in the budget this year.

Easton runs an Ambassador Program that runs at about \$275 - \$300,000 in a budget as tight as this. He spoke to Ms. Hailstone and asked would it cause a major problem within her department. He asked what affect it would have.

Ms. Hailstone stated that it would not affect her department. It may have an effect on the Main Street Program. It is the Ambassador Program which will have volunteers working Hamilton Street and training volunteers to be Ambassador.

Mayor Pawlowski stated that the whole idea is to have Ambassadors so people can feel more comfortable as they come down to Symphony Hall and the Arts Museum for night events.

Mr. Schlossberg withdrew his motion.

Ms. Eichenwald stated that she read in the Morning Call and she is not saying that everything she reads in the paper is true, but that Easton has curtailed their Ambassador Program.

Mr. D'Amore asked Ms. Eichenwald if she wanted to re-move the amendment or make the motion again.

Ms. Eichenwald made the motion again. She stated that Easton has curtailed the Program for the same reason that they are not doing it for budgetary reasons.

Mr. Guridy stated that he would be against this amendment because he thinks that he has been fighting for this program for the last couple of years. It is a great program throughout the country. He would push for this program to be established in Allentown and for the city to find the money.

Mr. Schlossberg stated that this Program can act as a seed program to create a better program and he would not want to get in the way of a good program. He asked would this money go towards the Main Street Program.

Ms. Hailstone stated no, unless they told them to do.

Mayor Pawlowski stated that it would be a good vehicle to run the Main Street Program.

Mr. Atiyeh 1909 E Commerce Street - Midway Manor, stated that one of the things that they are looking at with Citizens on Patrol was an Ambassador Program for an example 19th Street, Hamilton Street, Seventh Street, Symphony Hall and they would already have people trained and have people that would be out doing different things that they would spend a couple hours in front of Symphony Hall when people are coming or going.

Mr. D'Amore asked Mr. Hanlon to call the vote on the amendment.

Amendment on page 143 reducing the Account 46 by \$10,000 failed, 2 - 5 (Eichenwald, Donovan)

Mr. Donovan stated that he believes strongly that they have to beef up their ability to work in the neighborhoods and work with the various institutions, the schools, the hospitals and the neighborhoods. He stated that he was proposing four individuals to work in that area. A total cost in his estimate \$357,000 or a little bit above that and that is a little above than one percent of the real estate budget. That is an investment that the city would benefit from. He realizes that they are in tight town.

Ms. Eichenwald would like to open a discussion to do an amendment on the Allentown Redevelopment Authority. She stated that she would like to reinstate the position of Karen Beck-Pooley.

Mr. D'Amore stated that he does not believe they can do that specifically. He thinks that because the Redevelopment Authority is an independent authority the city basically gives them a line item and they can do with that line item as they wish. He stated that if Ms. Eichenwald wants to restore funding to them, but be aware that they would not necessary decide that is what they want to do with it. He asked Mr. Marchetto is that correct.

Mr. Marchetto stated that is correct.

Ms. Eichenwald stated that she appreciates that clarification and she would proceed in that fashion, but does not have the figure in front of her.

Ms. Hailstone stated that there is no Redevelopment Authority line item in her budget. There funding through CDBG.

Mr. D'Amore stated that when they amend it they have to amend a particular line. He asked Ms. Hailstone if it was funded by CDBG. He stated that they only could affect this at the time of the CDBG allocation next year. This is receive more as a proposal from you and your department as a package that included a number of budgetary matters and because it was related to budgetary matters this came from her department but in fact if Council wishes to act on this they would have to wait for the next round of CDBG funding which is next Spring. He asked Mr. Marchetto is this correct based on the best of his ability.

Mr. Marchetto stated yes to the extent of the funding through the city. The city controls the funding as it goes to CDBG. He stated that he did not understand if it was a line item or it came through as the grants come through. He stated that he assumes that it has been funded already.

Mr. D'Amore stated that it was funded for this last round last year. He stated that he sees Ms. Baer here and asked her to share any light on it. He said to Ms. Eichenwald that he is not clear that they can move anything on this.

Ms. Eichenwald stated that this is very confusing because it was part of the budget presentation. At that time it was part of the budgetary process and tonight it is not.

Ms. Hailstone stated that the CDBG is on the July to June fiscal year. It comes through. In the CDBG budget, the city sometimes proposes budgets for the Redevelopment Authority. The \$300,000 that would have gone to the Redevelopment Authority out of the CDBG department the opportunity to save jobs and add to the efficiency and also saved the jobs of the two staff people in the redevelopment authority. What they are proposing is that the Redevelopment Authority would remain in tack and continue to have the same decision making autonomy they already have. They are proposing that they would in CDBG act as the staff of Redevelopment Authority allowing them to make decision and expanding upon the programs and services that they offer.

Mr. D'Amore stated that before they discuss the merits of the amendment and people's position on the amendment, they have to know what the move is. He stated to Ms. Hailstone for them to stay with the procedural questions. If they wanted to get an accounting of that \$300,000 where would they find it? If Ms. Eichenwald wanted to move the amendment, she will have to move each and every line item.

Ms. Eichenwald stated that if the funding is from July to June that means that everything stays in place until June of 2011.

Ms. Hailstone stated that the Redevelopment Authority has a contract with them until December 31, 2010.

Mayor Pawlowski stated that it is a matter of when HUD pass through the programs. They are on different funding cycle.

Ms. Eichenwald stated that her original questions still stays. It was presented in the budget. When they had the budget presentation it was part of it.

Mayor Pawlowski stated that it was a part of it in a sense because they are taking the revenue from the Redevelopment Authority and redistributing it to the budget itself to cover other staff costs and to cover the functions.

Mr. Donovan stated that they said earlier that they approved CDBG allocations. He stated that they have made an allocation without their approval and put it into the budget.

Mayor Pawlowski stated that it is a proposal and they have a contract that runs out on the 31st. He stated that they are not going to renew the contract and take that money and actually pay for other staff costs.

Mr. Donovan stated that Mayor Pawlowski is changing the allocation and is coming to Council with a proposal for them to approve to reallocate the funds. Instead of doing it next year, the city is doing it now for the portion. He stated to Council that annually it is an allocation and the administration is asking us to reallocate.

Mayor Pawlowski stated that this is the only way it would affect the budget at this time.

Ms. Eichenwald stated that she understands that but do they or do they not have the power to affect this process.

Mr. Donovan stated that if they reduce each one of those accounts there will be some money that will go back to ARA and therefore they will have a budget gap.

Mr. D'Amore stated that not necessary. We can reduce the line items of where that money has been proposed to be redirected. If they reduce the line item, it will not necessarily go to the ARA because the ARA is under a contract that can be expired and if the contract is not renewed that money will not automatically go back to the ARA it will simply go to the unappropriated balance. They can not transfer it to the ARA because the ARA only gets money because of the contract. He asked Ms. Baer to help Council.

Ms. Baer stated that when they come to Council for CDBG and Council gives the Redevelopment Authority a line item one of the things she explains to them for all the line items with the staff of Building Standards and Safety and some of the Administration staff they would have to put it in language. They do not fund the Development Authority as an agency. They fund them to carry out CDBG activities: acquisition of properties and disposition of management of properties. With those two activities there are no changes to that.

Mayor Pawlowski stated that it was going to be absorbs by city staff.

Mr. D'Amore stated that the city has an outsourcing contract with the ARA in which the city is discontinuing and then because the outsourcing is being discontinued they are taking the services that were provided by ARA and now providing it by the city.

Mr. Guridy asked for a clarification and stated that the Redevelopment Authority was originally there to purchase properties and to monitor properties.

Ms. Hailstone stated that the Redevelopment Authority is given their powers by the Commonwealth and the powers are for the elimination of blight primarily. She does not know the history here in Allentown.

Mr. Guridy stated that he is telling her what it is.

Mayor Pawlowski stated that they have the original Ordinance here and asked Mr. Snyder if they had the original ordinance.

Mr. Snyder stated yes they do. The Redevelopment Authority was formed in 1956 and the purpose was for the acquisition and salvage planning of the redevelopment of areas that is determined by city. The Redevelopment Authority is an independent authority. It can have its own director and its own staff. They may employ a secretary and a director. The city funding is not required. He stated that he understands the debate and the debate is if the city can take the money and not give it to the ARA and the answer is yes.

Mr. Guridy stated that the Redevelopment Authority is an independent authority that was approved by the city initially. He asked who in the city is now going acquire the properties, manage the properties and sell the properties if the city needs to.

Ms. Hailstone stated that with the department restructuring they have created the position of acquisition specialist however, the blighted review process is in place now and has been started by Building Standards and Safety and will continue. The Homesteading program which is a program under Building Standards and Safety will continue. The conservatorship program which is also a program within Building Standards and Safety will continue. The in-house rehabilitation program that is within Building Standards and Safety will continue. The Housing Development Supervisor will serve as a liaison for nonprofit and for-profit agencies. The Business Development Manager will serve as the liaison for Economic Development Agencies.

Mr. Guridy asked can they as a city purchase properties that are blighted. He is not talking about taking as Eminent Domain. Can they purchase buildings that are blighted or may be blighted and resale them.

Ms. Hailstone stated that the plan is that the Redevelopment Authority will still do that.

Mayor Pawlowski stated that the city's functions are not going to change. The Authority is there by state law. The law gives them certain powers condemnation and other things that is why the Redevelopment Authority is there. Thus the Housing Authority, Thus commercial industrial development authority. Each one has certain powers. This one has certain powers primarily of condemnation of blight. They can purchase properties through the city or purchase property through the redevelopment authority. They would just absorb the functions internally which they can use the money to pay for more staff, legal staff, and staff in Building Standards and Safety which are doing most of the function already.

Mr. Guridy asked were the functions that the Building Standards and Safety were doing before would continue to be done.

Mayor Pawlowski stated that Councilmember D'Amore is absolutely correct. Basically it was an outsourced contract that is now being brought in internally.

Mr. Guridy stated that the issue is if people would have explained this process before. He stated that now they are probably on the same page.

Mr. Donovan stated that he is not necessarily against the cost savings strategy, but they received a bunch of documents from representatives from the ARA and they were quite compelling. They had a sense of independence that could create some legal liabilities for the city. They cited some case law with some eminent domain issues. He asked the administration to answer those concerns that were expressed by the board. They made a statement stating that it would not be the right course of action for the city.

Mayor Pawlowski that Solicitor's office can answer the questions and for the other questions Ms. Hailstone can answer the questions.

Mr. Donovan stated that they made a case of saying this would not necessarily be the right course of action for the city and he would like to know the response to that.

Mayor Pawlowski stated that they did not receive any questions.

Ms. Hailstone stated that she was sent some questions from the Chair of the Redevelopment Authority Board whom she responded to him today. She was not aware that any questions were sent to City Council.

Mr. Donovan stated that they were no questions. They were legal documents, statements and a couple other items.

Mayor Pawlowski asked what they were proposing.

Mr. Donovan stated that he has an email here from a Katherine Mindheart and it was copied to all the councilors and other people he could not make out because of their emails: City Council members pursuant to the direction of the attorney C. Collins Brown attached please find his legal memorandum addressing the concerns of the Redevelopment Authority of the City of Allentown regarding the mayor's proposal to restructure RACA. Please contact us. He stated accompanying this was five documents and if he brings up the memorandum and then read all of them and there were some compelling and the memorandum was to council and he should have thought that the mayor's name was not on them. He stated that they gave some factual background and then went through a variety of broad statements to say why and he has a bulleted issue. The issue stated whether or not the mayor's plan to restructure RACA is consistent with the enabling statute for the Redevelopment Authority Urban development law and the amendments supplements pursuant to the URL Pennsylvania Case is decided pursuant thereto. The Mayor's plan to restructuring is inconsistent to the URL and the pertinent case law because it is an unauthorized exercise of power by the mayor. It would adversely affect the independence of the RACA and impede its ability to act as judiciary capacity as demanded and he stated it goes into a fairly long analysis which does include case law and they have attached some cases. He stated that he can forward this right now to Mr. Hanlon.

Mr. Hanlon stated that he has it.

Mayor Pawlowski stated that the bottom-line is that they are not restructuring the ARA. It is going to stay exactly the way it is. They are just not funding the staff and adsorbing it in-house with a staff that is already doing these tasks and saving money.

Mr. Donovan stated that he does not disagree with Mayor Pawlowski, but he has two organizations the City of Allentown and a formal organization at odds with each other and he had to make a decision.

Mr. Snyder stated that he understands what the Mayor said. The authority is the authority. The statutory authority that is given from the Redevelopment Authority is a statute to do certain tasks. Those tasks as he understands what the mayor and Ms. Hailstone are proposing are not being interfered with. It is the funding side of this. The city is making a decision that they do not want to fund what they have been funding in the past. They feel that they can do it in a more efficient and fiscally intelligent way. He stated that to the extent that Mr. Brown and he did not hear it is alleging that somehow that guts the Authority independence and begs the question here. The Authority has as he said from the statute the ability to raise its own funds.

Mr. D'Amore stated that he still needs to raise an issue here which he was discussing with Mr. Snyder. He stated that it is relevant on what they are talking about here. He stated that he is not taking a position on this at all he is just talking about procedural questions. He stated that this is a contractual relationship and a contractual relationship which ends on December 31st and a contractual relationship which he is the first person who always speak for the need for council to have the power to do what is appropriate to do, but a contractual relationship which the Charter does not give Council any authority to continue. He stated to his colleagues that this is a fine discussion to have; it is an important discussion to have, but he is not clear that in a meeting where they are to conduct business on the budget if they have the authority to make a determination in contrary to the determination made by the mayor on this issue. He really thinks this is the situation they are in. He asked are they in a discussion that is going to lead nowhere because inevitably they do not have the authority to act.

Mr. Donovan stated that this is a strategic issue. Essentially as he explained to Ms. Hailstone that there are three major categories of work involved with this there is the acquisition and then the management through the sale of the property and then there was a third aspect that Dr. Beck-Pooley was heavily involved with and that was strategy and recommendation and observations and Dr. Beck-Pooley has left the organization and not necessarily going to come back and the response when he brought that up the statement was the contract was not a strategy.

Ms. Hailstone stated that it was not an eligibly activity.

Mr. Donovan stated that they hired a very talented person in which perhaps was overqualified for the role being the Director. He stated that for Council when they think of housing policy that is an issue in a sense that now they are administering it, but have they lost some sight in terms of the professional expertise that involves housing policies. He realizes that the ARA maybe that was not their contract with, but he is aware of other Redevelopment Authorities that are involved heavily in helping with policy development. He stated that he does think it is relevant in terms of the expenditures the Mayor has decided perhaps correctly or not to have the city do it and not maintain a very talented person connected with the city and the question is will they lose something both on the liabilities side in terms of what the lawyers are saying or what ARA is saying versus what we are saying in terms of the legal arguments. He stated that he does not have an answer to that, but it is an important issue here in terms of restructuring.

Mayor Pawlowski stated that this is no different from ACIDA and AEDC. ACIDA has no staff and it is an authority and has a board. The board functions independently as Mr. Donovan knows because he sits on AEDC's board, but yet the staff of AEDC basically staff ACIDA. They are an authority of the city. They are a separate entity of the city. They have a separate board with separate powers, but they do not have a formalized staff. It is basically they just run it. They have the professional staff is AEDC. He stated that it is the same scenario here. He stated that Mr. Donovan asked about Dr. Beck-Pooley and he feels that she is an incredibly talented and bright and brilliant on a number of different fronts and her greatest talents are in Planning which is why there is a position in here for Community Planner because they do think about the strategy is very important and that is why they created this Community Planner position. They offered based upon Council's approval of the budget and she declined. He stated that he agrees with Mr. Donovan in that strategy thinking mode that they would love to retain her and that is why they created that specific position focus on her talent.

Mr. Donovan stated to Mayor Pawlowski that his conclusion is that he can pull off the same results internally.

Ms. Eichenwald stated that the question that still concerns her is had this change not been desired they would have voted tonight to pass that part of the budget and it would have been included. She stated to Mayor Pawlowski that he talked about the AEDC, but at no time in the Budget presentation did they see anything

about the Allentown Economic Development Corporation. She stated that she understands that, but why did they see the ARA as part of this budget.

Mayor Pawlowski stated that they have a contractual relationship as Council President, D'Amore pointed out with the ARA.

Ms. Eichenwald stated that she understands all that but asked the president would it at all be possible for them to hear from Attorney Brown.

Mr. D'Amore stated that Attorney Brown is a member of the public and has the opportunity to come and speak at the public comment period.

Ms. Eichenwald asked Mr. D'Amore how procedurally they are going to do that since there are no amendments on the floor.

Mr. D'Amore stated that they are having comments on the General Fund as a whole and that would be the time for Attorney Brown to speak.

Mr. Guridy stated that he would like to address the issue on the Weed and Seed program and the Resolution. He asked what happened to the Resolution. Is it going to be introduced today?

Mr. Donovan stated that he has it right here and asked did Mr. Guridy want him to move it forward.

Mr. Guridy stated that they came to some type of consensus, but wants to make sure that it is discussed.

Mr. Donovan stated that he was going to introduce it during the General portion.

Mr. D'Amore stated that Mr. Donovan is current. He stated that they are on a Bill now and cannot introduce a Resolution while they are on a Bill. They would have to either table the Bill that they are on and move to the Resolution or they need to dispose of the Bill that they are now before they can get to the Resolution.

Mr. Guridy stated that he can wait until then. He just brought it up because it was part of the Budget presentation.

Mr. D'Amore stated that he understands. He asked was it any comments from Council regarding any part of the General Fund.

Mr. Donovan asked can he make a motion to cover.

Mr. D'Amore stated that Mr. Donovan can make a motion at any time. He stated that any member of Council can make a motion at any time.

Mr. Donovan stated that they did not talk about Parks and other stuff but he moved that all salary changes that were associated with classification changes to non-bargaining personnel at or above 15 would be deleted from the budget.

Mr. D'Amore stated to Mr. Donovan that they will need specifics and does believe if he wants to refer to Budget Memo #1 that the information is there, correct. If he wanted to take the positions from Budget Memo #1, but they would need to get a list from him so they know what it is that they are voted on.

Mr. Donovan stated that this would include the Assistant Solicitor 16N to 17N Assistant Solicitors 16N to 17N, Associate City Solicitor 17N to 18N and would include Code Enforcement Director 16N to 17N and Maintenance Worker 6N to Tree Inspector 16N, and a Deputy Finance Director 16N to 18N. He stated that he did not understand that one, is it a change in a job position. He stated that this is the list provided by our Council office that was going through the budget memos. He stated that his intention is to rollback salary increase do to classification changes from 15 and above.

Mr. D'Amore asked Mr. Hanlon is he able to get all these down Mr. Donovan is reading them off. He asked Mr. Donovan was his intention is to and the classification changes from what 15 and above. He stated that they are bargaining unit positions. He looked through Budget Memo #1 and he thinks that are a number.

Mr. Schlossberg stated to Mr. Donovan does he have a number associated with these changes.

Mr. Donovan stated that the purpose is there were a number of significant raises that were done through classification. There were people who have asked about this and the only way to talk about this is to bring it to the floor. He stated that if no one wants to discuss it and bring the classification changes to the floor, he will remove the motion.

Mr. Gurdy seconded the motion.

Mr. D'Amore stated that they need a list if they are going to put it in the form of a motion. They need to have all the line items correct.

Mr. Donovan stated that they do not have anything in writing and Mr. Hanlon is going by the list he has. He stated he stated that he is just going to remove it. He stated that they get it one month in advanced and it takes three weeks to weed through and understand it.

Mr. D'Amore stated that he shares Mr. Donovan frustration with the short amount of time that Council has to work on the budget. He stated that he was not trying to stifle the discussion. Procedurally they need to know what they are moving.

Mr. Gurdy stated that he shares the same frustration and part of the issue is that he feels some of the positions were given a lot higher increases than other people. Generally, there was a one percent increase which he agreed then it was some increases or some upgrades in some positions and those positions he knows that people do a wonderful job in it and he had asked the administration before because he was also thinking about doing something with this position. He asked the administration the explanation was that some of the individuals got extra duties and they were added on extra work and some other positions were eliminated and therefore these people got more of the work then the people that were eliminated had plus the initial work they had. He stated that he feels comfortable now. He stated that he would have lowered the increase, but not eliminated it completely. Eliminating it completely would have caused chaos in the department. He stated that if they were to lower it from nine percent to two percent. That would have made more sense. He stated that if they would have had some numbers attached to that and some calculations of what that would have been in real numbers they would have a better chance to make changes.

Mr. Donovan stated that he could have done it that way with the classifications and just reduced the numbers which he has there, but he will say that it strikes him as strange that in the past it has been discussions between council and the administration. Not necessary with the current administration on promotions. It is not a way that he would run a business. He asked if these promotions could be reduced a little bit in salaries. The cost savings are not great and highly symbolic. He stated that they gave MESA a one percent raise and let them go ahead with the promotions.

Ms. Eichenwald stated to say this is frustrating is an understatement. It is their fiduciary responsibility to look at the budget and make amendments and changes to the budget. They seem to be losing their ability to do that. She stated that she can remember before she was elected to council where there was at least an hour decision only about ne position in the controller's office about a promotion and every council person had something to say about it and it was discussed and taken really seriously. She stated that she understands Mr. Donovan's frustration and losing his will and bringing forward these motions and every time an attempt made to reduce expenses it is voted down. She is in a quandary of what to do. She stated that she is not in a quandary on how it is important these particular issues are. It might be \$2,000 here or \$6,000 there or \$8,000 here, but it is symbolic of what their function is. She asked if it was an amendment on the table or not or will they vote on it.

Mr. Donovan stated that he removed it.

Mr. D'Amore asked were there any more discussion from council on the matter of the General Fund.

Mr. Guridy stated that in the future they should try to get these upgrades promotions ahead of time so they can discuss them separately because he thinks they are very important. He stated that they can have it and have it in a bundle not necessary at a budget hearing, but they can look at the promotions they may have and look at the budget and they got this recently and it was a very good thing to get and commends the administration for getting it to them, but would have liked to have gotten it earlier so they can have the discussion and look at the numbers.

Mr. Donovan stated that he asked for it and Ms. Whitehead put it together.

Mr. Guridy stated that he asked for it as well and asked Mr. Hanlon about it two days ago and they were not able to get it until today. Now at the eleventh hour it is difficult for them to even attempt to figure out what it is and how much it is or would it make a difference or impact on the departments either positively or negatively. He stated that this is what they should get before hand. He requested that the administration do that in the future.

Mr. D'Amore stated to Mayor Pawlowski that Budget Memo #1 was given to Council on November 8th.

Mr. O'Connell stated that in respect to his colleagues that they did receive Budget Memo #1 and Budget Memo #1 explained right from the Solicitor's office down to the new Deputy Finance Director and he understands what Mr. Guridy is saying but they did have it on November 8th.

Mr. Donovan stated that in order to understand each cost there were multiple positions. He stated that he would have preferred the budget memo in a table.

Mr. Guridy stated that this is what he is looking for and would appreciate if this is what they receive next year.

Mr. D'Amore asked were there any other comments from council in the matter of the General Fund or comments from the public on the General Fund.

Mr. Costa stated good morning and he drew their attention to GF-1 line item 2932 on the first page and he wants to cross-reference GF-183. He stated that in 2010 the city generated \$1.7 million in revenue from the fees in 2010 the actual estimated cost of the program was \$995,000 roughly a \$700,000 difference. He asked for an explanation as to the difference. He asked were there additional costs to this program that they are not showing. He asked what are the additional costs and what is it based on. He is trying to understand the justification for the \$75 fee. He stated that he believes that the fees are in excess of the program and his understanding of the program is the case law in which the fees could not be used to cover indirect overhead

costs. It could only be used for the cost of the program. He asked if the program would go away would the costs go away. He asked for the fees in writing and stated that they are not in the budget.

Mayor Pawlowski stated that there are all kinds of additional costs. The fees cover the costs. It is every cost that goes into the program and it is not just that page. It is multiple pages that make up the rental license program and the fees cover it. Mayor Pawlowski stated to Mr. Costa that they can sit down later and he can go over it again with him if he wants.

Mr. Donovan stated to Mr. Costa that he was shown about a year ago by the former Director of Finance a breakdown and he feels professional created and thought through that showed overhead calculations. He has to say and have to have the solicitor's mention whether indirect costs are allowed for the particular thing he does not know. He stated that they have an overhead charge for their enterprise fund and that comes close to adding on from the direct costs of the rental fees and asked the administration for the document that he saw last year and because of the change over they have not found that yet. He stated that he understood Mr. Costa concern that you want to make sure that if the law says certain things it should be followed, but he also agrees with the \$75.

Mr. Hershman stated that he shares Mr. Donovan and Ms. Eichenwald's frustration on the reclassification. He stated that when he sat on City Council they used to get a reclassification based on a reclassification study. He stated that they just put it in writing because they feel that it should have been reclassified, but at least have studies. He stated that he shares Mr. Donovan concern about the police officers. Back in 2002, when Mayor Pawlowski was part of the Aflebach's administration there was a survey done with the Allentown taxpayers were asked if they would pay more taxes for more police officers. It was a major that said yes. Back August 2007, Mayor Pawlowski made a presentation to City Council on how he was going to save the city \$2,700,000 for the police settlement 2007, 2008, and 2009 and on the statement it says $\frac{3}{4}$ million annual tax savings to the city's homeowners. He asked where it is and if they could find out where it is they could use that money to hire these police officers. He stated that the Mayor never shows anything. He stated that it is time for Council to make the Mayor show his hands and not bluff the Council.

Mr. Brown stated that the memo that they received recently was at the request of the last Budget meeting if they recall from Ms. Eichenwald and that is the reason why they distributed to Council members only. He did not think it was necessary to share it with the CD department nor the City Solicitor. The main thing that they have to consider is if they look at the memo and read it very carefully what it says is that the Redevelopment Authority has to be a separate entity from the city. That is given by statute and also case law. Let's say that they implement this where they are going to use city employees to do the Redevelopment Authority job, having an independent Redevelopment Authority is absolutely an illusion because they are going to be taking orders from Ms. Hailstone and her staff to conduct Authority business and that's not the way the statute nor the case law reads. He asked do they really want an independent Redevelopment Authority and suggested to them that the answer to that is yes. He stated that no good deed goes unpunished. They feel that they are being punished. When Dr. Pooley took over, she has a Ph.D. from the University of Pennsylvania in Urban Planning. He stated that she is doing an absolutely excellent job. The Board has backed her 100 percent. In fact, she has backed the mayor 1000 percent because when she came on board the mayor stated that they had to run the slum landlords out of town and get rid of blight and they have done that and successful in a cost effective manner. If you read the accomplishments of the Redevelopment staff or the Redevelopment Board what they accomplished since 2007 it speaks well. They have two staff members. They offered to cut \$100,000 allocation from CDBG. He stated that this Council approved the allocation of the CDBG budget and the allocation of the Redevelopment Authority until June 30th of this year. The city is trying to call back the money that has already been appropriated by the Council to run the Redevelopment Authority.

Mr. Mike Schware, 118 S. 16th Street, asked the question about the Cash Balance report that has been adopted as part of the Budget. He stated that in light of the earlier explanation of the Opening Balance in the

Water Fund how can they say that a General Fund Budget that opens up with a negative \$3,500,000 figure is balanced.

Mr. Donovan stated that they balance the Budget with a surplus with the Water Fund and others and now they have an annual surplus annual that even when combine cash deficit leaves them with a cash deficit. He stated that they have a problem.

Mr. D'Amore asked what specific fund.

Mr. Schware stated the General Fund you are coming up with a negative \$3.5 million.

Mayor Pawlowski stated that if you look at the General Fund they have \$89,405,819 and have \$88,582,576 that is balanced. He stated that yes; they have depleted some of the General Fund which they built up because it was negative balances there when he came in the door of almost \$8 million and they used some of the General Fund during some of the lean years. They have taken some of that money from the reserve to balance the Budget. He stated that they still have over \$5 million sitting in a lock box. He stated to Mr. Schware that on top of the Budget is balanced.

Mr. Schware stated that his question is if we have \$5 million sitting in the lock box, if they take away the negative \$3.5 million to him that leaves us with \$1.5 million. He stated that these are your numbers Mayor.

Mayor Pawlowski stated no. He stated that they wanted the lock box separate. We do not include it. It is in the Cash Balance sheet which is in the back.

Mr. Donovan stated to Mayor Pawlowski that he has misused some terms. He stated that before Mayor Pawlowski stated that he had a balanced budget in which you lumped in the Cash Balance and then you said you had a balanced budget, but not counting the deficit in the Cash account. He stated that you can't have both. Mr. Schware is correct and is something that he has raised before can they necessary say that they can have a cash deficit forecasts for the end of the year. What that means is that they will have to borrow from somewhere. He stated that he realizes in an accrual accounting basis that CAFR that may still show an itsy bitsy and the General Accepted Accounting Rules of Government are going to change the fund balance next year that will show a reserve based on the lock box which makes our fund balance worse because of the reserves that are coming in. He stated that they have a surplus of receipts of expenditures of about \$700,000 or less, but they end up with a forecast of \$3.5 million deficit in cash.

Mayor Pawlowski stated to Mr. Donovan that remember this is a budget and you will not get the real numbers until you get the CAFR which is several months from now.

Mr. Donovan asked how they can fix that cash deficit. He stated that he realizes that it is a forecast, but is it a good forecast.

Mayor Pawlowski stated that he was trying to reduce it from the Pension fund and Mr. Donovan cut that amount.

Mr. Donovan stated that last year that \$4 million ending for this year he forecast almost exactly that deficit. It turns out that \$3.5 million will probably end next year unless you pull some other rabbit out of the hat in turns of something comes from the state or some grant of a one time opportunity. He stated that he granted Mayor Pawlowski because he realizes that technology is changing and they will not necessary get 25 years of receipt for that. He stated that they need to resolve this problem and it is a cash deficit.

Mr. Schware stated this is the importance of having this included in the book and it should not be on a separate piece of paper that you have 23 days after the budget has been presented.

Mr. D'Amore stated that he agrees with that.

Mr. Dave Hoffman, 806 N. 30th Street in Allentown, stated that he is the Chairman of the Redevelopment Authority in Allentown and stated that all of the members of the Redevelopment Authority of Allentown are here tonight and are very aware of the financial challenges that are facing the city and very appreciative of the challenges and while they do not feel that they contributed to that financial situation they think they should and could be a part of any solution. He stated that at the budget meeting that he could not make there was some statement about the reduced activities going forward at the Redevelopment Authority and he just like to put that in perspective. They have had some major funding, the Neighborhood Stabilization Program from the Federal Funds, some state allocations for the Pennrose Redevelopment Project and these programs have been carried out and have carried out a higher activity for the Redevelopment Authority over the last couple of years. However, those programs have been supported with our staff of two over and beyond what have been done traditional by the Redevelopment Authority without any request for additional support or any request for additional staff. Prospectively they will be doing less; however in that same period of time as Mr. Collins alluded to earlier there has been a significant increase in the activity in the blighted property review process. He stated that they have 150 properties in the in the pipeline that will be on-going and at a level of activity that is greater than it was four years ago or five years ago. He stated that their budget has gone flat with the allocation of CDBG during that period. There will still be a lot of effort. He wanted them to consider that they have a program that is functioning well. With a staff of two it is a high degree of accountability and they are going to take that and spread it around to a bunch of employees and take the same amount of monies that is currently being used and put that back into the city. The question is does that complicate the manner. Will they end up with the same level of expertise that they have currently. He stated that their overriding issue is Independence. The Board feels that not having independence council goes very much to the heart of autonomy issue and can include exposure from a fiduciary standpoint of Authority. Is this effort to restructure the Authority fixing a problem that does not exist?

Ms. Eichenwald stated to Mr. D'Amore that he agrees with everything Mr. Hoffman said and she agrees with Attorney Collins. She asked what powers do Council members in regards to this matter.

Mr. D'Amore stated without having an opportunity to consult with the Solicitor without walking over there and having a conversation with him he would say they have none. He asked the Solicitor to supplement that in any way.

Mr. Snyder stated that one of the points that were made by Mr. Hoffman is really not correct.

Mr. D'Amore stated that he does not want Mr. Snyder to argue with Mr. Hoffman. Ms. Eichenwald was just asking the question at this point if Council should decide to do something what can they do.

Mr. Snyder stated that the Mayor has the ability to cut the funding from the ARA they can do that.

Mr. D'Amore asked what would happen to the CDBG funds that would get allocated.

Mr. Snyder stated yes it would get re-allocated, but that is a question for Ms. Baer.

Mr. D'Amore stated that they are asking procedural questions and if they want to get the answers there are some people that know. He stated that Heidi knows, she has been doing it for years. He asked Ms. Baer to tell them what would happen to that money. Does the allocation specify CDBG money for acquisition of property for property or for the ARA?

Ms. Baer stated that acquisitions and disposition will still occur. It specifies acquisition of property including program in ARA.

Mr. Snyder stated that ARA will get it if they are specified if the CDBG money has been allocated.

Mr. D'Amore stated that it seems to him that they can not compel the extension of the contract beyond December 31st as an extension of Council, but that money that was allocated is under the authority of the ARA board until that money is expired. He stated that Mr. Guridy has a good question, is this the process in which the money is in the CDBG account and as activities that are available are done the money gets sent out. He asked Ms. Baer to step forward so that they can get her on the record.

Mr. Guridy asked Ms. Baer if the money was a reimbursable process with the ARA. That money is not their money, it is money that is allotted to the CDBG and if they do the program they can submit an invoice and get reimbursed by the city. He asked when the contract expires there is no money to them.

Ms. Baer stated correct.

Mr. D'Amore stated that if the money was allocated by City Council in the last CDBG round and it is designation by the ARA, but there is no contract with ARA after December 31st than minus the reallocation of that money that no entity including the city should be able to draw down on the money. Is that not correct. He asked if anyone could give an authoritative answer.

Mr. Snyder stated that what Ms. Baer stated there will be money that will be allocated and there will be work that needs to be done during the time period of the contract which will have to be finished up. He stated that he does not know the numbers because they do not get involved. That type of work that has been done before the end of the contract will come out of the funds that were allocated.

Mr. Schweyer stated that the administration is making a decision not to continue a contract with the Redevelopment Authority for said purposes which apparently is their prerogative and Council has no say. The unspent money will remain in the CDBG account, correct and when they do the CDBG Bill that they do every year they always do an unspent allocation carried over fro the prior year. In theory, if the Redevelopment Authority is unable to draw down on this fund that will be excess money that will be retained in the CDBG as a rollover money. At that time, the administration can ask Council to allocate for all other purposes. The General Fund will be paying for the upfront costs and in July when the new federal cycle happens the new CDBG funds will kick in.

Mr. D'Amore stated that if Council approves it. He stated that no one can draw down on that money unless Council re-appropriates it. He asked if he was saying in different words what Mr. Schweyer just said. He asked why legally. He stated that he thinks Mr. Schweyer is offering a solution, but only a solution if Council approves this CDBG allocation in which the administration hopes that they will next June.

Ms. Eichenwald stated that this makes no sense. The Redevelopment Authority was doing a wonderful job. The board has stated here publicly that they made a proposal where they would even reduce their budget. Why can not the Redevelopment Authority continue as they did before at least until June if the grant goes from July to June? She stated that she does not understand, they are willing to cut their budget and do an excellent job and it is an important part of the city's plan. Why not allow them to continue to do the good work that they have done.

Mayor Pawlowski stated that on other tasks they are being supported or are done by city staff. You talked here for hours and hours about reducing costs. This reduces costs and helps us to actually fund staff in the General Fund.

Ms. Eichenwald stated that is not what they have been told. They have been told that they would reduce their budget. She stated to Mayor Pawlowski that he always telling her how over-worked the staff is so now you are going to take this important function and give it to over-worked people and allow a brilliant and talented person and the director of this agency to leave her position. She stated to Mayor Pawlowski that he wanted to give her another position. She asked if Ms. Hailstone is saying that they have not been efficient.

Mayor Pawlowski stated that she does not have to leave her position.

Ms. Hailstone stated that one of the things she was asked to do by City Council as well as others when she came in was to re-structure the department to look at the efficiencies that are happening with CED. She stated that they were looking at what is happening and who was carrying out activities they also looked at the costs of carrying out some of those activities. The Redevelopment Authority becomes a part of that because how closely tied it currently is with CED. She believes that 95 percent of the Redevelopment Authority's budget is coming for CED budget of CDBG. Therefore, they looked at the way that it is over-lapped the Redevelopment Staff as well as the CED staff. They looked at the efficiencies on how to make it more effective at a lot less cost.

Ms. Eichenwald stated that this is the very first time that she has heard that the Redevelopment Authority was not effective and efficient. The only point that she wants to make is that the Redevelopment Authority is both effective and efficient and it has been working flawlessly and beautifully the way it has been structured. It is also that other addition and she doesn't have a total opinion on it, but Attorney Collins says that there is still a separation between the state and the city. She stated that she heard the Solicitor say that is not a problem, but she is still concerned about that issue. Given all the issues why can not this department function? Why do you want to give an over-worked staff more responsibility and then tell me that it is going to make it more effective and efficient?

Ms. Hailstone stated that it will streamline the process.

Ms. Sharon Freidman 25 N. 11th Street, stated that she is the Treasurer for the Redevelopment Board and when Ms. Hailstone came to them and told them about the proposed cuts it was \$100,000 and Ms. Pooley looked at her budget and came up with some numbers and suggested some changes and she does not believe it was not accepted well. They did not get a response from the administration. The Redevelopment Board does a fabulous job. She stated that she was appointed by the Mayor; he is her neighbor and a very good friend. She really and truly thinks that losing Ms. Pooley will be a detriment to the city. She was offered a position in the administration, but at a \$25,000 cut, less salary and she does not know what the exact position was and a woman of her statue and education and understanding for the city and what she has done so far that was a bit insulting. She stated that she really truly thinks that the administration should look at what they are doing and come up with a better plan.

Mr. Donovan stated that the reason why he withdrew is that it strikes him that so much this debate is what is the best way to provide housing policies in the city and who should be involved. He asked in the beginning do they have the capacity to do it in house to do additional work and the only answer he has is that they are paying people more. He stated that the administration has the capacity in which he heard about 20 to 30 percent which in an 8 hour day is an hour or so. He stated that they are paying people to be below capacity and now they are going to bring them up to their full capacity and pay them more. He stated that he has a problem with the logic.

Mayor Pawlowski stated that they said they have the capacity and they said it several times.

Mr. Schweyer stated to Mr. Donovan that there is an additional staff person proposed in the budget to help increase capacity from the department for this purpose. He stated that was discussed at the committee hearing. He stated that he is not speaking for the department, but that was a consideration that they discussed.

Mr. Donovan stated that if they were to say no to this, they would have to go line by line or program by program for all the HUD accounts and say no and then will create a budget that will go not from what it was proposed with the surplus. The annual surplus will be reduced. At this point, this is something that will cause him to want to table the General Fund in order to discuss this and get more information and bring it up on the 8th of next week in a special meeting or the 15th. It strikes him at the end that this is the last, but for the two Resolutions to make a request this is the last item of significance this HUD money. He stated that he necessarily proposed that, but they have issues with the housing policies. He stated that we have one group very significant group stated that we are doing something wrong. We have the administration saying this is the right way to go. He stated that he really does not have enough information to make a decision.

Mayor Pawlowski stated that he believes this is the right way to go. For the point of expediency, if they want to split it down the middle so that they can actually move this thing along he would be more than happy to work with Council in a compromise.

Mr. D'Amore asked Mayor Pawlowski when he says that is he implying that if they move forward with the General Fund they can move forward on the General Fund with the promise that this would be a matter that they will sit down, discuss and reach a compromise in the aftermath of that.

Mayor Pawlowski stated no. They can do that too, but that is not what he was proposing. He stated that what he has proposing is that they have \$300,000 worth of savings here that is now going to help pay for staff within city hall. They can split that down the middle and give them \$150,000 and they can do what ever they want with the \$150,000. The mayor stated then he will reduce his bottom line \$150,000 and make an overall amendment just blanket that they will reduce the unappropriated balance to fill in where those amounts went.

Ms. Eichenwald asked can they function with that money.

Mr. D'Amore stated that he is not clear that would be a moveable amendment unless they had specific line items that are being reduced. He asked could they just simply reduce the General Fund.

Mr. Schweyer stated that Mayor Pawlowski can reduce the unappropriated balance and create a new line item.

Mayor Pawlowski stated that the line items that the CDBG money is funding they would take that money instead of the CDBG money out of the unappropriated balance \$150,000 worth and fund those line item. He stated that they would provide \$150,000 to the ARA and they could do what ever they want to and the city will still support them with staff as they do every single day or they could do what Mr. D'Amore is suggesting.

Mr. D'Amore asked a procedural question of if this is the case and something that would be considered how can the city allow the ARA to draw down on money after December 31st.

Mayor Pawlowski stated that they will do a contract for \$150,000.

Mr. Guridy stated that he feels kind of weird voting on what the mayor just said of giving \$150,000 and just do what ever they want. He stated that does not make sense. What he thinks the mayor is saying that he wants to extend the contract for six more months until the contract is due. Give them some money to continue on

things that need to be done for the city. Not just to say give \$150,000. He stated that is a good idea, but perhaps they could amend the contract for six more months. Give them the money that has been allocated and what the city needs to be done in those six months.

Mayor Pawlowski stated that he is just trying to get a Resolution.

Ms. Hailstone stated that it is also important that they point out the fact that everyone is talking about the Redevelopment Authority's autonomy. She stated that their proposal has nothing to do with the Redevelopment autonomy. Per the contract that they have with the city they work at the city's discretion. All she is proposing is that the funding that they are giving them is that they act at the city's discretion that they bring in house. They can continue to do what ever they want to do. The contract is at the city's discretion.

Mr. Schweyer stated that Mr. Guridy was right that we can not just say here is \$150,000.

Mayor Pawlowski stated that the contract would be the same as it is now. They would just extend it out for the smaller amount.

Mr. Schweyer asked does that defeat the purpose of the other moves in the department. The whole point of this he said that everyone up here he has relationships with both Redevelopment Authority and the department. He stated that if anyone is conflicted it is probably him, but continuing the contract at \$150,000 while making the other departmentally changes defeats the purpose. He stated that if they are suggesting that instead of the continuation of the exact same responsibilities that the Redevelopment Authority had they were contracted to do something else that CDBG could use. He stated that they have been talking about exceptional intellect and talent of Dr. Beck-Pooley. If there is something else that the Redevelopment Authority could do to supplement what the administration is trying to do to streamline other efforts if that is one thing, but if they are saying that they are going to go back and do a duplication of services that does not make sense. He proposed if they are going to do as a compromise to alleviate Council's concern that they are keeping the Planning and Committee Development talents that currently exists in the Redevelopment Authority. He stated that as Chairman of the Community and Economic Development to sit on the development of what the contract looks like. They acknowledge their goal of not duplicating services, meets with the requirements are for CDBG, and continue the community development efforts. He stated that he is offering more work with less salary.

Mayor Pawlowski stated that he agrees. He stated that is fine, but what they should do is eliminate the two positions out of the budget and they will reduce the amount they need to \$150,000 and their staff structure will have to fit into the \$150,000 or they would have to raise money for elsewhere to accommodate the staff. He stated that he is willing to say that they will take the two positions out, continue to do the same functions as they do now. They will give up \$150,000 that would help the city to balance out the budget and then they can vote on the budget and can move forward.

Mr. Guridy asked Mayor Pawlowski is he stating the contract will be until July.

Mayor Pawlowski stated that they will extend the contract for a whole year, but instead of getting \$300,000 they would get \$150,000. He stated that he would take out the two position and that would help to balance out. If they were anticipating the \$300,000, they take out the two positions and they would get close of that amount and they still will have the \$150,000. The other functions that are funded through CDBG that are still vital functions will be paid by the CDBG, but they can still have the \$150,000 to fund the staff. It would just be at a reduced amount.

Mr. Guridy stated that it is extended to June 30th and made a motion to do that.

Mr. D'Amore stated that he has to see how they would move this.

Ms. Hailstone asked if they would have to take out \$300,000. She asked was it the Community Planner's position as well as the Acquisition Specialist position.

Mayor Pawlowski stated that they would have the subsequent expenses.

Ms. Eichenwald asked doesn't have to meet with the approval of the Redevelopment Authority.

Mayor Pawlowski stated yes and no. There is a contract that they are doing.

Ms. Eichenwald stated that a contract is between two parties not just one. Is it possible for them to function under that?

Mr. D'Amore stated that he has been really hesitant to say this, but they have been trying desperately to resolve this, this evening. He thinks that any Resolution would be haphazard.

Mayor Pawlowski stated if they take out these positions and reduce the amount, he asked would they be able to function with this.

Mr. D'Amore stated that he can not do this by himself. He stated that he come to a point that they can not make a reasonable decision that is going to be made with intelligence on this matter tonight. He stated that they have so many open legal questions and questions about CDBG allocations and all of this. He said that they should table the General Fund.

Mr. Donovan stated that he would agree with that.

Ms. Baer stated there is no reason to table the Budget. What we are looking at is a January to December Budget. They have already budgeted the Redevelopment Authority until June 30th. If you take out the two positions that the Mayor put in and reduce the revenue by \$150,000 that takes care of that 6 months. She stated that they are not making any HUD changes and you have taken care of January to June in your budget book. When it comes to the CDBG decision and program for the July to June 30th of the following year these changes will be in place.

Mr. D'Amore stated that sounds pretty rationale. He stated that he does not think they can do that.

Mr. Schlossberg stated that his concern is part of Sara's big push is that in 8 months it has been a reorg. Reorganizing the department of Community and Economic Development and if they do this it will throw the reorg. He is concerned of what it will do to the department of Community and Economic Department. He agreed with Mr. D'Amore and asked someone to tell him that he is wrong.

Mayor Pawlowski stated that it was to save some money and stop duplication services. He stated that if they all want to keep the Redevelopment Authority the way that it is functioning he really does not care. It was meant to save the city some money, but if that is what they want to do he has no problem with it.

Mr. Donovan stated to Mayor Pawlowski that he understands that he wants to save money, but the question is what you are getting for the money. He stated that the Mayor's argument is that they will get the exact same service that they have now. The only thing they lose of what they did not contract for is the strategic issues that one of the staff members supplied to the city. He can not make that judgment about that. It was shown to him one week before the budget came out and he identified those issues with Ms. Hailstone. They have acquisition, management, strategy and Ms. Hailstone stated that they are not hiring strategy and respects that.

Yes, we are saving money, but are we losing something important in this strategic area of housing. For Allentown's 108,000 what is the best organizational structure to carry out the strategy that dollars buy? They have two competing issues. They have one group saying it is not Mr. Mayor and you are saying it is right and he has to make a decision at 1:00 in the morning.

Mayor Pawlowski stated that is true. They could put the money in the unappropriated balance and have a discussion about it.

Mr. Guridy stated that they should make a decision.

Mayor Pawlowski stated that they can go with Ms. Eichenwald's suggestion to make it \$100,000 they will make it \$100,000. They will have to reduce the amount in the unappropriated balance at the end of the year.

Ms. Eichenwald stated that what she wants the Redevelopment Authority to function as they did and we have their promise that they will reduce their budgetary and if they city agrees to that.

Mr. Guridy stated that he has a rejection to that and his objection is with all do respect to the Allentown Redevelopment Authority. He does not think that they should make decisions based only on what one group wants. They should make decisions based on what is best for the city. He stated to Ms. Eichenwald what she said to him makes him feel that they are a hostage to an organization and he does not agree with that.

Ms. Eichenwald stated that is a mis-quote and will go back to what she said an hour ago. The Allentown Redevelopment Authority has been effective and efficient by all measurements. Why engage in a whole other system and give more work to an over-worked staff. In no way does she feel that they are being held hostage. She objects to that language. Why not let them continue to do good work.

Mr. O'Connell stated that the Mayor is willing to compromise and he agrees with Mr. Guridy that they should not table the table the budget, they should vote on the budget.

Milagros Ramos, 530 W Allen, Old Fairgrounds president and sits on the Redevelopment Board, said that she disagrees with him and she is surprised that they are on opposite ends on this matter. Abandoned and blighted properties bring down a neighborhood and are a catalyst for crime. Because of blighted property they end up using more resources and call the police consistently to get these people out of the property and call Sweep to clean up the property. That is more money that they are spending because they want a reorganize the Redevelopment Board. In 2007, the blighted property was one property that got through the blighted property in a year. She stated that they might as well put a billboard on Route 22 and say all the slumlords come back to Allentown because the Redevelopment Board is now vacant and the city Solicitor would be their Solicitor. If there is a property that needs to be acquired and the Redevelopment board does not agree how they are going to come up with an agreement if they do not trust their council. She does not want to sign her name as Secretary on a mortgage on a property if she can not trust her council or the Blighted process will stay the same. She stated that in her neighborhood alone for Fair Street to Tilghman to Allen, out of twenty-six homes nineteen homes are blighted.

Mr. Guridy stated that she misinterpreted his comments. He has been advocating for them. He comments were that they have to think objectively not just for this organization, but for any organization on how they manage the budget. He stated that he offered an amendment to continue the contract with you for the next six months until they find out what's best for the city. He stated as a city councilman he has to look out what is best for the residents.

Mayor Pawlowski stated that there are no conflicts with the Redevelopment Authority. The Redevelopment Authority is fully funded by the City of Allentown. Any properties that are purchased by the Redevelopment

Authority are purchased with city money. There should never be a property that the Redevelopment Authority purchase that they city does not want to purchase because we fund the property. The blighted property process starts with the planning department and is a twenty step process. Under the Redevelopment Authority law they are the only ones that could take it by eminent domain. That is the process. When it gets to the Redevelopment Authority is because it has gone through the twenty step process internally already and they have not done their work so they take it by eminent domain. None of that function for what they originally proposed would discontinue. If you want to keep the structure the way it is, he has no problem.

Ms. Eichenwald stated that they can pass the budget as it is and agree not to fill the two positions at this time and continue to discuss it more.

Mr. Hanlon stated to move the Planner and Acquisition Specialist down to \$1.

Mr. Schweyer made a motion to change the positions salary to \$1 and move the remaining funds to the unappropriated balance.

Mr. Guridy seconded the motion.

Mr. D'Amore asked if there was a discussion on the amendment.

Mr. Schweyer stated that it is in order now for the administration to address and he will ask Ms. Hailstone.

Ms. Hailstone stated that it was Senior Planner.

Mr. D'Amore stated that the motion is to reduce to \$1 two positions and asked Mr. Hanlon what are the two positions.

Mr. Hanlon stated Senior Planner and the Acquisition Specialist.

Ms. Eichenwald asked for clarification on does it put everything back the way it was.

Mr. D'Amore stated no.

Mr. Schweyer stated that it freezes up the money that the administration can and he has no reason not to take the mayor's word on it that he would continue to continue the contract with the Redevelopment Authority assuming they can come up with some type of agreement.

Mayor stated that there are other positions funded by CDBG and they still have to give up their \$100,000.

Dr. Beck-Pooley stated that if they are going to be asked to run a program she wants a clear understanding of what they are being asked to do with blight and what assistance if zeroing out these two lines those monies are being transferred to pay staff time, but the remaining reallocation money within the budget is still supporting property management expenses related to the upkeep of the inventory. It was not just their staff time it was professional services and other items that were reallocated. She stated that she could not tell them what they can do or tell them the other money that is included that is going to support their functions. She can not respond to that not knowing the remainder is going for.

Mr. Schweyer stated for the purpose of moving forward and continuing the dialogue. What it has essentially has done was to free up \$125,000 -\$130,000 of funds that at the very least will put you guys back and room to negotiate. If there are expenses that needs to be born by the city at that point in time because it is not enough

to cover your expenses then you can work that out. It is moving the ball forward for the city and the Redevelopment Authority.

Mayor Pawlowski stated that they could work that out in the contractual process.

Mr. D'Amore asked were there any further discussion from council on the amendment.

Mr. Schweyer stated that he is reiterating that he has not reason to doubt of wise, but in the next timeframe ten (10) days they can get everyone in the room together to figure it out.

Mayor Pawlowski stated ten to twenty days.

Mr. D'Amore asked if they could get a council member in that room.

Mr. Schweyer stated that he will be in the room.

Amendment passed, 7 – 0

Mr. D'Amore stated further discussion on the General Fund and asked was it any topic from council or the public.

Ordinance passed, 6-1 (Donovan)

[BILL 91 TAXRATE.DOC](#)

Adopts Tax Rate: 10.71979 mills on improvements and 50.38031 mills on land.

Ordinance passed, 6 -1 (Donovan)

11. ORDINANCES FOR INTRODUCTION:

12. CONSENT AGENDA: None

13. RESOLUTIONS ON SECOND READING:

[R52CAPITALPROJECTS.DOC](#)

Adopts the Capital Improvement Program for 2011-2015

Resolution passed, 7 – 0

14. RESOLUTIONS ON FIRST READING:

[R56 RACP-CUMBERLAND GARDENS.doc](#)

Referred to CEDC

Authorizes submission of a Redevelopment Assistance Capital Grant in the amount of One Million Five Hundred Thousand (\$1,500,000) Dollars in Redevelopment Assistance Capital Grant Funding to the Commonwealth of Pennsylvania for the Cumberland Gardens Redevelopment Project. It is a pass through grant, with the money going to Allentown Housing Authority, to be used towards rehabilitation and new construction at the Cumberland Gardens Project

[R57 CLEAN ENERGY GRANT.doc](#)

Referred to Public Works

Authorization to submit an Alternative and Clean Energy Program Grant in the amount of Two Million Dollars (\$2,000,000) from the Commonwealth Finance Authority for a Waste to Energy Facility

[R58 RACP-CSC.doc](#)

Referred to CEDC

Approval to submit a RACP grant application for Two Hundred Fifty Thousand Dollars, (\$250,000) on behalf of the Community Services for Children in Redevelopment Assistance Capital Grant Funding

[R59 RECORDSRETENTION \(2\).DOC](#)

Referred to Human Resources, Admin Appointments

Authorizes Disposition of Certain Records

[R60 TOWERONE LEASE.doc](#)

Referred to Budget and Finance

Authorizes the Administration to Sign a ground Lease with TowerOne Partners, LLC for the property located at 2601 S. 10th Street

[R61 RIVERFRONT RACP.doc](#)

Referred to CEDC

Authorizes submission of a Redevelopment Assistance Capital Grant application for the Riverfront Development in the amount of Five Million, (\$5,000,000) for the purpose of a pass through grant to AEDC to conduct construction activities as part of Project 2 of the Riverfront Development

15. NEW BUSINESS

Mr. Donovan stated that he and Mr. Guridy have two Resolutions that he is not going to bring up tonight, but will bring it up at the December 15th meeting.

Mr. D'Amore asked was it the proposal of R-62 and R-63.

Ms. Eichenwald asked if he could read it into the record.

Mr. Donovan asked could he read them and introduce them.

Mr. D'Amore stated that he could introduce them. He stated that Mr. Donovan just want the rule suspended and introduced and asked if he would like them to refer them to committee or refer them to the next council meeting.

Mr. Donovan stated refer them to the council meeting.

Mr. D'Amore stated that Mr. Donovan has to make a motion to suspend the rules to suspend the Rules and introduce R-62.

Mr. Donovan stated that he would like to suspend the rules to introduce R-62.

Mr. Guridy seconded.

[R62 Weed and Seed.doc](#)

Recommends Retaining the Weed and Seed office at Bucky Boyle Park.

Mr. D'Amore scheduled that for consideration at a city council meeting on December 15th.

Mr. Donovan moved to suspend the rules to introduce R-63.

Mr. Schweyer seconded.

[R63 Recommends Salary Reduction.doc](#)

Requests the Mayor, Managing Director and Cabinet, Council and Controller reduce their wages on a voluntary basis and refer these savings to the unappropriated balance of the general fund.

Mr. D'Amore scheduled that for consideration at a city council meeting on December 15th. He thanked everyone for their patience and professionally tonight. This was very difficult.

Mr. Schweyer stated to Mr. Hanlon to remind them to talk about William Allen next time and made a motion to adjourn.

16. GOOD AND WELFARE

17. ADJOURNED: 1:45 AM

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.