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SCRANTON CITY COUNCIL  
PUBLIC HEARING

IN RE: FILE OF THE COUNCIL NO. 38, 2018 -  
AN ORDINANCE - APPROPRIATING FUNDS FOR THE EXPENSES OF  
THE CITY GOVERNMENT FOR THE PERIOD COMMENCING ON THE  
FIRST DAY OF JANUARY, 2019 TO AND INCLUDING DECEMBER  
31, 2019 BY THE ADOPTION OF THE GENERAL CITY OPERATING  
BUDGET FOR THE YEAR 2019.

HELD:

Monday, November 26, 2018

LOCATION:

Council Chambers  
Scranton City Hall  
340 North Washington Avenue  
Scranton, Pennsylvania

CATHENE S. NARDOZZI, RPR - OFFICIAL COURT REPORTER

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CITY OF SCRANTON COUNCIL:

PATRICK ROGAN, PRESIDENT

TIM PERRY, VICE-PRESIDENT

WAYNE EVANS

WILLIAM GAUGHAN

KYLE DONAHUE

LORI REED, CITY CLERK

JAMIE MARCIANO, ASSISTANT CITY CLERK

AMIL MINORA, SOLICITOR

1 MR. ROGAN: Call this public hearing  
2 to order. Roll call, please.

3 MS. MARCIANO: Mr. Perry.

4 MR. PERRY: Here.

5 MS. MARCIANO: Mr. Donahue.

6 MR. DONAHUE: Here.

7 MS. MARCIANO: Mr. Gaughan.

8 MR. GAUGHAN: Here.

9 MS. MARCIANO: Mr. Rogan.

10 (Mr. Evans enters during the  
11 hearing.)

12 MS. REED: The purpose of said  
13 public hearing is to hear testimony and  
14 discuss the following: FILE OF THE COUNCIL  
15 NO. 38, 2018 - AN ORDINANCE - APPROPRIATING  
16 FUNDS FOR THE EXPENSES OF THE CITY  
17 GOVERNMENT FOR THE PERIOD COMMENCING ON THE  
18 FIRST DAY OF JANUARY, 2019 TO AND INCLUDING  
19 DECEMBER 31, 2019 BY THE ADOPTION OF THE  
20 GENERAL CITY OPERATING BUDGET FOR THE YEAR  
21 2019.

22 MR. ROGAN: We have with us this  
23 evening Mr. Dave Bulzoni, the city's  
24 business administrator. I would like to  
25 thank Mr. Bulzoni for attending and the

1 floor is yours.

2 MR. BULZONI: I'd like to thank all  
3 of you. Certainly I'd like to allowing for  
4 some adjustment that really occurred because  
5 of some unforeseen circumstance. What I  
6 would like to do this evening as maybe a  
7 departure from prior presentations is really  
8 just read through a cover memorandum that I  
9 had attached to the questions that were  
10 submitted to the administration for review  
11 and response and then I'll make some brief  
12 comment after that and then at that point  
13 I'll depart.

14 And this is really relative to the  
15 questions and I view the responses to the  
16 attached questions as a collaborative effort  
17 with council members. I will with my  
18 responses include subjective commentary with  
19 detailed information for consideration. The  
20 process of evaluation is, of course, subject  
21 to a number of assumptions which are  
22 variable in nature and subject to some  
23 conjecture. Agreement or disagreement with  
24 these assumptions is a valuable part of the  
25 process of budgeted option.

1 I will also note that this  
2 correspondence includes in excess of what I  
3 believe are close to 50 questions which  
4 offer a level of detail additional to the  
5 budget narrative and the budget narrative  
6 had a fairly measurable level of detail as  
7 well. I doubt whether this process is  
8 applicable to most municipalities since I  
9 view various budgets in conjunction with  
10 this review, but I will say is that value  
11 can be derived from this process from what  
12 amounts to an in-depth evaluation of each  
13 budget component. Disagreement with these  
14 budget assumptions is obviously a  
15 legislative right and should be exercised  
16 accordingly. I would consistently defend  
17 that right and its value, hence, the need to  
18 provide the responses.

19 This is an important consideration  
20 for council and it's really representative  
21 of much larger consideration. We share a  
22 geography with a local government that is  
23 presently struggling to some extent and  
24 likely for what I believe may be the  
25 foreseeable future raise taxes to order to

1           achieve fiscal stability.

2                       Viewing it in the context of the  
3           Amoroso plan, the Amoroso plan references  
4           incremental increases, tax increases  
5           periodically to maintain our own fiscal  
6           stability. I agree with that premise, but  
7           we really can't consider it in a budgetary  
8           vacuum, therefore, I view the budgetary  
9           process with some limitations, and I think  
10          you will get that sense as you are going  
11          through some of the questions and certainly  
12          as you are going through the budget, but  
13          what I would say is you certainly want to  
14          consider these thoughts as you are reviewing  
15          the budget because I think they're  
16          important.

17                      Now, what I will say though is when  
18          I first looked at the request and the number  
19          of questions, I don't think my commentary  
20          was quite as favorable nor as diplomatic as  
21          it is now, but what I realized though is  
22          that going through this process really  
23          required me to take a look at some items  
24          that I may or not have looked at in that  
25          kind of detail and I think there is some

1 value to that part of the process. So in  
2 some cases it's strengthened my assumptions  
3 and in some case it pointed out to some  
4 deficiencies, but, again, they are all  
5 assumptions. And I think when you looked at  
6 the responses to the questions you will find  
7 that the assumptions really for the most  
8 part are supported by data.

9 Now, the data certainly can be  
10 variable and obviously in many cases there  
11 is really an impact on that data from  
12 economic conditions and other impacts,  
13 various impacts that that really could have  
14 some significant influence on the budgetary  
15 process.

16 So with that, each one of you have a  
17 copy. I don't see, since we've got a  
18 limited amount of time, I don't necessarily  
19 see where we can cover each one of the  
20 questions and each one of the responses, but  
21 as I close the responses to questions what I  
22 would do is certainly welcome any  
23 communication from each one of you  
24 individually if you have any questions on  
25 any of those responses.

1 MR. ROGAN: Mr. Bulzoni, we thank  
2 you again for -- I know Councilman Gaughan  
3 sent a lengthy list of questions and it  
4 looks like they are mostly answered here.  
5 Just for the public and those watching on  
6 TV, can you give -- and we talked about it a  
7 little bit last week, but could you give a  
8 brief overview of the budget. Obviously,  
9 the thing people most -- consider most  
10 important is no tax increase, but can you  
11 just give a generalized basically repeat for  
12 the public the synopsis of the budget.

13 MR. BULZONI: I think what we wanted  
14 to do relative to the budget was continue  
15 the relatively significant allocation to  
16 capital expenditures, and this would really  
17 be the fourth year of what I believe would  
18 be a fairly significant investment in the  
19 city, so to speak. It should conclude the  
20 measure of capital investments that we have  
21 had almost uniformly across various  
22 departments, and I think there was a lot of  
23 value to that because certainly there were a  
24 number of deficiencies that the city had  
25 when we had gotten involved in the budget

1 process beginning in 2015. Certainly the  
2 difficulties the city faced in 2014 have  
3 been discussed and well reported, so I think  
4 the budget is really a continuation of what  
5 we have been trying to achieve and that's  
6 creating a certain level of stability in the  
7 city.

8 Obviously, you have got influences  
9 that are generally outside of our control  
10 that we would have to react to, but for the  
11 most part the budget creates a focus on a  
12 continued investment in the city. There are  
13 some assumptions that upon reviewing I think  
14 are really based on continued -- I think a  
15 continued favorable economic environment and  
16 that certainly helps the city relative to  
17 revenues, I think that the continuation of  
18 what has been a fairly strong economy into  
19 2019 should help but, again, obviously, you  
20 know, the economic benefit can be influenced  
21 by the state of the economy and that would  
22 have to be revisited in the 2019 budget.

23 But overrule I think the budget is  
24 fairly strong and, again, certainly if you  
25 have any questions you are welcome to give

1 me a call, contact me as you see fit.

2 MR. ROGAN: And I know I speak for  
3 all of us, I appreciate how open and willing  
4 you are to take calls from us when we have  
5 questions pretty much any time day or time,  
6 weekend, weekday, so we certainly appreciate  
7 that. Thank you very much.

8 MR. ROGAN: Thank you, Mr. Bulzoni.  
9 (Mr. Bulzoni leaves council chambers.)

10 MR. ROGAN: Our first speaker is  
11 Joan Hodowanitz.

12 MS. HODOWANITZ: Joan Hodowanitz,  
13 city resident and taxpayer. As you go  
14 through your due diligence on this operating  
15 budget, a couple of things I would hope that  
16 you would follow-up on, one is just a  
17 general recommendation. I think it would be  
18 useful for the general public if when the  
19 draft budget comes out, the operating  
20 budget, that with it we should see the  
21 capital budget at the same time because they  
22 do impact on each other and that should be  
23 posted on the website just like the  
24 operating budget so that if you could maybe  
25 suggest that to the administration, but I do

1 think that would be very helpful to assess  
2 the parameters of the operating budget.

3 Second, I read through the various  
4 narrative portions and looked at the line  
5 items and the budget summary which begins  
6 "The document" there is only one sentence  
7 that refers to storm water management and  
8 this is what it says, "Effective storm water  
9 management pretends to be a principal  
10 initiative in 2019 regardless of the impact  
11 on the operating budget."

12 Now, I was very tired the last week  
13 or two because I had to move, but I'll be  
14 darned if I could find anything else about  
15 storm water management anywhere in that  
16 operating budget, so if you have found it  
17 would you please point it out to me. I  
18 think even though the Arcadis study is a  
19 year late, which is shameful, but I think  
20 the administration probably has some ideas  
21 of what the cost implications are going to  
22 be on storm water management, not just  
23 setting up the authority, but I think they  
24 probably could have a handle on it and this  
25 sentence suggests that it's going to be a

1 major factor in 2019 but did anybody see  
2 anything else in the budget on it? I didn't  
3 so that I would like you to follow-up on.

4 Another thing that caught my  
5 attention, because I was only able to spend  
6 a little bit of time going through the  
7 budget, court awards. It went from \$375,000  
8 in 2018 budget to \$725,000 in the 2019  
9 budget, which is more than double. Now, why  
10 would they double court awards if they  
11 were -- unless they had some idea that they  
12 would be facing out some court-ordered  
13 payments. Again, going back to the audit,  
14 there was nothing said about the pending  
15 lawsuits that the city is facing which can  
16 impact on their operating budget greatly so  
17 I'd like to know about that.

18 Also, one of the things I would have  
19 loved to have seen somewhere in the  
20 narrative, if not in the line items, was  
21 what cost savings can the city obtain by  
22 using interns. You know, there should be a  
23 significant cost savings across many  
24 departments with the various colleges in  
25 using interns in finance, in accounting and,

1           you know, criminal justice, a whole lot of  
2           things can be done so as you go through your  
3           due diligence on this issues please look at  
4           those items, especially the capital budgets  
5           and storm water management. I think those  
6           that were kind of left unaddressed and they  
7           should be. Thank you.

8                       MS. SCHUMACHER: Yes, unlike past  
9           years where I have analyzed every single  
10          budget line item I decided not to do that  
11          because I didn't know if there was going to  
12          be a five-minute limit and every time I have  
13          submitted them in writing of all of the  
14          years I have done that, which is pretty much  
15          every year, only once during the years of  
16          the Janet Evans' council presidency did I  
17          get answers back so --

18                      Now, the first question I have is  
19          the controller's report or statement, I  
20          guess, because I don't know how this works,  
21          but the controller's report for December  
22          2017 showed a \$39,707,401 of expenditures  
23          over the revenue. So how does that get  
24          covered in the expenditures and, you know,  
25          when I'm finished you can tell me because I

1 don't know how that happens, how you can  
2 expend that much money and then just --  
3 unless we have a fairy godmother someplace  
4 that's being held under wraps.

5 And I have a concern the 2018  
6 revenue budget may not be met based on the  
7 application of the average -- I went back  
8 five years and took what the percentage of  
9 the revenue at September was to the end of  
10 the year and it came out somewhere around 80  
11 percent which brings -- would bring us, if  
12 that holds true on that average of those  
13 five years, to only \$105,000 -- or \$105  
14 million and a half, so I don't know if we  
15 are going to end up this year in the hole  
16 again and again how that would be covered if  
17 we do end of up that way.

18 And I'm concerned about expenses  
19 that they might -- well, exceed the revenue  
20 again this year. The cable TV and  
21 miscellaneous revenues lacks transparency.  
22 For example, last year the account was  
23 budgeted at \$1,396,500 while actuals came in  
24 at \$31,944,184 just a scant two and one-half  
25 million dollars shy of the real estate tax

1 collected. From whence did that windfall  
2 come? You know, and that's not the only  
3 year. Some years it's flipped, I have it  
4 here if anybody would like to look at it  
5 going back to I think 2012.

6 And where in the budget is the MMO  
7 expense? I would like to know that and  
8 that's why I'm concerned about -- I'm  
9 concerned about the expenses because we have  
10 five more pay periods, that's about \$6.4  
11 million. The TAN has to be paid back,  
12 that's 12 million and three quarters. We  
13 have the overtime from the storm of last  
14 week and I think we have about a \$10 million  
15 dollar MMO payment, and I don't know if  
16 that -- so that's a lot, that's like \$29  
17 million yet to come out in addition to the  
18 regular other things so I'm a little  
19 concerned about that as well.

20 And is the reason the 2019 real  
21 estate tax revenue is \$207,000 lower than  
22 the 2018 budget because of appeals resulting  
23 in reduced -- I mean, why is it down --

24 MR. EVANS: That would make --

25 MS. SCHUMACHER: The properties are

1 the same --

2 MR. EVANS: Assessed valuations are  
3 the same but you're right. The appeals are  
4 causing a reduction in the overall value,  
5 there is no doubt about it.

6 MS. SCHUMACHER: And then is there a  
7 special account number for potential cost  
8 sharing commitments such as -- I think it's  
9 on agenda to night, \$386,169 for the two  
10 street sweepers we are committing to if you  
11 pass that tonight. Is there a special  
12 account that that goes into? That's  
13 happened throughout the year and I think we  
14 need a special account so we know how much  
15 we have committed to if we get the grants?

16 And we are trading one street  
17 sweeper for two replacements but no operator  
18 in the budget so I'm not sure what gives.  
19 Since there is nobody else -- oh, are there  
20 other people? May I continue, I only have a  
21 couple?

22 MR. ROGAN: If you want another  
23 minute that's fine.

24 MS. SCHUMACHER: The number and  
25 value dollar value of transfers is

1           troublesome and destroys the credibility of  
2           the budget process I think. They are just  
3           too many with too big of dollars. It's  
4           like, well, let's plug some here and then  
5           we'll use that as a petty cash fund, except  
6           it never gets returned, and I would like to  
7           know the amount of the revenue that's  
8           collected from permits required by the  
9           central business district parking ordinance.  
10          I think we may be missing some.

11                   And, again, most importantly, what I  
12          believe is missing, again, our MS-IV  
13          compliance regarding storm water, street  
14          signs, city hall exterior and what happens  
15          if we lose any of those cases once this  
16          budget -- the lawsuits once this budget has  
17          been passed. The rest I'll hold for the  
18          regular meeting. Thank you.

19                   MR. ROGAN: Thank you. Is there  
20          anyone else would like to address council  
21          specifically on the budget? If not, this  
22          hearing is adjourned.

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C E R T I F I C A T E

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes of testimony taken by me at the hearing of the above-captioned matter and that the foregoing is a true and correct transcript of the same to the best of my ability.

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CATHENE S. NARDOZZI, RPR  
OFFICIAL COURT REPORTER