

1 SCRANTON CITY COUNCIL

2 PUBLIC HEARING

3
4 IN RE: FILE OF THE COUNCIL NO. 126, 2015 -
5 APPROPRIATING FUNDS FOR THE EXPENSES OF THE CITY
6 GOVERNMENT FOR THE PERIOD COMMENCING ON THE FIRST DAY
7 OF JANUARY, 2016 TO AND INCLUDING DECEMBER 31, 2016 BY
8 THE ADOPTION OF THE GENERAL CITY OPERATING BUDGET FOR
9 THE YEAR 2016.

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12 HELD:

13
14 Thursday, November 19, 2015

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16 LOCATION:

17 Council Chambers
18 Scranton City Hall
19 340 North Washington Avenue
20 Scranton, Pennsylvania

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25 CATHENE S. NARDOZZI, RPR - OFFICIAL COURT REPORTER

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CITY OF SCRANTON COUNCIL:

ROBERT MCGOFF, PRESIDENT
(Not present)

PATRICK ROGAN, VICE-PRESIDENT

WAYNE EVANS

JOSEPH WECHSLER

WILLIAM GAUGHAN

LORI REED, CITY CLERK

JAMIE MARCIANO, ASSISTANT CITY CLERK

AMIL MINORA, SOLICITOR

1 MR. ROGAN: I'd like to call this
2 public hearing to order. Roll call, please.

3 MS. MARCIANO: Mr. Wechsler.

4 MR. WECHSLER: Here.

5 MS. MARCIANO: Mr. Rogan.

6 MR. ROGAN: Here.

7 MS. MARCIANO: Mr. Evans.

8 MR. EVANS: Here.

9 MS. MARCIANO: Mr. Gaughan.

10 MR. GAUGHAN: Here.

11 MS. MARCIANO: Mr. McGoff.

12 MR. ROGAN: The purpose of said
13 public hearing is to hear testimony and
14 discuss the following:

15 FILE OF THE COUNCIL NO. 126, 2015 -
16 APPROPRIATING FUNDS FOR THE EXPENSES OF THE
17 CITY GOVERNMENT FOR THE PERIOD COMMENCING ON
18 THE FIRST DAY OF JANUARY, 2016 TO AND
19 INCLUDING DECEMBER 31, 2016 BY THE ADOPTION
20 OF THE GENERAL CITY OPERATING BUDGET FOR THE
21 YEAR 2016.

22 With us tonight is the City's
23 Business Administrator, Dave Bulzoni. We
24 would like to turn it over to you to open up
25 and then we will follow with commentary from

1 council and then the public participation
2 portion of the meeting.

3 MR. BULZONI: Thank you, Vice
4 President Rogan. I'd just like to open with
5 just some brief comments, and I'm not going
6 to belabor the point because as you're aware
7 I spent a lot of time narratives to provide
8 you with as much information as possible to
9 be able to absorb the various components of
10 the budget, but what the budget is trying to
11 achieve, and I think overall what the city
12 is trying to achieve is create fiscal
13 stability and a more manageable allocation
14 of the revenues and expenditures, and to do
15 so to try and avoid what has been a practice
16 periodically of double digit tax increases
17 which, you know, certainly can have a very
18 punitive nature, especially when people are
19 trying to absorb those increases in their
20 personal budgets.

21 Compression of real estate taxes
22 continues to be a focal point in the 2016
23 budge. Certainly going forward, this is not
24 anything that's new to you. Certainly a lot
25 of this was identified in the plan that was

1 developed by HJ Strategies, but to emphasize
2 2016 is really going to be a watershed year
3 for the city. A lot of initiatives have to
4 come together with the city in order to make
5 this process much more manageable on a go
6 forward basis.

7 The city is going to continue to
8 dedicate real estate taxes for the debt
9 service. That has been received favorably
10 in the financial markets, and certainly
11 given us the bridge -- given us a bridge to
12 be able to discuss some of the financing
13 issues that we have both on a macro and a
14 micro basis. It also takes away some of the
15 discretion and use of that levy, so when you
16 have got dedicated millage for a specific
17 purpose, in this case the debt service, it
18 takes away the discretion of being able to
19 reallocate that, which I think is important
20 when you are looking at the overall
21 construct of the budget.

22 Continue to look at ways to maximize
23 revenues. It's got to be a much broader
24 based initiative. The city historically has
25 relied on it's primary drivers, both in

1 earned income tax and real estate taxes, but
2 it doesn't necessarily work and certainly,
3 again, there is a punitive nature trying to
4 drive the city's budget with just those two
5 components.

6 Looking at initiatives to try and
7 broaden base, we will be meeting with people
8 that can assist the city with its revenue
9 cycle, which I think is important because
10 that allows us to focus on each one of the
11 revenue items. And even beyond that to look
12 at not only the more effective collection of
13 permits, fees and taxes, but the proper
14 allocation of those. Continue to take a
15 realistic approach to expenditures and
16 certainly recognize what the needs of the
17 city are at present and will be going
18 forward and trying to satisfy those needs on
19 a cost-effective basis.

20 I think we are all hopeful that the
21 2016 budget is a bridge to stability. I
22 know budgets, certainly more recent budgets
23 have caused a lot of consternation for
24 everyone and I think, you know, as was
25 indicated by Henry Amoroso, you would like

1 to really have a budget process that's more
2 productive and create a more anticipated
3 process relative to the generation of
4 revenues to offset your expenditures.

5 I think what we are all trying to
6 realize is a more sustainable and certainly
7 more attractive city, and in order to do
8 that we really have to focus on cost
9 effective delivery of the services.
10 Generally, that's why we are here. Our
11 purpose is really to try and deliver
12 services on an optimum basis and in the most
13 cost effective manner as possible. Easy for
14 me to say, certainly very challenging, but
15 there is no question about that, but we'll
16 continue to try and manage costs and use as
17 many well-founded budget principles as
18 possible in order to achieve that goal.
19 Thank you. Questions?

20 MR. ROGAN: Councilman Wechsler, any
21 questions or comments?

22 MR. WECHSLER: Yes. Thank you for
23 coming, Mr. Bulzoni. One of the questions I
24 have is the 2015 budget is in the books, do
25 we anticipate or know how much of a

1 shortfall from what we anticipated in
2 collecting as late?

3 MR. BULZONI: We don't. Our cash
4 position is updated pretty much on a
5 day-to-day basis. As I had indicated when
6 the budget was presented, it's a very tight
7 budget. We have not departed from that
8 comment at all. It continues to be very
9 tight. Some revenue items have
10 underperformed, some have performed
11 reasonably well. The real challenge for us
12 is to try and make sure that we make our
13 pension MMOs on a timely basis. That's been
14 somewhat, at least over the last few years,
15 the basis for what the city's structural
16 deficit is. It continues to be a challenge.
17 Right now it seems as though the budget is
18 tracking reasonably well. December is going
19 to be a critical month in terms of the
20 primary revenue drivers, earned income tax
21 and real estate taxes.

22 So at this point we are optimistic,
23 probably a much better idea as we approach
24 maybe the first or second week of the
25 December.

1 MR. WECHSLER: You mentioned the
2 MMO, are we going to make that payment on
3 time this year in December?

4 MR. BULZONI: Well, it's not a
5 matter of the whether we make the payment on
6 time, it's a matter of the how much of that
7 payment we make on time and that, of course,
8 has been the challenge. Again, the budget
9 appears to be tracking reasonably. We have
10 had discussions with our recovery
11 coordinator, they have provided some cash
12 flow forecasts that indicate that we may not
13 be able to make the payment in full by year
14 end, I'm not going to dispute that. But,
15 again, a lot of it is going to really depend
16 on how our primary revenue items track as we
17 go into the first and second week of
18 December, so it's not like I'm trying to
19 pass on the comment, but we are really
20 updating our cash position on a day-to-day
21 basis and that's going to determine how we
22 approach that issue at year end.

23 MR. WECHSLER: And generally, there
24 is a few additional staff being added, was
25 there specific analysis done on those

1 additions to see what kind of payback they
2 would bring to us or is more just a need
3 basis of what we need to do daily to get
4 things done.

5 MR. BULZONI: No, it's actually
6 both. I think when you look at some of the
7 staffing requirements, again, in order to
8 drive more efficiencies I'm sure every
9 department could require additional
10 staffing, but what we really wanted to look
11 at was positions that were value added, what
12 can we derive from those positions either in
13 cost savings or in what those positions can
14 add to the functionality of the city.

15 So, for example, recycling
16 coordinator and as well the workers'
17 compensation coordinator, those are two
18 positions that I would call value added. So
19 in terms of workers' compensation, we have
20 reporting requirements that cost us about
21 \$25,000 a year, safety requirements that we
22 anticipate would cost us at least \$6,500 to
23 \$7,000 a month. We can do a lot of that
24 inhouse. Now, what you have got to
25 recognize, particularly relative to workers'

1 compensation we have been considered a
2 pariah by the Commonwealth, not viewed very
3 favorably in the functionality of our
4 program and for a number of reasons that I'm
5 just not going to get into at this point.
6 We really reviewed when our expectations
7 were and how we can really deliver on some
8 of those requirements, so the addition to
9 staff was very well received by the
10 self-insurance division of the Department of
11 the Labor and Industry. And again, just
12 through the savings we could realize on
13 either some third party costs relative to
14 reporting or safety requirements, you know,
15 we think we can cover that salary.

16 In terms of recycling coordinator,
17 again, the program is not viewed very
18 favorably by the Commonwealth. We don't
19 match very well to our peer cities, number
20 one, and even in a lot of cases are not
21 matching well the smaller municipalities.
22 One of the biggest problems for us was
23 tracking commercial recycling, and just
24 based on a review of what we can expect
25 through additional time in our 904 grant we

1 were looking at, just by tracking commercial
2 recycling approximately \$40,000 a year in
3 addition to what we are receiving right now.
4 Now, you know, we discussed that with the
5 recycling coordinator -- or the recycling
6 consultant that we brought in to assist in
7 developing the program, and obviously she is
8 going to be here for a year and a half and
9 then departing.

10 So, again, the addition to staff
11 very well received by the Commonwealth.
12 Certainly meets their expectations in trying
13 to create a more functional recycling
14 program but it does result in revenues as
15 well.

16 The other positions not as much so.
17 There is a reassignment as it noted from
18 OECD into Licenses and Permits. You know,
19 we do know that we really have to try and
20 improve the effectiveness of the delivery
21 the services through Licenses and Permits,
22 the administration has really the determined
23 that by having a deputy director on staff
24 that person can manage a lot of the
25 day-to-day needs of the department.

1 The addition to the Department of
2 Information Technology was really just based
3 on what I have commented on before, the fact
4 that what's going to wind up driving the
5 city going forward is technology. I think
6 we see that certainly in public safety,
7 particularly with some of the initiatives
8 that are included in the budget. We just
9 think of it from a practical standpoint, you
10 know, with a city this size we have two IT
11 people. I mean, it's not sufficient, I know
12 there are budgetary constraints, but we
13 really believe that what will continue to
14 improve the city and allow us to deliver the
15 kind of the services that people expect is
16 through improvements in a technology,
17 whether it's through data reporting or
18 whether it's through more effective public
19 safety and in order to meet those
20 expectations we have got to be staffed
21 properly.

22 MR. WECHSLER: And just one more
23 question, there are a few capital programs
24 in the budget, a few capital programs, and
25 you I spoke about this, but I'd just like to

1 bring it out, the impact on the budget of
2 those few improvements, capital
3 improvements?

4 MR. BULZONI: Well, I think it
5 depends on which ones you are identifying.
6 Probably the most significant one that was
7 incorporated in the budget was the
8 improvement in the fire facilities. Now, we
9 incorporated 1.5 million in there, but that
10 wouldn't be a pure general fund expenditure,
11 and as I noted in some of my comments when I
12 was asked, you know, keep in mind there is a
13 process here. We are in the process now of
14 having a facilities analysis done because
15 right now it's merely just conjecture, so
16 how much would it cost to improve the
17 facilities. We are not really quite sure.

18 We do know that we've got a lot of
19 deficiencies with the firehouses. So just,
20 for example, you know, the issues with
21 Engine 10 and, you know, the roof problems.
22 We wind up putting in a new boiler, water is
23 leaking in, a new boiler. Luzerne Street
24 the facade comes out, water is coming in on
25 the area where the firemen reside so we know

1 we have issues, we're just not quite sure
2 what the cost of those issues are what kind
3 of costs are associated with those issues.

4 And even beyond that, like, you
5 know, kind of set aside, also, the
6 discussion relative to the former Army
7 reserve facility, you know, we know this
8 facility is out there, we know it may have
9 some value to the city potentially, the
10 question is, again, it's just conjecture on
11 how much does it actually cost. Is it worth
12 the City's while to take possession of it if
13 the costs for improvement are going to be
14 significant. We are not really going to be
15 able to determine that until we know what
16 the costs are.

17 Let's say we get the facilities'
18 analysis completed and we come up with a
19 cost, at that point it's how do you fund it.
20 Well, it certainly isn't going to be funded
21 on a current year basis out of the general
22 fund, we really can't afford that. The city
23 is likely going to be in a position in the
24 very near future where through the parking
25 monetization process there is going to be a

1 stranded debt component that the city is
2 going to have to issue based on whatever
3 Parking Authority debt is satisfied through
4 the concession agreement. If that dollar
5 amount warrants the addition of unused \$1.5
6 million, because it's what we put in the
7 budget, it would be mor advantageous to do
8 that now because this dollar amount is not
9 going to add enough in debt service on an
10 annual base over a 20 or 25-year period to
11 not warrant it's consideration. Plus, it
12 gives the city an opportunity to be able to
13 add a significant dollar amount in capital
14 expenditures that we couldn't do for the
15 issuance of the debt. I mean, we are not
16 ripe. We are not there yet. They are
17 probably very view banks out there even
18 right now that would entertain separately a
19 \$1.5 million general obligation note for
20 capital expenditures. So here's an
21 opportunity for us to try and put something
22 like that together where we can take those
23 costs and or amortize them over a period of
24 years. I'm not sure at this point whether
25 it's entirely doable, but at least it gives

1 us something to work toward. Again, we have
2 got to start off with the analysis and
3 determine what those costs are because we
4 know we have got deficiencies in that
5 system, identify the costs, determine
6 whether we want to move forward and if we do
7 is there a possibility of adding that debt
8 to the stranded debt component of whatever
9 remains from the Parking Authority debt.

10 So there is quite a bit to that
11 process before we really get to a point
12 where we can say yes, let's go ahead and try
13 and get this done. What's important to
14 remember is that particularly when it comes
15 to the issuance of the debt, the buck kind
16 of stops with you. Council has to approve
17 it. So I think we recognize that we want to
18 get to a certain point with the parking
19 monetization effort, and that's fine, and we
20 know it's going to result in some stranded
21 debt, we do recognize that, but the final
22 determination that would be made on whether
23 we want to add capital expenditures to that
24 debt is really going to come down to you.
25 But in order to for you, again, to make that

1 kind of decision you have got to have
2 information. So this is kind of a way that
3 I think we can get that information to you
4 so that you can really deliberate that
5 process intelligently and kind of understand
6 whether it's something we should do.

7 MR. WECHSLER: Thank you.

8 MR. ROGAN: Councilman Evans, any
9 questions or comments?

10 MR. EVANS: Thank you. Dave, thanks
11 for coming again. On the refuse fees there
12 an increase in the tipping collection in the
13 refuse fee amount collection of
14 approximately \$412,000 over the 2015
15 projection, and I have been saying for over
16 a year that we have to get aggressive with
17 rental registration ordinance to increase
18 the collection of the refuse fee, it goes
19 hand in hand. Some estimates are high as
20 six to eight hundred thousand dollars in
21 increase if we really were aggressive. So
22 in some respects your projections are
23 probably conservative and that's a good
24 thing in my mind, I always prefer
25 conservative numbers versus number that are

1 higher. So the rationale for that is the
2 increased collection of unknown rentals will
3 lead to the discovery of unpaid and
4 previously unknown refuse fees. So what
5 actions can we expect from the
6 administration that will dramatically
7 increase the rental registration rate
8 allowing for that increase in the refuse
9 collection, because I think they are hand in
10 hand?

11 MR. BULZONI: The effective
12 delivery, and I'll go back to what I said
13 earlier, the effective delivery of services
14 is critical for the city. We have to do as
15 much as you just indicated to identify
16 whether we are receiving as much in revenue
17 as we should be and, again, through what is
18 mainly just anecdotal evidence at this
19 point, but I think it's probably fairly
20 accurate is that we are probably leaving
21 some on the table because we are not
22 identifying all of the billing units that we
23 should.

24 A more effective rental registration
25 process could do that, and as you are

1 probably aware the Department of Licenses
2 and Permits is working on a request for
3 proposal. That process is going to change
4 what has to accompany that proposal is not
5 the only the creation of the third party
6 inspection but also the identification of
7 those units. That's where the dollars are
8 going to be uncovered. If we are going to
9 require people to pay a certain dollar
10 amount you want to make sure that everyone
11 is paying their fair share and in order for
12 us be able to do that we have to create as
13 much identification in those billing units
14 as we can. So I agree, you are absolutely
15 correct.

16 MR. EVANS: Yeah, that's what I was
17 getting at because I know that the original
18 RFP's was looking at more on the inspection
19 side of it and I thought it would have to be
20 two separate ones or maybe combined because
21 we are looking at maybe 15 to 20 percent are
22 identified after 20 years and we've got to
23 do better than that, and now the budget very
24 much hinges on us getting it done, so I'm
25 glad to hear that second part of that will

1 most likely happen.

2 On the delinquent refuse side, city
3 council last year in January gave
4 authorization to lien unpaid garbage bills
5 and that didn't actually start until
6 probably the fourth quarter, so sometime in
7 September, August or September, and I know
8 there has been an uptick in some of the
9 collections and a slight increase in what we
10 expect next year to be collected 1.375 I
11 think versus 1.3, but we still have by some
12 accounts \$13 million in delinquent garbage
13 bills and do you feel that we would be
14 better to package those if the numbers don't
15 come in the way we feel they will, somewhat
16 like we do with taxes sometimes, you know,
17 unpaid taxes, or are we gong to just try to
18 see how this plays out as far as the liens
19 are concerned and try to be more aggressive
20 on that front?

21 MR. BULZONI: Well, I think it's an
22 excellent concept to visit at some point,
23 and again, where you get into the concept is
24 timing. And as you just pointed out, the
25 ability to lien was relatively recent so

1 ideally you would expect that going into the
2 2016 budget year the delinquent collection
3 numbers should actually be up. Difficult to
4 forecast that since there really isn't
5 history so, again, 2016 is going to be
6 important in a number of respects, but we
7 should be able to identify a much greater
8 collection effort because of lienning.

9 But, also, when you get to the end
10 of the next fiscal year then at that point
11 you really want to determine whether the
12 lienning has reduced the receivable amount
13 and at this point we are not really quite
14 sure what's uncollectible or not. But,
15 again, that's where 2016 is going to be
16 important because we'll actually be able to
17 put together a full calendar year on
18 delinquent collections that are subject to
19 lienning.

20 MR. EVANS: Right.

21 MR. BULZONI: But it's got to be re
22 revisited i think overall revenues has to
23 revisited at the end of next year.

24 MR. EVANS: I agree.

25 MR. BULZONI: And, you know, in

1 terms of the structure of the program, in
2 terms of the costs of the program, the
3 forbearance cost that the City assumed will
4 go away at the end of next year, that's
5 \$27,000 a month so I think just with the
6 elimination of the forbearance cost that's
7 adding to the fee the city pays each month I
8 think it's really incumbent upon the city to
9 revisit the entire structure of how that's
10 put together.

11 MR. EVANS: I would think if that
12 goes away that's the perfect opportunity to
13 look at a reduction in the fee itself, but
14 that's for another day.

15 MR. BULZONI: Well, but, no it's a
16 good idea because, again, trying to connect
17 the dots you put the pieces together so if
18 you are able to identify the billing units
19 through the rental registration process, in
20 theory you would increase your revenues, in
21 theory.

22 MR. EVANS: Exactly.

23 MR. BULZONI: So if you are
24 increasing your revenues and you're
25 decreasing your costs through the expiration

1 of a forbearance agreement that is the
2 opportunity. That's the time you really
3 want to sit down and intelligently discuss
4 it, but it even goes beyond just the
5 discussion of costs, it's the structure of
6 the program.

7 So, for example, our sister city
8 Wilkes-Barre uses a hybrid of a per bag
9 program, is that something we want to take a
10 look at? I'm not quite sure at this point
11 in time, but I think we don't want to leave
12 anything on the table in terms of looking at
13 the program thoroughly.

14 MR. EVANS: Yeah, I agree. I don't
15 want to lose that opportunity, if we are
16 getting \$27,000 per month back then we want
17 to make sure that we use that opportunity to
18 change the program and reduce the rate or
19 some exploration thereof.

20 MR. BULZONI: Agreed.

21 MR. EVANS: And Licensing and
22 Inspection, the budget call for an
23 undertaking of a review of an active
24 ordinance to better identify those parties
25 eligible for permitting activity, assuming

1 that is what just means that is everybody
2 paying what they are supposed to be paying,
3 if they are not why not? So could you
4 comment on that issue or what you expect the
5 results of that issue to be.

6 MR. BULZONI: I have spoken to the
7 director about it and as you go through the
8 budget document you get a laundry list of
9 fees that are associated with a number of
10 different uses, licenses, permits, so on and
11 so forth. The question you have is that
12 when you look at each one of them how are we
13 monitoring the enforcement of whatever
14 legislation was created for those licenses
15 or those permits? In some cases there is
16 some where year over year there is very
17 little activity. The question is why. In
18 some cases the dollar amount associated with
19 any one of those line items doesn't change
20 and the question that I had is why, and
21 maybe it shouldn't change. But, again, if
22 we are leaving anything on the table it's
23 really incumbent upon us to look at what we
24 should be doing. That's all part of
25 broadening that revenue base. The other

1 aspect relative to the operation of that
2 department comes down to some
3 predictability. We've got to get a better
4 handle on budgeting numbers, and I think if
5 you look at, you know, how numbers were
6 budgeted this year my number was way off,
7 and we can't afford to have a component of
8 what is very a tight budget underperform by
9 a significant dollar amount. It winds up
10 hurting us at the end of the year, and as
11 Councilmen Wechsler pointed out, we had
12 these discussions on whether we are going to
13 be able to make our MM0. There has got to
14 be a more predictive nature.

15 And, again, tying everything
16 together that is going to be the
17 responsibility of the deputy director. It
18 should be a responsibility of the business
19 administrator to try and develop a more
20 predictive budget for licenses and permits
21 so we think we will see some improvements
22 through some personnel changes, but again,
23 we have got to have a more predictive budget
24 that comes out of the department.

25 MR. EVANS: Well, I think we have is

1 an evolution, you know, year after year we
2 find ways to add fees to somebody else, to
3 generate some income. There is 12 fees that
4 bring in less than -- anticipated less than
5 \$5,000 each per year. I mean, this is the
6 whole page of fees, I mean, it's ridiculous.
7 I mean, we need to find a way to get rid of
8 half of these, if not more, because if they
9 are not bringing in the money we need to
10 start getting rid of them and telling the
11 business community that, you know, we don't
12 hate you, we actually want to do business
13 with you and encourage business to be here,
14 so I agree that we need to do that study,
15 but I just want that study to be inclusive
16 enough to say what fees can we get rid of or
17 combine or whatever, just not just how could
18 we add more revenue to some of these fees
19 because if they don't make any sense it's
20 time for them to go.

21 On the PILOTS, there is a small
22 uptake in the PILOT amount, but in the
23 recovery plan it calls for the city or the
24 third party to send a request to all
25 property owners that, you know, are

1 designated as a tax exempt, requesting
2 owners of those properties to justify their
3 exempt status for parcel that it's a purely
4 public charity. It's a little bit outside
5 of the budget, but I'm just wondering if you
6 are know if the mayor or the administration
7 is planning to implement that in 2016 as a
8 way to increase the taxable property within
9 the city?

10 MR. BULZONI: Well, I think as a
11 provision in the recovery plan it's
12 something that really has to get done and,
13 you know, certainly given the scope of the
14 taxes and property in the city I think we
15 really have to take a closer look at that
16 concept within the recovery plan but, also,
17 to try and develop the kind of relationships
18 with some of the nonprofits in the city to
19 find a way that, you know, we can leverage
20 some of that expansion so there is some
21 benefit to the city whether it's a direct
22 monetary value, whether there are certain
23 services that can be provided, I think we
24 have to. You know, the nonprofit footprint
25 in the city is just too large for us not to.

1 Again, trying to lever some of that
2 development. Keep in kind that some of the
3 growth, a lot of the more significant growth
4 within the city has come through two
5 industry components that to some extent are
6 non-profit in health care and higher
7 education. It certainly provides some
8 benefits to the city, but are we doing
9 enough to maximize what benefits that we
10 receive from the growth of those industries.
11 Probably not at this point.

12 MR. EVANS: No.

13 MR. BULZONI: And I think it's
14 certainly something that has to be visited
15 in much more detail in 2016.

16 MR. EVANS: I think I will be out
17 here, and I don't want to get too far into
18 this, but for years the county had a policy
19 that if a property was purchased by a
20 nonprofit it automatically went from taxable
21 to nontaxable so what we have is a lot of
22 the properties we don't know do they really
23 fit the description of that purely public
24 charity that they were purchased maybe for a
25 future project five, ten or 15 years down

1 the road it might be a vacant lot, it might
2 be a property with a house on it, nothing
3 was done relative to that charity. So I
4 think there is opportunities out there, but
5 also there is an opportunity to, as you
6 mentioned, to talk to the nonprofits and see
7 if we can get some kind of coordination with
8 the county to help us in other ways as well.

9 Councilman Wechsler talked about the
10 facilities improvements, the settlement
11 award 27.60 is the amount that's targeted on
12 the award. Can you give us a break down, or
13 do we know what the breakdown at this point,
14 what is principal and what is interest?

15 MR. BULZONI: We do, and as when
16 Mr. Lockwood had inquired of Solicitor
17 Shrive relative to the award settlement the
18 response he had gotten was hopeful and that
19 was really about it. The difficulty I have
20 expanding on upon it is that there has been
21 some detailed discussion, I would still
22 consider those discussions ongoing
23 negotiations. It's hard to shed too much
24 light on it. I did try and provide counsel
25 with some information on what the city was

1 looking at in terms of it's proposal, but in
2 order to -- you know, we have to have some
3 conclusion in order for me to be able to
4 disseminate the type of information that I
5 think you need.

6 MR. EVANS: I know when there is an
7 award or when this is finally settled I know
8 Labor and Industry has to take a look at it
9 and they have to approve it as well, does
10 city council have an opportunity to review
11 any and all, because will there be enacting
12 legislation I guess is what I'm getting at.

13 MR. BULZONI: Again, it goes back to
14 what I said before on the 1.5 million, if
15 it's going to be achieved through the
16 issuance of the debt it's got to go through
17 you, so -- but, I think even before it got
18 to that point where we are looking at any
19 kind of debt issuance in order to be able to
20 satisfy that I think, you know, council has
21 to be brought to the table because the last
22 thing you want to do is get to the point
23 where you are looking to trigger the
24 issuance of the debt and then it gets to
25 council and council decide, well, you know,

1 I don't know if I really like the construct
2 of the award. So have not getting to that
3 point yet though where we can really kind of
4 sit down and intelligently discuss what the
5 components are, but hopefully, you know, at
6 some point in the not too distant future we
7 will be able to conclude it.

8 Again, it's not -- to go back to
9 what was talked about before with the 1.5
10 million it's not as though 27.6 million is
11 coming out of the general fund.

12 MR. EVANS: Right. I'm not a very
13 good poker player that's why I have to
14 telegraph in my hand for quite a long time,
15 but I actually feel at the very least the
16 interest that's been paid or allocated for
17 that sum should be put back into the
18 severely distressed pension so I hope that
19 are friends are listening because that's
20 sort of my criteria as far as approving any
21 kind of loan.

22 The other elephant in the room is,
23 of course, our distressed pensions, and
24 while the monetization of the Sewer
25 Authority is an integral part of the

1 financial future of the city the lack of
2 progress in the pension reform, the
3 ordinance or lack of makeup of the pension
4 boards themselves makes me pause on super
5 funding the pensions through the
6 monetization. So I guess what I'm asking
7 is, you know, if those reforms aren't done,
8 and if the Pension Boards aren't reformed
9 and the state doesn't accept our pensions
10 because it's so severely distressed they
11 don't want them, are there other options
12 besides super funding the pension if there
13 isn't monetization of the Sewer Authority?

14 MR. BULZONI: Yes.

15 MR. EVANS: Okay. All right. We'll
16 leave it at that.

17 MR. BULZONI: Again, sensitive
18 nature involves a third party that's really
19 driving this process, I'm not going to speak
20 on their behalf, I'm not really even going
21 to comment at length on the administration's
22 behalf, but I think certainly everyone
23 recognizes the validity of your comments.

24 MR. EVANS: Okay. That's all I have
25 for now. Thanks.

1 MR. ROGAN: Thank you. Councilmen
2 Gaughan, any comments or questions?

3 MR. GAUGHAN: Yes. Thank you.
4 First of all, Mr. Bulzoni, I appreciate you
5 coming in tonight. I know this is your
6 final year as a business administrator and I
7 just want to say that I thank you for your
8 service to the city. I know, I think I
9 speak for all of my colleagues when I say
10 that any time we have had a question you
11 have been there to answer it open and
12 honestly and we really appreciate that so
13 thank you.

14 My first question concerns the
15 award, the \$27 million to satisfy the
16 judgment. Do you feel confident that we
17 will be able to get that financing this
18 year?

19 MR. BULZONI: I do if we get to that
20 point. We have worked pretty closely with
21 IFS securities, and as was noted I was
22 actually in New York meeting with one of the
23 investor groups. The firm has lined up the
24 investors that would purchase the debt.
25 Again, the city being in the situation it is

1 in right now, non-rated, non-insured debt so
2 for us it was critical to try and figure out
3 a structure that would be advantageous for
4 the city that would not exceed the 6 percent
5 interest that we are already paying on the
6 award, and I think we have gotten to that
7 point. The transaction could probably be
8 triggered at any time but, again, there has
9 got to be -- I think in terms of what the
10 city is expecting there has got to be some
11 satisfaction in what the city's objectives
12 are and obviously, you know, you have got
13 another party as well that would have to
14 agree to it, but the answer to that would be
15 yes.

16 MR. GAUGHAN: And I'm not sure if
17 you can answer this, but has there been any
18 conversations with the unions that you can
19 tell us about in regards to at least
20 forgiving the interest on the award?

21 MR. BULZONI: What I will say is
22 that we have had quite a few conversations,
23 quite a few discussions on what were
24 position of the city or the position of the
25 administration is relative to the

1 satisfaction of the award.

2 MR. GAUGHAN: Thank you. It's been
3 touched upon tonight, and I think it's
4 important, but can you just give us an
5 update on our efforts to attain a credit
6 rating and how close we are to that to being
7 in a better light with the financial
8 community?

9 MR. BULZONI: Well, problematic.
10 Challenging. There is absolutely no
11 question about it. You know, you don't go
12 through a high profile default, and
13 particularly relative to the timing. Prior
14 to 2008, 2009, lending and money was much
15 freer in terms of municipal government.
16 After that with lot of the changes in
17 regulatory environment, the approach that
18 was been taken by the financial interest had
19 changed relative to lending to any
20 municipality, so the default came at a bad
21 time, not that there is any good time for a
22 default, but probably the worst time it
23 could possibly happen.

24 But beyond that, the significance in
25 the city's unfunded pension liability has

1 certainly created a red flag or a series of
2 red flags, so we continue to do things that
3 create a bridge to more discussion, so
4 dedicating millage for debt service and
5 actually using what is almost like a lockbox
6 environment, we have a single point paying
7 agent, has really allowed us to engage some
8 of these discussions with not only
9 investors, but also with various financing
10 companies, banks, investment houses, so on
11 and so forth. So the discussions we have
12 had this year certainly are much better than
13 last year. PFM has done a lot of the work
14 to help bridge some of those discussions and
15 done an excellent job, very well respected,
16 they have got a great sphere in order to
17 create those discussions, so do I think we
18 are going to get a debt rating this year?
19 No. Are we in a position to have a debt
20 rating next year? If the monetization
21 initiatives go accordingly, maybe by the end
22 of next year there's a possibility but,
23 again, that's why 2016 becomes a watershed
24 year. A lot of things have to come together
25 in order for us to be able to improve.

1 MR. GAUGHAN: Okay. Thank you. On
2 the issue of monetization, the mayor said
3 recently that we should expect the Sewer
4 Authority monetization around the same time
5 as the parking monetization, do you hold
6 that same view, are we that close to coming
7 to some sort of deal with the Sewer
8 Authority.

9 MR. BULZONI: Both processes are
10 running concurrently right now. We are not
11 really at the point where I think we could
12 forecast a conclusion. Parking maybe, the
13 end point is a little clearer because of how
14 much time we have invested in it. Sewer,
15 again, the process has been running
16 concurrently. There has been a lot of
17 discussions with the Sewer Authority. I
18 think they recognize the needs of the city,
19 but it also is a separate body and they are
20 going to make determinations that they feel
21 are appropriate for the authority as well
22 as, of course, recognizing the city needs.

23 So, Councilmen Gaughan, it's a very
24 fluid process, but I guess all I could say
25 to respond is that both are kind of running

1 concurrently right now.

2 MR. GAUGHAN: Thank you. What do
3 you project the tax increases to be for 2017
4 and 2018? I know it was projected this year
5 to be 6 percent, but we came in at 5.7 so at
6 this time can you give us an update on what
7 the projection might be for next year and
8 the year after?

9 MR. BULZONI: Well, as I noted when
10 I made a few opening statements, what's
11 going to be critical is the compression of
12 any increases. So maybe it's easier for me
13 to say since I'm departing, but I think what
14 should only be acceptable and hopefully this
15 is going into 2017, our cost of living
16 adjustments, again, keep in mind that, you
17 know, where we don't have the luxury that
18 some of our neighbors have is if you have
19 got an expansion of payrolls in the city
20 that's going to drive increases in your
21 earned income tax. Given the economic
22 environment right now, given the
23 demographics of the city, we are not really
24 seeing much of expansion in payrolls, so we
25 are not seeing expansion in the collection

1 of earned income taxes. Given the
2 circumstance with the assessed valuation,
3 I'm going to belabor that point, you know,
4 we talked about the fact that the assessed
5 valuation is antiquated, it's been certainly
6 over 40 years. Even the inclusion of new
7 business, unless there is some real
8 significant nature to it is not going to
9 move the needle all that much. Our assessed
10 valuations have been relatively flat.

11 So it's going to be challenging and
12 that goes by the nature of what I said
13 earlier, try to expand the revenue base as
14 much as you can so that your reliance isn't
15 as much on earned income taxes or your real
16 estate taxes, but I think ultimately that's
17 the goal. I don't think you really want to
18 ever get to the point where you are saying,
19 "We don't have to raise real estate taxes."

20 I mean, you've got to be realistic
21 about it. You know, recognizing that from
22 2006 the city borrowed \$45 million to fund
23 operations, that ultimately has to be paid
24 back. You know, what you are doing is
25 creating a voidance. I mean, in order to

1 offset what are expenditure items you are
2 borrowing money to balance your budget, so
3 at some point you are going to pay that
4 back. But realistically, you want to get to
5 the points where the adjustments are going
6 to be reasonable, where the residents of the
7 city have the ability to incorporate
8 whatever those adjustments are in their
9 personal budgets. I mean, what's totally
10 deflating is if someone gets hit a double
11 digit real estate tax increase. I mean,
12 just think of it in terms of you are
13 personal budget. If all of a sudden now
14 you've got another \$200 bill that's added to
15 your personal budget or more in a lot of
16 cases, how difficult is it to incorporate
17 that into your personal budget, so I think
18 it's incumbent upon all of us to really try
19 and manage that process as well as we can,
20 create the kind of stability that's going to
21 be necessary, so that it creates a more
22 attractive city and doesn't chase people out
23 because much of the prospect of significant
24 tax increases.

25 MR. GAUGHAN: Thank you. Earlier

1 this year the mayor renegotiated the police
2 and fire contracts, and I realize looking
3 over the budget that it does mention some
4 savings in both the police and a fire
5 budget, but can you tell me if you
6 anticipate that the city will get close to
7 the \$1 million in savings --

8 MR. BULZONI: Well --

9 MR. GAUGHAN: -- from both police and
10 fire?

11 MR. BULZONI: -- the term I have
12 used is always a little bit different, I
13 have used impact and not necessarily savings
14 because it's not purely savings driven,
15 there is some revenues associated with it.
16 There are some savings through adjustments,
17 you know, shift adjustments, changes in
18 staffing, there are tangible savings, but
19 there are also obviously increases in terms
20 of dollars generated to fund the pension,
21 employee contributions are close to
22 doubling, so there is a dollar value
23 associated with that as well.

24 If you are looking at impact, yes, I
25 would agree with that, that those numbers

1 are achievable if, again, you are terming
2 it, you're defining it as impact, dollar
3 impact. But as is the case with any
4 contract that's negotiated, there are going
5 to be items that are less favorable so, you
6 know, there are costs that associated with
7 it, that the city believes are very
8 manageable, but we discussed these at the
9 time the contract was presented. So, for
10 example, the inclusion of health care costs
11 where we didn't have them before is going to
12 create some cost for the city down the road.
13 A forecast of those costs appears as they
14 are manageable, certainly within the
15 contractual period. Where those costs go
16 beyond then not entirely sure, but there was
17 some value in order to be able to get the
18 contract renegotiated because of some of the
19 impact it delivered immediately. But,
20 again, the contract being what it is a lot
21 of provisions remain, so these are certainly
22 provisions that I think we will want to keep
23 an eye on as we go forward plus the other
24 thing, too, is if you going to quantify you
25 really need to look at almost one full

1 fiscal year in order to come up with a
2 better quantification, we haven't had that
3 entirely. Some of the provisions weren't
4 implemented at the time of execution, we are
5 still actually working on some provisions
6 through the renegotiated contract, but I
7 think when you get a full fiscal year behind
8 you, I think then at that point it's easier
9 to revisit and then quantify a little bit
10 better, if that helps.

11 MR. GAUGHAN: The civilian
12 enforcement parking program is on track to
13 fall short of its projected savings of
14 \$375,000, do we know why?

15 MR. BULZONI: Well, and I noted in
16 my narrative that -- and this is basically
17 the approach I take, I try to look at
18 historical values. Now, I recognize that in
19 this case the program was implemented a
20 little later than expected, there were some
21 personnel issues early on where, you know,
22 we didn't have one person on staff for a
23 period of time so, you know, the oversight
24 was reduced.

25 In addition to that, very early on

1 warnings were given and, you know, I have
2 the quantifications of what those warnings
3 were, so could you indicate that I
4 underbudgeted that number? Probably. Is it
5 going to fully hit the 375? I don't know,
6 but I certainly, as noted in the budget
7 narrative, I believe it will very well
8 exceed the amount that was in this budget
9 just based on the amount of activity over
10 the last half year, so it would appear as
11 though the number would be well beyond what
12 I incorporated in the budget but, again, I
13 didn't want to include a number that I
14 wasn't entirely comfortable with because I
15 didn't have the historical data in order to
16 be able to extrapolate that into the 2016
17 budget.

18 MR. GAUGHAN: Thank you. In this
19 year's budget we received a SAFER grant in
20 the amount of \$582,000 and we are going to
21 add 14 additional firemen with this grant,
22 do you know if we absorb the salaries and
23 benefits from the first compliment of
24 firemen who were hired under the grant we
25 received a few years ago?

1 MR. BULZONI: Well, I can speak
2 generally relative to the structure of the
3 program, so once the grant expires those
4 costs are absorbed by the city, so if there
5 were any firemen that were subject to the
6 SAFER grant at the time that are still on
7 salary in the city we are covering their
8 salary and benefits, but as you had noted
9 when you had brought up that comment, at
10 least during the duration of the grant their
11 salaries and benefits are covered.

12 MR. GAUGHAN: If we don't get the
13 SAFER grant in two years is the plan to lay
14 these 14 firemen off or how does that work?

15 MR. BULZONI: I'm not aware of a
16 plan that would determine what staffing
17 levels would be at that time, I do know that
18 we have had some issues in maintaining the
19 appropriate staffing levels in the
20 department. What that number should be
21 ultimately I'm not quite sure at this point
22 in time. I do know that the city certainly
23 has to have that discussion as to what
24 staffing levels are acceptable both to the
25 city and also to the unions because there is

1 going to be a cost at some point in time
2 that's going to be absorbed directly by the
3 city.

4 MR. GAUGHAN: Has anything within
5 done to date to address the disability
6 pension problem?

7 MR. BULZONI: Well, I think in terms
8 of adjustments to the way the pensions are
9 viewed by the various Pension Boards within
10 the city, certainly there is some
11 recognition that the process should improve.
12 What that entails I'm not quite sure at this
13 point. But, also, part of that discussion
14 is what we are trying to do relative to the
15 creation of the position, the Workers' Comp
16 position in HR. We have identified and, you
17 know, maybe this an unorthodox way of doing
18 it, but we have identified an individual who
19 was formally associated with a TPA, third
20 party administrator, that worked with the
21 city. He is very well versed in these
22 processes, the ideal person for the city to
23 bring on staff. What we believe is that we
24 can better manage that process by having
25 someone internally who really understands

1 how it should work. I don't think the city
2 has done as diligent a job as it probably
3 should in managing claims, in making sure
4 the claims are processed properly and
5 monitored on an ongoing basis. It's
6 something we really have to do. I think you
7 have got to put all of that together in
8 order to really look at what the city does
9 in order to try and create a more effective
10 process relative to disability pensions.

11 We don't compare favorably to our
12 peer cities. I mean, there is no question
13 about that. When we had gone through some
14 of the insurance proposal process, and we
15 brought someone in who had some experience
16 with that, they took a look at some of those
17 numbers and, you know, it's shown us where
18 some of our peer cities are at so we have
19 got a long way to go in order to improve the
20 process.

21 But, again, to get to that point
22 there is costs involved and, you know,
23 certainly we know that it's created a lot of
24 strain on the pension system, so we have to
25 do a much better job in how we approach that

1 situation than we have in the past, but we
2 know there is room for improvement because,
3 again, we have seen what some of our peer
4 cities are doing and their processes are and
5 probably have been managed more effectively
6 than ours.

7 MR. GAUGHAN: Thank you. We are
8 increasing the contingency fund from
9 \$100,000 to \$500,000. Can you just explain
10 that increase?

11 MR. BULZONI: Salt. You know, we
12 got killed over the winter and, you know,
13 again, and hopefully we won't experience
14 that again, we did try and modify the salt
15 budget up a little bit more just to kind of
16 cover the prospect for additional
17 expenditures, but what it made me realize
18 was that you've got a contingency budget,
19 and that's the purpose for it. You can get
20 into a situation where no matter how
21 liberally you create a budget you can have a
22 circumstance that just blows that budget
23 open so that was part of the rational, but I
24 think it's what drove the process looking at
25 some of the costs associated with winter

1 weather last year.

2 MR. GAUGHAN: Okay. I appreciate
3 you again coming in. I would just like to
4 comment that some of the questions that I
5 have here I was hoping that Mayor Courtright
6 would have come and, you know, my comments
7 are similar to last year that I am
8 disappointed, and this is his budget and he
9 should be here to address the council and to
10 defend his budget, but I do appreciate you
11 being here. Thank you.

12 MR. ROGAN: Thank you, and as noted
13 I would like to thank you as well for coming
14 in, and as my colleagues have mentioned, you
15 have always been very open with us and on
16 behalf of the administration the answers
17 always came in a timely manner. I only have
18 a couple of questions, many of them were
19 already asked and answered. One, and this
20 was reported in the media and also the
21 narratives, could you explain a little bit
22 the extra pay period this year and why the
23 city has to pay that cost?

24 MR. BULZONI: Well, ironically
25 enough it's just a matter of timing. It

1 comes every 11 years. It adds an additional
2 payroll. It just so happens that
3 unfortunately for us it comes this year.
4 From the information I reviewed it appears
5 as though the city at the time had
6 challenged the need to have to make that
7 additional parole and was resolutely
8 defeated across a broad number of fronts so
9 it doesn't make a lot of sense to revisit
10 the challenge when you know that there is a
11 precedent or has been a precedent to defeat
12 that challenge, especially across the number
13 of fronts, where it was challenged and where
14 it was decided. So, unfortunately, for
15 better or worse we are kind of stuck with
16 it.

17 MR. ROGAN: And next year those pay
18 raises or extra pay periods wouldn't have to
19 be carried over right?

20 MR. BULZONI: Well, that's a good
21 question and that was actually a question
22 that I had and, you know, we will certainly
23 kind of respond to you on that. Most
24 definitely with non-union employees, and
25 that's something I certainly am waiting for

1 a response on as well, how does that effect
2 the unionized base?

3 MR. ROGAN: Right.

4 MR. BULZONI: Does this add to
5 whatever the payroll is in 2017 or doesn't
6 it in so I don't have a response yet myself,
7 as soon as I get a response I'll pass it
8 along to council.

9 MR. ROGAN: Great. That's kind of a
10 tricky situation that technically the
11 salaries are all a little bit higher just
12 because of that extra pay grade.

13 MR. BULZONI: Right. It's not a pay
14 increase.

15 MR. ROGAN: Right.

16 MR. BULZONI: Agreed.

17 MR. ROGAN: The union work was
18 talked about quite a bit tonight, and I know
19 we talked about this in other meetings but
20 just for the sake of the public, how does
21 the parking transaction in reducing that
22 effect the ability for us to receive
23 financing for the court award?

24 MR. BULZONI: Well, I think the --
25 we have had a structure of financing for the

1 Court award lined up already, so the
2 settlement of the parking transaction will
3 that effect it? Possibly not. What would
4 have a much more beneficial effect is the
5 impact of the sewer monetization, you know,
6 because of the value associated with it.
7 The problem with the parking monetization is
8 it solves a problem for the city, it doesn't
9 create value for the city necessarily, but
10 being able to resolve a problem is always
11 going to be beneficial for the city but I
12 don't think it's going to have a real
13 significant impact to modify the structure
14 on the settlement award, on the financing of
15 such.

16 Now, it's incumbent upon the city to
17 really try and find a resolution to the
18 parking matter. And, again, this is one of
19 the, you know, the watershed issues in 2016.
20 We can't afford not to do anything. It's
21 virtually impossible at this point. The
22 capital expenditures that are going to be
23 required in that system are significant and,
24 unfortunately, we are not in a position to
25 pay out-of-pocket for what some of those

1 items appear to be so it's going to be very
2 critical for the city to be able to get that
3 process completed within a reasonable time
4 in the next fiscal year and that's reflected
5 in some of the budget items as well, you
6 know, in having gone through your review I'm
7 sure you noticed, you know, where some of
8 the impact would be and some of the line
9 items with the budget.

10 But, no, I don't think it would have
11 an impact when one way of the other. It
12 would be certainly somewhat favorable
13 because we have resolved a default situation
14 and, you know, kind of cleared the deck, so
15 to speak, but I don't think it's going to
16 have a meaningful impact on the structure of
17 the award settlement financing.

18 MR. ROGAN: And my final question,
19 you talked, I believe it was in the opening
20 about the IT Department and, you know, and
21 we have to invest in technology, which I
22 certainly agree with 100 percent was any
23 thought given to possibly outsourcing the
24 entire IT department and have that done
25 privately?

1 MR. BULZONI: We really haven't. I
2 think to a great extent because of the
3 sensitive nature of what's being done
4 because a lot of what's driving their work
5 is through public safety, so we really
6 haven't looked at what outsourcing of that
7 function would be. Not that it's not worth
8 consideration, but I think because of some
9 of the sensitivity of what they do relative
10 to public safety it might make it more
11 challenging to view a third party and to be
12 able to provide that service. So if there
13 have been any discussions in the past, I'm
14 not aware of them. We certainly haven't had
15 any discussions relative to outsourcing in
16 view of the 2016 budget item.

17 MR. ROGAN: Okay. Well, thank you
18 very much for answering all of our
19 questions. We certainly appreciate that.
20 Thank you again for coming and we will give
21 you a minute to pack up and then we'll
22 resume with the public participation.

23 MR. BULZONI: Thank you.

24 MR. GAUGHAN: I have one additional
25 question, if I may. We obviously know how

1 important your position is in the city, do
2 you know if the mayor has a process yet of
3 how he is going to pick your replacement?

4 MR. BULZONI: There was an
5 advertisement that was placed statewide in
6 the Pennsylvania Municipal League
7 Publication, and I know that the
8 administration has had quite a number of
9 discussions on the replacement, you know,
10 certainly we are all very replaceable. I
11 don't see, you know, a real challenge in
12 finding in both the administration and
13 council finding someone somebody who is
14 acceptable for the position. I think, you
15 know, from some of the commentary that was
16 provided both by the Pennsylvania Economy
17 League and also throughout the
18 administration, you know, more circled
19 around what's a competitive salary for that
20 position, so that was part of the reason for
21 getting the salary survey, you know, which I
22 passed along to council just so you can see
23 what that position pays. But, no, the
24 process is really advancing. I'm not sure
25 what the timeline is for the completion of

1 that process and filing the position though.

2 MR. GAUGHAN: Thank you.

3 MR. BULZONI: Anyone else? No?

4 MR. ROGAN: Thank you very much.

5 MR. BULZONI: Thank you, gentlemen.

6 MR. ROGAN: We will now go to public
7 comment portion of this hearing. The first
8 speaker is Joan Hodowanitz.

9 MS. HODOWANITZ: Joan Hodowanitz,
10 Scranton resident and taxpayer. Where pray
11 tell is the Honorable Mayor Courtright?

12 MR. GAUGHAN: We invited him, just
13 as we did last year, but that's all we can
14 do is invite.

15 MS. HODOWANITZ: You know, I and
16 other people have both publically and
17 privately criticized Mr. Bulzoni for some of
18 his decisions and actions as business
19 administrator, but I have got to say
20 whenever there is a contentious issue
21 relating to the budget or the city's
22 distressed financial statement it seems that
23 he is the poor guy that has to stand out
24 there and field the questions. Whether you
25 agree with him or not he is there. The few

1 times I have seen him sitting at this table
2 with the mayor the mayor has always deferred
3 to Mr. Bulzoni or Mr. Amoroso and like you,
4 Mr. Gaughan, I would like to see the mayor
5 take ownership of the budget and all other
6 aspects of the city administration. I don't
7 expect him to have every answer, but what's
8 he afraid of? A wrong answer? At least I
9 give Mr. Bulzoni -- I'm sorry, he had to
10 leave I would have liked to have said it to
11 him while he was here, I give him credit.
12 He has never dodged a bullet. I may not
13 agree with him, but he has been there and he
14 stood up like a man. I think there are a
15 few lessons in leadership that the Honorable
16 Mayor could learn from him.

17 Now, w with regard to the budget,
18 five minutes isn't enough time to comment on
19 very many items so I just want to make a
20 broad comment about what I expect of my
21 elected officials in terms of fiduciary
22 responsibility. I am retired and I live on
23 a fixed income like many retired people in
24 Scranton, and I know what my fixed costs
25 are. Taxes, fees, insurance, my condo fee,

1 my cat, she needs litter, she needs food,
2 etcetera, etcetera. Those costs I can
3 anticipate, I can quantify, and I can't
4 dodge them. So I look at my fixed income
5 and I look at those costs and I fence in
6 that money and I will not spend that money
7 no matter what else I want to do. If I want
8 either a restaurant that's too expensive for
9 me, or I want a new dress or whatever I
10 want, everything else other than those fixed
11 costs is discretionary spending. So when
12 that pot of money runs out it runs out.

13 What I don't understand is why the
14 city cannot identify its fixed costs, and
15 most of them can be I identified, yes, I
16 know the winter and salt, that's a very
17 variable, but in most cases the costs are
18 fixed. Certainly the pension costs are
19 fixed and lock away this money and then
20 whatever is left you can use for
21 discretionary spending. You want \$1.5
22 million for Fire Department renovations and
23 the Army Reserve Center, have at it if the
24 money is available, but for the third year
25 in a row we are probably going to miss the

1 end of year MMO and get hit with interest.
2 It shouldn't happen. You should not have a
3 deficit at the end of the year unless you
4 have a really unanticipated expense, which
5 we really don't. Yes, your revenue can fall
6 short, like we had with rental registration
7 and the LST and the commuter tax, you know,
8 they all went poof. That's why you have got
9 to delay the discretionary spending until
10 you see that revenue coming in. You don't
11 spend and then assume that the money is
12 coming in after it.

13 We need to be very careful as we go
14 into 2016. We don't have many years left
15 before the big receivership is coming our
16 way and it can be coming. We are having our
17 next municipal pension audit starting on
18 January 1. God knows what the State Auditor
19 General is going to say come August about
20 where we stand. I know we have good
21 employees, and the vast majority of them are
22 worth every penny we pay them, but we are
23 not doing the city any favors by spending
24 more money than we have no matter how well
25 deserved we think the project is. Thank

1 you.

2 MR. GAUGHAN: Thank you.

3 MR. ROGAN: Thank you. Our next
4 speaker is Ozzie Quinn. Prior to Mr. Quinn
5 speaking, I just want to remind some of
6 those that came in a little bit later that
7 this public participation session is only
8 regarding the budget. The second public
9 participation, the general meeting, will go
10 for all city issues.

11 MR. QUINN: Ozzie Quinn, Hill
12 Neighborhood Association. Good evening.
13 I'm here tonight, it's November, but I'm
14 here tonight to address the budget in
15 regards to recreation, i.e., free swimming
16 at Nay Aug Park for all children. If not
17 all children, all low income children. I
18 know it's November but for the last two
19 years we had to go solicit funds in order
20 for kids who are deprived what other kids
21 are fortunate to get. Basically, it is an
22 economic, it looks like de facto
23 discrimination for low income families and
24 when you keep people out of a pool there is
25 nothing -- no where else that you could look

1 at it than they're being discriminated
2 against economically.

3 Now, I sent a Right-to-Know for how
4 much it costs for the chlorine at Nay Aug
5 Park, no reply. I sent it on the 19th, when
6 I checked today they said it will be coming
7 pretty soon. So, I mean, this isn't the
8 first time. Maybe they're overstaffed up
9 there, maybe they're understaffed up there
10 or there is a lack of transparency, but
11 anyway, what I'm looking at hopefully and
12 it's academically I think that you have to
13 get at least \$25,000 somewhere and lock it
14 into the budget. If you can't get it
15 somewhere from the revenue year, we got to
16 look at OECD which is for low to moderate
17 income as there is eligible costs, UDAG
18 RE-RE funds, that's the one coming back, as
19 you know, and use that or I don't know what
20 else you are going to do, okay? So it's
21 just -- people are just so disturbed up in
22 our neighborhood it's just unbelievable. We
23 have that and we also have in regards to the
24 budget we are talking about a resolution
25 tonight, an ordinance, when I saw it last

1 week it said published under public notice,
2 registration third party inspections, and I
3 don't know what the new resolution is and
4 I'm not sticking around to find out, but I
5 do know that if LIPS handles it it's going
6 it go down the tubes. This has got to be
7 outsourced. We got to hire a bounty hunter,
8 a third party to go up and get the people
9 who are breaking the law, the ordinance. No
10 matter if they are in California or if
11 they're in New Jersey, and go out and get
12 them and put them there and get them to pay
13 up. We are losing so much money out of not
14 being able to register the renters -- the
15 absentee landlords it's unbelievable. It's
16 going on two years now since we walked the
17 Hill neighborhood with the Wayne, chief, and
18 going nowhere with it so you got to do
19 something that somebody is going to go out
20 there and there are agencies out there,
21 there are corporations, firms that will do
22 this, there is no doubt about it. If you
23 need help, we would be glad to help you find
24 them because we don't want another fiasco
25 sending out letters to everybody in the God

1 darn city for spending \$4,000 and not
2 knowing who is going no where, okay?

3 So, you know, as Mr. Bulzoni said
4 it's important, critical, the services to
5 the people, and one of the services is
6 recreation, and we got to look at it and if
7 we don't go out and get the money like we
8 would off our rental registration where we
9 could have enough money to feed off the
10 renters, off the landlords and to the
11 recreation we are not going to be able to
12 get revenue. A lot of things you are
13 talking about tonight is just academic, you
14 know? He is going to be gone. He is going
15 to be gone. He is going to walk away. I
16 did my part, but we are going to have to
17 live with what goes on and I've heard it so
18 many times, so many people get up here and
19 say they got the panacea for what's going on
20 and it's not going anywhere. How long are
21 we distressed, PEL, it's just frustrating.
22 The people are just frustrated, and as Ms.
23 Hodowanitz said we are getting near that end
24 and we just keep on putting it off and
25 putting it off with all of these academic

1 speeches and it's not going anywhere, but
2 thank you. But, please, do something about
3 recreation, please.

4 MR. ROGAN: Thank you. Doug Miller.

5 MR. MILLER: Good evening, Council.
6 Doug Miller, Scranton. Just of, course, in
7 regards to the budget, I kind of just wanted
8 to piggyback some of the things Oz was just
9 talking about with recreation and the
10 swimming pools because not just Ozzie and
11 myself but a lot of other people for years
12 and years it's been our biggest pet peeve is
13 the city's inability to operate the swimming
14 pools throughout this community.

15 You know, particularly, we have
16 discussed many times the Novembrino Pool
17 over in West Side. We have talked about
18 Capouse which it was only about a year or
19 two ago we actually had funds allocated for
20 the Capouse Avenue pool to do repairs and
21 that money just seems to have just
22 disappeared, as a lot of other things do in
23 this community. And I share Ozzie's
24 frustration because I know his group has
25 worked tirelessly summer after summer

1 soliciting donations to try and allow
2 children in this community to swim for free.

3 And not to discredit what that group
4 has done, I have been involved with it, I
5 helped solicit and raise funds with Ozzie
6 and the group in the past, and not to
7 discredit what we have done, but don't you
8 think it's pretty pathetic that it's not to
9 the point where residents in this community
10 have to go out and solicit money because we
11 live in a town that can't manage its assets
12 properly? I mean, it's really just
13 embarrassing that it's got to that point.

14 And it shouldn't just be for low
15 income children we should be discussing,
16 it's everyone. Everyone in this community
17 should swim for free and the reason why is
18 look at the budgets. We have no problem
19 hammering people with taxes year after year,
20 adding additional burdensome fees. I really
21 hope we listen to, and I believe she is here
22 this evening, the woman who spoke last week
23 because it really opened my eyes to hear
24 what she had to say, and I hope it did you,
25 too, because she is the not the only one.

1 It's all across this community people are
2 barely hanging on, they are barely
3 surviving, they are losing their homes, and
4 we haven't done anything to protect them.
5 They are walking away. They are trying to
6 anyway.

7 As I said, we have had realtors on
8 this board. Go up and down the
9 neighborhoods and see every other home, "For
10 Sale" sign after "For Sale" sign and we are
11 not doing anything to alleviate that
12 problem. You know, the taxpayers just keep
13 getting the bad end of this year after year,
14 and to have the audacity to even entertain
15 the thought or to even have conversation to
16 discuss pay raises, I know some of it has to
17 do with the additional pay period in this
18 fiscal year, but the idea to even discuss
19 the ideas of increasing the salary of the
20 business administrator in a time when the
21 city is on the verge of bankruptcy is just
22 ludicrous. We are going to discuss that and
23 at the same time you are going to ask the
24 taxpayers to pay more and you keep going
25 back to the same people over and over again

1 who have nothing left to give.

2 And, you know, it really just
3 frustrates me and I just have a hard time
4 understanding the mindset and the mentality
5 that we have in this community is that there
6 is no innovation, there is no creativity.
7 You know, in 2012 when the city was, once
8 again, on the verge of bankruptcy and we had
9 employees making minimum wage, the previous
10 council spent hours and hours and hours, the
11 entire summer putting a recovery plan
12 together, and there were revenue
13 enhancements implemented in that recovery
14 plan that for the most part the city didn't
15 follow through on because we just have a
16 track record of not following through on
17 anything that we put in play.

18 But the biggest question I have is
19 when we are going to finally do something to
20 benefit the residents of this community, but
21 most importantly what type of message would
22 we want to send to the future generations of
23 this community to folks like myself,
24 Mr. Gaughan, Mr. Rogan, the younger
25 generation? Is this really the message we

1 want to send them, that we have incompetent
2 people running our city, mismanagement
3 allowing borrowing and spending to continue
4 and taxes to continue to raise and force
5 seniors out of their homes who have to
6 decide whether they are going to pay their
7 property taxes or they are going to have a
8 meal on their table at night. Are we going
9 to force, you know, young families to have
10 to continue to work two or three jobs just
11 to get by. Let's also not forget the fact
12 that we have over 80 percent of the children
13 in the Scranton School District on free or
14 reduced lunch. I mean, if these things
15 don't open our eyes I don't know what will.
16 Listen to the stories. Listen to what
17 people have to say. This isn't something
18 that just started yesterday, this has been
19 going on for decades, but when you keep
20 electing the same people who have the same
21 mindset and there is no innovative thinking
22 and there is no -- nobody mentioned coming
23 into this of the interest of people but only
24 special interests, it's hard to really
25 believe that we going to turn this community

1 around because it's hard for me to have any
2 optimism heading into 2016, and I'm sure I'm
3 not the only one that feels that way.

4 You know, it's time that we step up,
5 we straighten out, I agree with Mr. Gaughan
6 and Ms. Hodowanitz, Mr. Courtright should
7 have been present here this evening. This
8 is his budget, but more importantly this is
9 the city that he chose to run and he was
10 elected to run and he certainly didn't show
11 any leadership tonight I appreciate Mr.
12 Bulzoni coming forward, but Mr. Courtright
13 should have been present at well. Thank
14 you.

15 MR. ROGAN: Thank you. Bob Bolus.

16 MR. BOLUS: Good evening, Council.
17 Bob Bolus. Let's talk about the budget.
18 We'll have time to talk about all of the
19 other things in the council meeting after
20 this. What I hear tonight is it's a budget
21 that the city wants to propose, it's a wish
22 list and I didn't hear zero positive how do
23 we make cuts? All I heard in this budget is
24 how we are going to do this, and how we are
25 going to tax people and how we are going to

1 try and do this, how we are going to lease
2 out assets? I didn't hear one positive
3 thing how we are going to cut. Not one. I
4 didn't hear one single thing that said this
5 is a positive approach, we are going to do a
6 forensic audit and once and for all find out
7 where the heck we stand. Basic economics.
8 Remember, when you look at things as a past
9 banker or a banker, you look at things a lot
10 differently. You want to get somebody's
11 money in, the cheapest rate you want to pay
12 on their interest that you want to give them
13 and then you charge a much higher rate to
14 make money. I haven't heard anyone say how
15 we are going to bring in money and revenue
16 into the city. Not one thing. You cannot
17 allow this budget as written to pass. You
18 need to veto it, you need to take the hard
19 core facts, follow the example of the
20 county. They have a money surplus. We went
21 from 70, 80 million to over 30 million and
22 we lost people we people. We lost business.
23 We got empty buildings. We have chased
24 people out of here, what's that tell you?
25 We are doing something radically, radically

1 wrong. We are punishing people for coming
2 here. We are punishing people who live
3 here. We are punishing people who have
4 lived in there almost 30, 40 years because
5 we have mismanaged, but we can spend money,
6 you mean to tell me we need Highland
7 Associates to tell us what's wrong with fire
8 department buildings? Let's get realistic.
9 You got zoning officers, you got building
10 inspectors, why aren't we doing all of this
11 internally for the money we are paying
12 people? Those are budget cuts. You are
13 hiring this consultant, that consultant, we
14 have it internally.

15 I said eliminate the business
16 administrator last week, not getting
17 somebody to help him, eliminate it and let
18 the University of Scranton take over the
19 chores of the business administrator in the
20 city in lieu of taxes. What are we doing
21 about it? That would save you \$90,000.
22 Just starting adding up the pennies and you
23 get to the dollars. Remember that. If you
24 drop a penny on the ground and you step over
25 it and walk away from it and you have 99 of

1 them in your hand you needed that penny to
2 make a dollar. That's what's wrong here in
3 the city. We step over the dollars to get
4 to pennies. We don't pay attention because
5 we know the suckers that live in this city
6 are going to keep coming forward and paying.
7 We got rid of a golf course. That's a pet
8 peeve with me, but it was a money making
9 asset. We took the money from it and what
10 di you do? You blew it. You didn't make
11 anything out of it, you didn't spend the
12 money to do something, you pay for the past
13 stupidity and ignorance and fiscal
14 irresponsible people who didn't know what
15 the heck they were doing here, and we
16 continue to pay and pay for that stupidity
17 and you got to end it and end it now. You
18 can't play with this wish list budget, it's
19 got more holes in it than swiss cheese. You
20 got to get realistic. If you want Scranton
21 survive, if you want this town to grow, you
22 don't let a mall that's worth \$25 million
23 get assessed at \$3 million and screw the
24 people who are getting thrown out of their
25 houses for taxes, hiring lawyers, to come in

1 and charge enormous legal fees, for past
2 taxes, garbage fees. What do you think is
3 going to happen the day you lease the Sewer
4 Authority? All of the old employees go with
5 it and all of that combination or did they
6 change clean broom sweep? They're a
7 business. They are in it to make money.
8 Keep that in mind, you don't have to sell an
9 asset when you lease it. It's as good as a
10 sale, because you took the cash and you blew
11 it, but you are not smart enough,
12 intelligent enough in this community with
13 the people we hire to make it profitable.

14 The Marcellus shale was the golden
15 goose did they do anything about cleaning
16 the water? No. They sat on their butts.
17 These are the things that you need to look
18 in a budget. You need to make a budget with
19 cuts. You got to take the hard core
20 approach and you got to make this budget
21 fiscally responsible, not irresponsible and
22 a wish list that we the people in this city
23 will not live with because you are not
24 gaining anything.

25 Go after the mall, make them pay \$25

1 million, make everybody pay. File a lien or
2 a fee on everybody in the city including the
3 University of Scranton and everybody, that
4 goes into our budget. There is 20 some
5 million dollars laying out there in
6 uncollected taxes that covers your pensions.

7 MR. ROGAN: Thank you, Mr. Bolus.

8 MR. BOLUS: But pay attention to the
9 word budget what it means and that means
10 cuts from an economic point of view. Thank
11 you.

12 MR. ROGAN: Ron Ellman.

13 MR. ELLMAN: Gentlemen. You know, I
14 guarantee you if you people voted to give
15 \$15,000 to the people that swim, the kids
16 that swim, you would get a lot more votes
17 than voting to give it to the mayor and
18 Mr. Bulzoni whether you like it or not. One
19 of the sorriest things that I ever done I
20 wrote this letter to the editor eight, 10
21 years ago, buy a house in Scranton. Of
22 course, I've changed my mind, but now I've
23 topped it and that was voting for Mr. Wolf.
24 I just can't imagine what goes on, these
25 people work four hours a day and leave.

1 That's why we don't have any budget down
2 there. You know, we need to clean house.

3 I think some of you thought I was
4 going to say vote for Obama but I wasn't
5 that stupid, I never did that. I noticed,
6 and I'm not against this, but I noticed over
7 here at the closing you used the word "we,
8 we, we" a couple of the times, that means
9 you are going to have to hire someone go
10 along with the people in Florida, and that
11 means a salary, benefits and a pension to
12 me. Is this right? You are going to give
13 \$35,000, you are going to have to hire
14 someone and then you are going to give the
15 \$35,000 to someone that's -- somebody that's
16 going to buy a house from some poor guy that
17 lost his home and probably end up in Court
18 being sued for the difference sooner or
19 later. That's what I find at fault with
20 that idea, and I doubt if it will work out
21 anyway.

22 And one other thing about in the
23 paper here you are talking about the permit
24 parking, it's seems to me that the motoring
25 public should be able to park where they

1 want to around the University and all of
2 these streets and any house that has a
3 garage in the back or a driveway shouldn't
4 be given a permit.

5 MR. ROGAN: Mr. Ellman, this hearing
6 is just on the budget. You will have
7 another chance to address parking and other
8 issues later on. This is still the public
9 hearing regarding the budget.

10 MR. ELLMAN: Well, I didn't know
11 about that, but I could still comment on it.

12 MR. ROGAN: On the budget.

13 MR. ELLMAN: You drive a car down
14 around these side streets you'll see
15 out-of-state license plates with those
16 permits. That shouldn't be. You know, a
17 good school, many of the good schools they
18 don't allow freshmen and sophomores to have
19 cars. If this University wants to help out
20 with all of these problems they could do
21 that and alleviate cars up and down the
22 street and they wouldn't need permit
23 parking. Oh, well. I don't know. You
24 know, maybe tomorrow be a better day. Last
25 week Rosy told me to sit in a chair at the

1 mall not to bother no one, as soon as I sat
2 down this lady I never seen before came over
3 to me and she wasn't even looking at me, it
4 was like a secret. She said, "Did you see
5 that new fire car?"

6 I said, "No."

7 She said, "With all of our problems
8 around here, the fire station right next to
9 the fire station is a new red Mercedes that
10 they got for a fire car."

11 I said, no, I didn't know it, but I
12 said maybe they bought one for the mayor
13 chasing the fire trucks around, which I see
14 no problem myself.

15 MR. ROGAN: The fire truck did get a
16 new vehicle, it wasn't a Mercedes, it was
17 donated by --

18 MR. ELLMAN: I thought maybe you
19 could look into the story.

20 MR. ROGAN: It was donated to the
21 city by Toyota.

22 MR. ELLMAN: You could get to the
23 bottom of it for her. I didn't get her name
24 or nothing.

25 MR. ROGAN: It was donated to the

1 city.

2 MR. ELLMAN: She was very concerned
3 about the new fire car being a Mercedes she
4 said.

5 MR. ROGAN: It wasn't a Mercedes.

6 MR. ELLMAN: Thank you.

7 MR. ROGAN: Is there anyone else who
8 would like to speak regarding the budget?

9 MS. SCHUMACHER: Good evening,
10 council. I have two pages of questions, I
11 picked some of them out and then I'll give
12 the rest to you and since I'm sure you are
13 not going to meet next week, pretty sure
14 anyway, hopefully you will have the answers
15 with the next two weeks. The first one is
16 please explain how an advertised property
17 tax increase of 5.7 percent results in a
18 current real estate tax budget for 2016 of
19 7.1 percent over the 2015. To me, the real
20 estate tax increase for 2016 is 7.1 percent.
21 I don't know what evidence exists for
22 increasing the collection rate of the taxes
23 other than perhaps a fictitious one so that
24 you can keep the millage down or the
25 advertised percent of the increase. What

1 was the collection rate for this year, does
2 anybody know?

3 MR. GAUGHAN: I believe it was 8, 9
4 percent.

5 MS. SCHUMACHER: In the budget or in
6 actuality?

7 MR. GAUGHAN: In actuality.

8 MS. SCHUMACHER: Thank you. That
9 could do it. Prior to voting for the 2015
10 budget last year Mr. Wechsler commented, "We
11 already put things into place to be more
12 efficient in collecting our refuse tax,
13 keeping track of who paid."

14 Perhaps it was a Freudian slip, but
15 I do agree with Mr. Wechsler, refuse revenue
16 is a tax not fee. I submitted a
17 Right-to-Know request to justify the
18 collections of the budgeted amount which
19 would justify it as a fee, and I did not get
20 an answer that proves that this is a fee.
21 Perhaps we will have to take this to Court
22 to resolve it, but I certainly hope not.

23 Does anybody know what is the cost
24 per a lien for delinquent refuse payment and
25 how many have been issued to 2015 to date?

1 MR. EVANS: I don't know the number,
2 but I think everything that was on the list
3 for 2011 through 2013.

4 MR. WECHSLER: I believe it was
5 about 2,600.

6 MR. EVANS: Yeah, approximately
7 \$2,600.

8 MS. SCHUMACHER: How much is the
9 lien fee --

10 MR. EVANS: I'm not sure.

11 MS. SCHUMACHER: The revenue
12 narrative notes the budget will stabilize
13 the retirement plans. The retirement plans
14 are already stable it's just that they are
15 in the tank. At what percent funding will
16 the 2016 retirement plans be funded after
17 the monetizations?

18 MR. EVANS: Well, we don't even know
19 if the monetization will happen and if it
20 does happen when the money will go into the
21 pension.

22 MS. SCHUMACHER: And then what will
23 that bring it up to?

24 MR. EVANS: We don't know. We don't
25 know how much it will be and what it will

1 and if it will even go into the pensions.

2 MS. SCHUMACHER: Okay. Thank you.

3 The deferral of combining the land and
4 improvement separate millages is yet another
5 nose thumbing of the revised recovery plan
6 and blaming it on reassessment is truly
7 lame. Why has the administration -- what
8 has the administration and council done and
9 why was it included in the revised recovery
10 plan if it is based on an action the county
11 commissioners stated that they have no
12 intention of taking?

13 MR. EVANS: I don't know.

14 MR. SCHUMACHER: The budget speaks
15 of transacting future debt, please detail
16 the expense destination of the debt and the
17 anticipated amount for each. Failure to
18 reduce the mercantile and business privilege
19 tax is another nose thumbing of the revised
20 recovery plan and a huge blow to economic
21 development in the city. Is there any plan
22 to revisit that for 2016? I didn't see
23 anything to that effect in the budget.

24 MR. EVANS: That study is ongoing.
25 Absolutely.

1 MS. SCHUMACHER: Please provide the
2 net cost savings of the civilian parking
3 enforcement and quality of life programs in
4 terms of revenue received and burdened
5 employee cost, vehicles, etcetera.

6 Why are the 2015 interest payments
7 at 6 cents? We have a \$2.2 million loan for
8 paving sitting in the bank waiting for next
9 spring to arrive, are we not getting
10 interest on that \$2.2 million?

11 Why the slashing of the parking
12 meter revenue by more than a 50 percent for
13 next year?

14 MR. EVANS: The anticipation in that
15 is if there is a monetization of the Parking
16 Authority that revenue goes to the operator.
17 So if it happens it's some time during the
18 course of the year that that revenue could
19 go to whoever takes over the Parking
20 Authority.

21 MS. SCHUMACHER: That sure makes
22 monetization a lot of sense.

23 MR. EVANS: Yeah. Well, I will
24 provide Jamie with the whole list.

25 MR. EVANS: Thank you.

1 MR. ROGAN: Is there is anyone else
2 who would like to speak regarding the budget
3 specifically?

4 MS. HYME: Maude Hyme, South Side.
5 I'm here again about this budget. I want to
6 know how we could give raises to the
7 business administrator and the mayor when we
8 don't have any money to spare, how does that
9 happen? Where did we get this money?

10 MR. ROGAN: I could speak to the
11 mayor, the race for the mayor was approved
12 by the previous council, I believe it was
13 about three years ago when. It was a
14 three-part raise.

15 MS. HYME: It was a three-part
16 raise?

17 MR. ROGAN: It was. Instead of
18 bringing it to the full salary right in year
19 one it was three parts. By the Home Rule
20 Charter the mayor or city council's salary
21 can only be increased in an election year
22 when the mayor is up and three members of
23 city council, so that's how that was
24 approved. I don't agree with it. I voted
25 against it personally.

1 MS. HYME: And what about the
2 business administrator?

3 MR. ROGAN: That's been funded
4 hopefully through --

5 MS. HYME: That's a fairly new job,
6 isn't it?

7 MR. ROGAN: No, there has always
8 been a business administrator.

9 MS. HYME: There has always been
10 one?

11 MR. ROGAN: Oh, yes. The reasoning
12 for that increase is because our business
13 administrator is leaving to try and find a
14 qualified candidate. So that's actually not
15 a raise for a particular person within the
16 city, so Mr. Bolus will not be receiving the
17 raise because he is leaving at the end of
18 the year.

19 MS. HYME: I don't think it should
20 be so hard to find a person, a business
21 administrator. I mean, there is plenty of
22 people that would be glad to have the money
23 he is getting.

24 MR. ROGAN: It's been a difficult.

25 MS. HYME: I don't see that at all.

1 I think that could be eliminated, but who am
2 I, you know? The Army Reserve, they want to
3 buy the Army Reserve, the one up in the hill
4 section there?

5 MR. GAUGHAN: Yes, the
6 administration wants to acquire that
7 property.

8 MS. HYME: For what reason?

9 MR. GAUGHAN: I believe the mayor
10 said that he wants to put the police
11 training division up there, use it for
12 storage.

13 MS. HYME: There is no room down
14 here in South Side to train them? There is
15 no room down here in South Side to train
16 them? I mean, come on. We don't have the
17 money for that kind of thing. We don't need
18 the Army Reserve. I think that could be
19 taken out of the budget. I think you need
20 to look at where you can cut some of the fat
21 off this budget. Oh, there are only two
22 things, you know, but I'm sure there is
23 more. I'd like to see a cut down to where
24 it should be, to something that we can
25 afford that we don't have take a loan out to

1 pay because we have enough payments. You
2 know, see what you can do, guys. Thank you.

3 MR. WECHSLER: In regards to the
4 Army Reserve Center, in regards to the Army
5 Reserve Center?

6 MS. HYME: Yeah.

7 MR. WECHSLER: That is a program
8 that they are exploring and when they came
9 before council the intention was to get a
10 state grant to purchase that facility.

11 MS. HYME: I see.

12 MR. WECHSLER: We approved the
13 application for the state grant, we also
14 provided a method for city council to either
15 accept that grant or not accept that grant,
16 so the actual purchase of the Army Reserve
17 Center is actually not in the budget.

18 MS. HYME: It isn't in the budget?

19 MR. WECHSLER: They are going to
20 study of all of the firehouses in that
21 facility to see if could be used, but it's
22 not actually in the budget. It's currently
23 owned by the Scranton Redevelopment
24 Authority, that property.

25 MS. HYME: Okay. Is it going to

1 cost us any money if they get this state
2 grant?

3 MR. WECHSLER: That's why we reserve
4 the right as a council to either accept the
5 grant, if it's going to cost the city too
6 much money, or if the benefit isn't there
7 then city council will have the right to
8 either accept the grant or not.

9 MS. HYME: I see.

10 MR. WECHSLER: That's something --
11 we are not even sure when the grant could be
12 issued. Sometimes it takes up to two years.

13 MS. HYME: I'll vote for not
14 accepting it. Thanks.

15 MR. ROGAN: Thank you. Is there
16 anyone else would like to speak on the
17 budget specifically?

18 MR. MORGAN: Good evening, Council.
19 I just have really not very much here
20 because my personal opinion is the budget's
21 a fallacy and you are not competent to make
22 a budget neither is the mayor, but with that
23 said, considering where the city is if there
24 is 70,000 people living in the city and we
25 tax every single one of them, which doesn't

1 happen, okay, to come up with \$132 million,
2 just did a fast calculation on the
3 calculator, that's \$1,885. Now, if there is
4 27,000 homes in the city, and that doesn't
5 include commercial properties, okay, there
6 is \$4,488 on every house, that's what the
7 city would have to -- that's not -- that's
8 just what the city would have to come up
9 with, and my whole point is very simple
10 here, this budget is not realistic, it's not
11 doable. We are sitting here, I read the
12 paper today on the Scranton Times, I don't
13 if any other council members read it, the
14 Senate has got a pension reform bill in
15 front of it, so what is the point of
16 monetization the Sewer Authority or the
17 parking garages if the Commonwealth of
18 Pennsylvania is going to take this pension
19 debt, and with that said how can this city
20 come up with a budgets, all right, that are
21 never realistic and pass them and keep
22 driving people further and further into
23 debt? And my point is, it goes to Mr. Evans
24 here, because evidently you're a realtor
25 what do you have to say about the city's

1 budget in regards to home property values in
2 the city because I know of a house that
3 recently sold this week, Thursday as a
4 matter of fact, I believe, and it was listed
5 for \$170,000 and it sold for 50 so how
6 can -- what I'm asking this council is how
7 can council, because the council has a right
8 to present it's own budget, and my question
9 to this council today is very simple, I want
10 this council to explain to the residents of
11 this city why there haven't been massive
12 cuts to the budget to alleviate the pain and
13 a suffering that this council and this
14 administration and previous administrations
15 have brought forward, and I'd also like the
16 council because, Mr. Wechsler, you brought
17 up the North Scranton project recently, and
18 I'd like you to explain to the residents of
19 this city how much of that money that went
20 into that project was private funds, because
21 today we are sitting here and we are talking
22 about a budget and we keep bringing the same
23 people forward to suck the life out of them
24 and then you destroy their property values
25 and come up with these make believe budgets

1 as if like they are real, and then at the
2 end of the year we find out, well, we are
3 not going to make our minimum contribution
4 to the pension. Well, we are not going to
5 make this payment, well, we'll get that
6 later.

7 You know, and I'd just like to know
8 how this council, because I did ask each
9 council member last week how much money they
10 made a year because I thought it was really
11 relevant because when you take a look at the
12 income levels, I don't know if anybody on
13 council knows what the average salary is of
14 a Scrantonian, but, I mean, when you look at
15 this budget and you see the mismanagement of
16 this city and we are going into Sewer
17 Authority monetization, too, okay, and still
18 after over 20 years of no solution to the
19 city's -- you call it distressed, I call it
20 worse than that, and I would like to ask
21 this council how it cannot pass a budget and
22 override the mayor because there is five
23 council members here and you have the
24 authority to write your own budget and it's
25 time to stop talking about this is the

1 mayor's plan, this is somebody else's plan,
2 this is Amoroso's plan, this is -- I want
3 the council to come up with a plan.

4 You know, Mr. Evans, you as a
5 realtor brought all of the mayoral
6 candidates and asked them what would they do
7 to save this city, what are the answers, and
8 in those interview processes did you hear
9 anything at all that was credible to you?

10 MR. EVANS: Some parts, yeah.

11 MR. MORGAN: Okay. Well, you know
12 what I think? I think with all due respect
13 to you, Mr. Evans and the rest of council,
14 this budget is incredible. We have done all
15 kind of one-time fixes, borrowing, wasted a
16 lot of community development money, have
17 nothing to show for it, keep coming back to
18 the elderly and, you know, let's not even
19 talk about the elderly. Let's talk about
20 the working families who have their children
21 on reduced and free lunch in the Scranton
22 School District. Do you think there is
23 enough poverty in this city or do you think
24 that we should just keep, you know, we'll go
25 to Mr. Amoroso, we'll go to the mayor, but

1 my question is when do we come to you and
2 say to this council as a whole present your
3 own budget. Go in there, make cuts, align
4 the city's budget with the ability of the
5 residents to pay it and support it. Thank
6 you.

7 MR. ROGAN: Thank you. Is there
8 anyone else who would like to address the
9 budget? Being that there is no one else.
10 This meeting is adjourned -- oh, sorry.

11 MR. ST. FLURUR: How are you doing,
12 everyone? I apologize in advance because
13 I'm not much of a public speaker, I'm not
14 even from Scranton, I'm actually from New
15 York and I just moved to Scranton over the
16 summer so that provides me a unique
17 perspective because, you know, there's
18 something called (unintelligible.) When you
19 look at a situation for very long time, you
20 know, it can cause you to become invested in
21 it and so focused in that's hard to see
22 things differently so --

23 MR. ROGAN: I'm sorry, could you
24 state your name for the record?

25 MR. ST. FLURUR: Oh, Gary St. Flurur,

1 sorry about that all so, sorry about that.
2 So about the budget, I came here from New
3 York, I went into technology, was working in
4 technology, went to the New York City, came
5 to city council, perused the budget, I
6 looked at the budget and as many people here
7 already attest the budget is a farce. It
8 is. I mean, I can't put it in any other
9 words. The budgets have to balance. That's
10 part of the charter, you know, so Section
11 11. So I'm pretty confused. I don't
12 understand why the city is following this
13 course of action it's following, all right?
14 I do talk to people on the streets, I
15 canvas, I'm very much invested in the
16 prosperity of the city since I moved here
17 and started a business here, but what drives
18 me to be really perplexed and confused is
19 the fact that is not necessary, like, it
20 doesn't have to be this way. The city
21 doesn't have to rely on high taxation in
22 order to make revenue shortfalls. The city
23 can believe in the future and be optimistic
24 and, you know, put yourself in a situation
25 where people want to come to the city, where

1 businesses want to come to the city. You
2 have five major highways. Within two hours
3 there is 9 million Americans. There is so
4 many businesses and so much products been
5 created every day that would love to come
6 here and ship it around. Tesla sold 10,000
7 vehicles in the first quarter, that's 55
8 percent improvement in the last year. There
9 are roughly 200 million American cars. They
10 are going to be driving electric cars in
11 their driveways. They could move here, but
12 no one is going to move here when you have a
13 quarter of billion dollars in debt that are
14 not paying down of the when you have a \$130
15 million operation budget that can only be
16 accounted for, half of it can be accounted
17 for with your actual revenues, and I am
18 pretty sure that I talked to my friends in
19 New York City, I tell them they can't
20 believe it, like, this is unbelievable.
21 This doesn't have to be this way. And the
22 city council and the government is looking
23 to do something, all right? The people can
24 do something. I mean, this is America. We
25 can petition the government. We have social

1 media. We have -- this is 2015, movements
2 have been made through hash tags, okay?
3 Whole uprisings have happened due to hash
4 tags and Twitter so the people are well
5 within their disposal to do what they can do
6 and I just don't think that they know that
7 you can do that. And I think it's my
8 responsibility to tell them that you don't
9 have to put this up with this. This is
10 unacceptable. If you want to have a vibrant
11 future, you can definitely do so. You don't
12 have to sit there and tax people a whole
13 bunch of blighted property, selling off
14 government assets, hoping to recoup it back,
15 it's never going to get recouped back,
16 borrowing and high taxation, high interest
17 rates, just keep the city going to go to
18 bankrupt eventually anyway. I mean,
19 seriously that's the proper course. This is
20 what this budget says it's doing. I mean,
21 it's clear, like, it's not hard or ambiguous
22 to understand. And I'm here to say that it
23 does not have to be this way. I'm not sure,
24 like, I talked to Scrantonians and the first
25 thing they told me when I came here is why

1 did I come here, and that really bothered me
2 because, like why wouldn't I want to be
3 here? And then they explained to me that
4 you don't know Scranton, you don't know how
5 it is to be here. It's not like that.
6 Things can't happen. Things don't change,
7 and my question is why, you know? In the
8 past week we have had advances in technology
9 and science that can blow your mind. The
10 first person had FDA approved retinal
11 transplants and they can now see. This kind
12 of stuff can be here. You know, there is
13 countless companies that need a place to
14 sell their products, to experiment with
15 products but because of regulation they
16 can't do it. You can easily open the gates
17 to them, you know, and say, "Hey, come from
18 Scranton. You know, we need help, let's try
19 different ideas."

20 So I might sound crazy, and I'm sure
21 I probably do, again, I'm not from here, I
22 see the situation from a fresh perspective,
23 I'm pretty young and I'm from technology.
24 From my perspective when we see things that
25 we'll try new ideas, we'd like to change the

1 world. Mark Zuckerberg, a 19-year-old has
2 brought a billion people together. A
3 billion people. Can you believe that? A
4 19-year-old in his dorm room created a
5 website that is now worth \$250 billion.
6 This is the world we now live in and what
7 dominates this whole conversation is
8 pensions. I think that it's not so much
9 about the pensions, let's talk about the
10 future instead of the 19 trillion economy
11 that we have, that we have access to if we
12 believe in our people. There is 50,000
13 students that share this area who leave.
14 Every time I talk to them the first thought
15 is to leave as soon as possible. It doesn't
16 have to be this way. They can stay here and
17 gets jobs. We can have a bold new Scranton,
18 but we are not willing to do. We have to
19 look at the tough decisions that are
20 necessary. It's like your personal
21 finances. If you spend excessively, you
22 know you'll come to a situation where you
23 have no money in your bank account. You
24 cannot afford to buy other items and so you
25 cut, you make -- you do a tough thing. All

1 right. Thank you.

2 MR. DOBRZYN: I'll make it brief. I
3 have one concern, major concern with the
4 budget and that is the pensions are
5 insufficiently funded and they are not being
6 addressed, and I think it's time that with
7 the increases we have had you start finding
8 a way to fund the pensions without some of
9 the other issues involved. I'll talk later
10 about those issues, but it just seems like
11 every year no attempt is being paid to deal
12 with the pensions even though the taxes go
13 up year after year. Thank you. Catch you
14 later. Thank you. Oh, Dave Dobrzyn, by the
15 way.

16 MR. ROGAN: We know who you are. Is
17 there anyone else who would like to address
18 the budget?

19 MR. HIRSH: Good night. I actually
20 found about this meeting last night, I
21 didn't really --

22 MR. ROGAN: Could you state your
23 name for the record as well?

24 MR. HIRSH: Donnell Hirsh.

25 MR. ROGAN: Thank you.

1 MR. HIRSH: All right? I just found
2 about this meeting last minute so I didn't
3 really prepare a speech, but I would like to
4 speak on behalf of my classmates and myself
5 from the University, a lot of us would like
6 to stay here in Scranton, but because of the
7 city and the budget and the crises that we
8 face here in Scranton a lot of the
9 classmates that I am with during school the
10 first response is that they all want to
11 leave the city. They are going to graduate
12 and leave the city. So my suggestion is
13 that I actually took a look at the budget, I
14 realized that it's not balanced. I see
15 there is \$130 million in expenditures and
16 from the last I looked I thought it was 68
17 million in revenue, so it's really not a
18 budget and a balanced budget and I hope that
19 you guys can vote and do the right thing and
20 actually open a doorway for the students at
21 the Universities to stay here and live in
22 Scranton as opposed to just leave. Right
23 now there are 20 people in my class, all in
24 medical profession, and everybody has plans
25 to leave Scranton once we graduate in two

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years.

MR. ROGAN: Thank you. Anyone else?
We will take a five-minute break and then we
will resume with our regular meeting. This
caucus is adjourned.

C E R T I F I C A T E

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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.

CATHENE S. NARDOZZI, RPR
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