

MINUTES

HAZLETON CITY COUNCIL

SPECIAL MEETING

TUESDAY, JUNE 5, 2018

Call to Order: Council met for a Special meeting on Tuesday, June 5, 2018 in Council Chambers. The meeting was called to order at 6:00 p.m.

Silent Meditation and Pledge of Allegiance: A silent moment was taken followed by the Pledge of Allegiance.

Roll Call: Barletta-present; Colombo-present; Mope-present; Perry-present; Gavio-present

Proclamations/Communications: None.

Courtesy of the Floor:

Antonio Rodriguez, 718 Muir Ave., Hazleton, asked how the ACT 47 Financial Recovery Plan will help the city police department. He stated the Hazleton Police Department just received two motorcycles. Rodriguez stated the Hazleton Police Department does not need the motorcycles. He said they need ammunition and weapons to fight the criminals. He stated the police need the authority, from elected officials, to shot and kill thieves. Rodriguez said the police need to use force. He said we need to use force to clean up the city. He stated he is ashamed of what is going on in the city.

Mark Rabo, 1st Street, Hazleton, said, as he mentioned, in the ACT 47 public hearing, that there are good starting points and there are some that should be stricken and done when the city is solvent. He said the three points in the ACT 47 Financial Plan he wants to discuss are:

1. Land bank- He stated this can be moved out and stricken until the city is solvent. He said there needs to be "known" sources of funding without the residents funding the bank.
2. Comprehensive Plan- He said this is a good idea and should be amended. He said the Planning Commission updates the plan. Rabo said the city residents need to update this. He stated the zoning ordinance is updated by the Planning Commission, and not the zoning officer.
3. Hazleton City Airport- He stated it should be sold or moved into an authority that can pay back the city.

Rabo stated the city needs to recoup the money that is owed to them before increasing taxes. He said this needs to be taken into account by the ACT 47 coordinator. Rabo said the coordinator needs to find these sources before increasing the resident taxes.

Grace Cuzzo, 948 James Street, Hazleton, said she read the ACT 47 Plan. She stated it is putting more of a burden on the city residents. She said it wants to remove the mercantile tax but charge more for the city businesses. Cuzzo stated the plan continues to increase taxes and raise fees. She said the per capita and residential tax received was not enough for the city. Cuzzo stated sending out billing statements cost more than the taxes that were collected. She said the residents cannot afford an increase in taxes with the mean income level below average. She said there needs to be cutbacks in the city. Cuzzo said DEP representative, Scott Novotnak, stated the city, "is not doing their job." She said all the increases will destroy the city. She advised council to review all the items before voting on the ordinance.

Old Business:

ORDINANCES

None

RESOLUTIONS

None

New Business:

ORDINANCES

Ordinance 2018-21 An Ordinance of the City of Hazleton, County of Luzerne, Commonwealth of Pennsylvania, Approving the Act 47 Financial Recovery Plan for the City of Hazleton as Prepared by the Act 47 Coordinator Pursuant to the Municipalities Financial Recovery Act (53 P.S. §§ 11701.101 ET. SEQ.) **(1st READING)**

Presented by Gavio. Seconded by Perry.

On the Question:

Jean Mope read several items from the proposed ACT 47 Financial Recovery Plan provided by the Pennsylvania Economy and Department of Community and Economic Development. Under Initiatives:

1. Taxes- In both cases, increasing EIT tax and residential property taxes may create a negative impact on the city overall rather than help its financial dilemma. The city of Hazleton possesses a much higher level of poverty than the Pennsylvania average. The estimated median household income in Hazleton is \$32,462 compared to the \$56,907 as the median household income in the state. The poverty level in Hazleton is at least 27.7%- PEL's figures. Incomes are not increasing rapidly in the city as in other portions in the state. Increased taxes on individual's incomes may increase hardships on families who often, in the city, face a great deal now. Identifying Hazleton's underground

economy through code enforcement, city permit fees and fines must be considered more directly and through creative means. Increased taxes and a stagnant salary region may decrease the paying population or cause more to hide some of the income that is produced. The increase in residential property taxes may not be easy to predict revenue in the future. The median cost of a condominium or home in 2016, in Hazleton, was \$87,129 compared to \$174,100 for Pennsylvania. These prices include the inflated assessed evaluation of 2007 & 2009 re-assessment in Luzerne County. Property value may continue to decline as more homes are resold and blighted and abandon properties increase. The number of boarding houses has increased at an alarming rate and may threaten current home owners to sell their properties. Many new landlords are not residents and are not willing to pay the increased taxes. Please consider utilizing these tools that exist and have not been tried by the mayor. An example is a blighted property committee in cooperation with Luzerne County to help develop parts of the city. This report indicates Hazleton lacks the finances to handle its basic expenses at present and in years to come.

2. Business and mercantile taxes are viewed by many businesses, in Hazleton, as unfair and create an unwelcome atmosphere for businesses. If these taxes are charged to tax businesses' at any higher of a rate, it will lead to an exodus of businesses and jobs in the city. Some local businesses feel ill-treated already because of the lack of enforcement of licensing procedures and permits in the city.
3. The elimination of the resident and per capita tax may be considered a help to local citizens. The cost to collect negates any affect they may have. The raising of other taxes, in the city, will, as stated above, have a negative effect on the city in the long run.
4. The idea of Home Rule Study and possible adoption of a Home Rule charter would take 2-3 years due to elections, time to study the current form, and make recommendations. If Home Rule is adopted, there needs to be time to write the charter and transition to a new form of government. Until that is taken, actions of the city government and ACT 47 coordinator will continue. The actions taken during the 2-3 year period will affect the decisions being made and changing structures when politics and neglect of the problem have caused Hazleton's financial issues is not the answer. Mope stated government can change over and over, but not following the guidelines means the city will fail.
5. City Council has called for an update of the comprehensive plan for the city over the past two mayors with no action. As stated in the report, the comprehensive plan has not been reviewed or updated since 1992. Updating all fees and fines would help the city. A coordinator should have consultants with Hazleton's planning commission and the zoning board to correct the inaction.
6. Reviewing the tax status of properties in the city will not alter the financial situation of the city. A few religious and charitable properties have changed hands. When this occurs, the property is sold to another religious group. Charities within the city are not in a financial position to pay pilot funds. They face increases in need with decreasing individuals who can help support their requests.

7. The master service agreement with the Hazleton Water Authority may not be able to provide the city with any additional funds beyond that has already been written. The state legislation forbids any authorities today in entering into expansive projects or funding. The coordinator may seek to utilize the technology in existing services as in computers, billing and GIS services. The coordinator should investigate similar types of actions with the Hazleton Joint Sewer Authority that they may be able to provide. The coordinator should investigate the creation of new authorities such as recreating the parking authority and looking into the Hazleton Municipal Airport. These two have been financial burdens which the city could no longer afford. Increasing real estate taxes in the city of Hazleton will not answer the city's financial problems. The coordinator needs to review purchases being made and actions by the past two mayors without council's knowledge or approval. Jobs have increased in the city, money spent and executive actions have been taken even as this report has been prepared.
8. The city of Hazleton has faced financial distress in previous times. In the 1970's and 1980's, job layoffs were a common occurrence. This is one reason the government reviewed changing to optional plan. Compromise should have been the rule. The citizens of Hazleton voted to have city council, mayor and local government with a required and defined purpose of a department of administration. This has not been now or in previous years the case. The mayors have decreased the power of city council and denied them the role in this form. This is not politics. This is money being spent by one person, jobs created by one man, and laws are changed or altered by one man that look at government failure.
9. How much flexibility in the recommendations does council have to function and the mayor's flexibility in recommendations to function? Please explain the coordinator's evaluation efforts in determining if a recommendation should be a top priority or of less importance. The cooperation between the mayor and the council with the coordinator is essential for this program to be successful. Please explain any methods or calendars to suggest any meetings all three entities could discuss a cooperative effort.

Mope requested any financial records, done on a monthly basis, to be sent to council to make sure everything is being received.

Perry stated the city has never, in the history of Hazleton, been in a distressed status in ACT 47. He said once the city accepted this money, the city accepted the responsibility that comes with the plan. He stated the city needs to "clean up" the current situation. He said council is voting on an ordinance to get the city out of its distressed status. He stated if this plan is not voted for, the city would have to come up with its own plan.

Roll Call: Barletta-yes; Colombo-yes; Mope-yes; Perry-yes; Gavio-yes.

ORDINANCE PASSES ON 1st READING

RESOLUTIONS

None

Comments from the Audience: Mark Rabo, 1st Street, Hazleton, said he hopes the coordinator of the ACT 47 plan can navigate the city through their distress. He said he hopes the coordinator takes the residents views and inputs them into the plan. Rabo said the government study commission has to study all forms of government. He said there are many negatives of the Home Rule Option. Rabo asked why the offer to study the current form of government and offer of amendments was never done. He suggested to have the coordinator, mayor and council review this. Rabo said this needs to be looked into.

Comments from Mayor: None

Comments from Junior Council: None.

Comments from Council: None

Adjournment: Gavio motioned to adjourn the meeting. Meeting adjourned.

Review of the Proposed Act 47 Plan Provided by the Pennsylvania Economy and Department of Community and Economic Development

Initiative:

1. Taxes – In both cases, increasing EIT tax and Residential Property Taxes may create a negative impact on the city overall rather than help its financial dilemma. The city of Hazleton possesses a much higher level of poverty than the Pennsylvania average. The estimated median household income in Hazleton is \$32,462 compared to the \$56,907 as the median household income in the state. (Poverty level in Hazleton is at least 27.7% - PEL's own figures.) Incomes are not increasing as rapidly in the Hazleton Area as they appear to be increasing in other portions of the state. Increased taxes on an individual's income may increase hardships on families who often in this city face a great deal now.

(Note: Identifying Hazleton's underground economy through code enforcement, city permit fees and fines must be considered more directly and through creative means. Increased taxes in a stagnant salary region may decrease the paying population or cause more to hide some of the income that is produced.)

The increase of Residential Property Taxes may not be as easy to predict a revenue in the future. The median home or condo in the city of Hazleton in 2016 was \$87,129 compared to \$174,100 for Pennsylvania. Please remember, that these prices still often include the inflated assessed valuation of the 2007 -2009 reassessments in Luzerne County while much of the state has not realized such discrepancies. Property value may continue to decline as more homes are

resold and blighted or abandoned properties increase. (Note: The number of boarding houses in the city have increased at an alarming rate and may threaten many current homeowners with selling their property and leaving. Many new landlords are not residents and may not be a willing to pay increase taxes.)

(Please consider utilizing those tools which already exist but have not been tried by our Mayor. For example, a Blighted Property Committee and cooperation with Luzerne County to help redevelop parts of the city. Your report indicates Hazleton lacks the finances to handle it base expenses at present and in years to come, why would you consider initiating a program which would cost the city a great deal of money just to start?)

2. The Business and Mercantile Taxes are viewed by many businesses in Hazleton already as unfair and create an unwelcoming atmosphere to businesses. If these taxes are changed to tax business at any higher of a rate, it will lead to an exodus of businesses and jobs in the city. Some local businesses feel ill-treated already because of the lack of enforcement of permits and licensing procedures in the city.
3. The elimination of the Resident and Per Capita Taxes may be considered a help to local citizens. The cost of collecting negates any effect they may have, however, the raising of other taxes in the city will as stated above have a negative effect on the city in the long run.
4. The idea of a Home Rule Study and the possible adoption of a Home Rule Charter would take at least two to three years due to elections, time to study the current form, make recommendations, (if Home Rule is adopted – time to write the charter and consider all problems the city faces), and transition to the new form. Until that action is taken, the actions of the city government and Act 47 Coordinator will continue. Actions taken during that two or three-year period will affect the decisions being made. Changing structures when the politics and neglect of the problem have caused Hazleton's financial issues is not the answer.
5. The City Council has called for an update of the Comprehensive Plan for the city over the past two mayors with no action. As stated in the report, the Comprehensive Plan has not been reviewed or updated since 1992. Updating of all fees, fines, etc. would most certainly help the city. The Coordinator should have consultations with Hazleton Planning Commission and the Zoning Board to correct the inaction.
6. Reviewing the tax status of properties in the city will not alter the financial situation of the city. Few religious and charitable properties have changed hands; and, when it occurs, the property is sold to another religious group. Charities within the city are not in a financial condition to pay "PILOT" funds. They face increases in need with decreasing individuals and groups who can help support the requests.
7. The Master Service Agreement with the Hazleton Water Authority may not be able to provide the city with any additional funds beyond what has been written. State legislation limits or forbids authorities today from entering expansive projects and funding. The

Coordinator may seek to utilize the technology and existing services the authority could help provide as in computers, GIS service, billing among others. In like manner, the Coordinator should investigate similar type of actions the Greater Hazleton Joint Sewer Authority may be able to provide in like manner.

8. The Coordinator should investigate the creation of new authorities such as re-creating the Parking Authority and looking in similar manner at the municipal airport. These two have been financial burdens the city can no longer afford.
9. Increasing Real Estate Taxes in the city of Hazleton will not by itself answer the city's financial problems. The Coordinator should review purchases made and actions taken by the past two mayors without City Council knowledge or approval. You cannot ask taxpayers to shoulder the city's financial problems and allow mayors to purchase what they desire with money the city doesn't have. Jobs have increased in the city, money spent, and executive actions taken even as this report has been prepared.
10. The City of Hazleton has faced the challenge of financial distress in previous times. In the 1970's and 1980's layoffs were a common occurrence as the calendar reached November and December. As did politics play a role in finances back then, so do they today. Local Commission government requires the agreement of three members. What three agreed to was the decision, right or wrong. Compromise should have been the rule, too often it became coalitions that had their way. Today, this form of government has been allowed to evolve into something it was never intended. The citizens of Hazleton voted to have a Mayor Council Local Government with a required and defined purpose for a Department of Administration. That is not now and for years has been the case. Mayors have systematically reduced the power of the Council and denied them their role in this form. Structures of government are important, but our entire system and levels of government require "checks and balances" as well as defining of power. This is not politics. It is when actions such as money being spent by one person, jobs are created by one man, laws are changed or altered by one man, that we look at government failure and politics reigning.
11. How can all the pertinent information and data be provided to the Act 47 Coordinator if the City Council has not been provided with such material.
12. How much flexibility in the recommendations does the Council have in which to function? How much flexibility in the recommendations does the Mayor have in which to function? Please explain the Coordinator's evaluation efforts in determining if a recommendation should be top priority or of less importance. What evaluation will be used to determine if a recommendation is not meeting its projected goals.
13. Cooperation between Mayor and Council along with the Coordinator will be essential if this program is to be successful. Please explain any methods or calendars you would suggest at which time meetings with all three principal entities can discuss this cooperative effort.
(How can we air our concerns to you, the Coordinator?)

