

**MINUTES
HAZLETON CITY COUNCIL
WORK SESSION
WEDNESDAY, NOVEMBER 18, 2020**

Council met for a WORK SESSION on Wednesday, November 18, 2020 via ZOOM Teleconferencing. The WORK SESSION began at 6:02 p.m.

In attendance were City Council President James Perry, Vice-President Anthony Colombo, Allison Barletta, Lauren Sacco and Jack Mundie. City Officials present were Dan Lynch and Police Chief Brian Schoonmaker. Also present were PEL representatives Gerald Cross and Patty Moorhead.

Perry opened the WORK SESSION meeting for public comment.

Ken Zipovsky, 3 El Camino Road, Hazleton, PA, said he would like to talk about the budget proposal based on facts presented in the newspaper. He stated it would be challenging for anybody to have any type of tax increase with the economy and the situation "we have". Zipovsky stated it is difficult. Zipovsky stated some of the things, listed in the budget, gives him a little "pause", also. He said the thing that "sticks out the most", in the budget presentation, is that parking revenues, permits, and fines should be down, in 2021, but administration wants to budget to put a full-time parking enforcement officer on, and "back-fill" this position. He stated this does not make sense to spend \$82,000, additionally, and plan on losing money and have a \$120,000 loss. Zipovsky said there will be less enforcement, in this, with anticipated less parking in the City. He said another thing, that interested him, is the right-to-know overtime processing. He said the employee would be making about \$16.00/hr. and this would mean about 800 hours of overtime. Zipovsky said this is a "crazy concept". He said the Health Officer position was eliminated several years ago because Mark Thompson retired and the state "did these things". He said it does not make sense, in the current financial situation, to take on another expense, \$72,000, to have someone, in this position, as a Health Officer. He said some of the amounts, the administration is asking for, seems excessive, currently, in the financial climate the City is in. Zipovsky spoke of the budgeting of an HR position; he does not know if there is short staffing at City Hall. He stated they are creating extra positions, that the City cannot afford, is the "wisest" decision. He spoke of the solicitor item. He said \$70,000 to "codify", the books, may be a luxury versus a necessity. He said this line-item is already "blown-out" for what it was budgeted in 2020. Zipovsky said special legal counsel should be kept at the 2020 numbers. He said the City needs to honor the current collective bargaining agreements that are in place. Zipovsky said he does not know if the City is, financially, in a position to contract the paving of City streets, out, for 2021.

Perry said he wants to have PEL representatives give their overview of the 2021 budget. He said PEL cannot tell the City what to do. Perry stated they did not receive their recommendations. Lynch said he received PEL's letter. Cross stated they sent the e-mails and postal letters to the City. The City Clerk stated she did not receive an e-mail from PEL, but received physical letters, through the postal service, marked with each individual council members names on them. She stated she did not open their personal letters.

Cross stated PEL provides an overview of the City's draft budget as presented to them under certain deadlines that ACT 47 requires to look at. He said one deadline is in October. Cross said, typically, the City's budget is more of a beginning and drafting state that is presented to council. He said it is a matter of reviewing this and comparing it to the Recovery Plan. He said the letter references the differences between the expenditures and revenues projected and does comment on the draft budget's 2 mil increase. He said this is in accordance with the plan. Cross stated the plan contemplated the City would have an extraordinary, earned income tax authority, for about 4-5 years. He said the Plan's shift anniversary is 2023. He said the operating deficits projections projected by the plan along with the real

estate tax revenue increases necessary to offset the reduction in the earned income tax authority. He said what the plan does is lowers the earned income tax, yearly, from the ACT 47 Authority, so that the City is “weaned off” the larger revenue from the earned income. Cross said the City could only have the earned income tax only when in ACT 47. He stated the amendments, to ACT 47, required any new Recovery Plans to have a five-year plan. He said at the end of five years, the coordinator could judge whether the City or municipality could exit or was not able to exit, to produce an exit-plan to ensure the City exits. He said the path that PEL took was one that allows the City to gradually increase revenues, from other sources, or reduce expenditures, in concert with reducing the earned income tax. He said the City, currently, is at the level of 2021 and went to court to ask them to give them the authority on earned income tax through July, Cross said they will, then, go to the court, in July, 2021, and ask for another level of reduction. He said by 2023, it will not be necessary for an earned income tax hearing. Cross said in 2022, the resident earned income tax will return to what it was at .5%. He said the City would have to make up this significant revenue. He stated this budget takes a “crack at” starting this revenue switch. He said this is where the administration was coming from with the \$2,000,000 tax increase.

Mundie asked Cross if he wants to take the burden off the wage earners and put it on the property owners. Cross said the City needs to follow the law. He said the law requires the City to have a cap on the earned income tax level it could levy. He stated ACT 47 allowed the City to bypass this cap to bring in extraordinary revenue for a period covered by the Recovery Plan. Once the Recovery Plan brings the City back down to the normal EIT rates, the City would be back to where it should be and rely on property taxes. Cross said the property taxes have a greater “head room” than the EIT. He said the EIT is capped at a level that is unreasonable, given the tax base. He said state law requires cities to rely on property taxes. Cross said the recent Luzerne County reassessment gives the cities a lot of room in these mill ages. Mundie stated it is an unfair burden, on the senior citizens, who could “just about to afford” paying their property taxes. Cross said he does not disagree; he is a senior citizen himself. He said the problem is one the state legislature needs to address. He said there are other sources of revenue outlined, in the Recovery Plan, that he may want to look at, that involve the relationships with other governmental entities. Cross said there are expenditure reductions, but this is a growing City. He said he does not know if the City could cut expenses and maintain services to a growing City. Cross said the City may have to rely on revenue that may not be attractive. He said he agrees and does not like property tax increases. He stated this is the system we live under. Cross said the other alternative plan, in the ACT 47 Plan, is for the City to change its form of government, to “go away” from the Optional Plan and adopt a Home Rule Charter, which, in theory, would give the City the ability to maintain the higher EIT rates, do the tax “mix” he is talking about and is more “palatable” to the current residents. Mundie said there is a big population, of senior citizens, that cannot afford to pay their property taxes. Perry said the City does not have a lot of choices. He said Cross suggested the City needs to cut expenses or increase revenue via taxes. He said they need to look at the budget and make the decisions that are in the best interest for the City. Perry asked when the City is over with the EIT tax. Cross said there is one more EIT reduction, in 2022, with .10%, in 2021, which would be completely gone by July, 2022. He said the ACT 205 income tax would be increased to fund the pension. He said the total resident EIT would not be changed, but the “mix”, within this, would be changed. He said the Recovery Plan’s exit is anticipated in 2023. He said PEL would have to do an analysis of the City’s ability to exit sometime in 2022. Cross said the law requires no less than 180 days from the start of the last year to do their review. He said the plan contemplated the normal increase in expenditures and the normal lack of growth in the tax base. He said it gave the City the extra time, needed, to investigate these changes. Cross stated PEL was, up front, and explained this with the tax presentation. He said, unfortunately, they need to look at other alternatives to raising money and the City needs to budget, year-over-year, enough cash and revenue to provide services. Perry said regardless of COVID-19, there is no choice. He said everyone is a taxpayer. He said the City needs to cover all expenses and making sure the revenue is there. He said that is what they will be looking at.

Dan Lynch, City Administrator, said he will “touch” on a couple things Cross brought up. Lynch presented the City of Hazleton’s 2021 Power Point Budget Review. He said he will start with an overview with where the City is, currently, and where they are going. Lynch said he presented the budget on November

10th, 2020. He stated the budget included a number of proposals and initiatives by department heads. He said he and the mayor did not pull “anything out”. If they were talking about it, it is in there. Lynch said he wanted to make this part of the discussion and process with what the department heads were looking for and then talk about what, the City, could realistically do. He stated the budget includes forecasts for decreased revenue sources and a shift of EIT tax back to the ACT 205 fund. He said this is per the ACT 47 Plan. He said to offset this and to cover all initiatives, an increase of 2.07 mils of Real Estate was included in the proposed budget. He said that is why they are here, to discuss it.

Lynch spoke of Hazleton’s recent financial history. He said for a while, when Lou Barletta was mayor, and the City was in a pressed position, and prior to the assessment, the City found itself against the 30-mil limit. He stated this was limiting, to the City, for demand of services was increasing with residents stating the City needed more policemen. He said the City was “up against the wall” with the 30-mil limit. Lynch said, in 2005, there was financing done, due to financial stress. He said, in 2009, Luzerne County reassessed. He said, starting in 2010, the City had a new assessment and could adjust its mils.

Lynch reviewed a spread sheet of the County Median Tax Bill comparison. He said, in 2018, the City had a low real estate tax bill for a Third-Class City. He said these are in line with Pottsville and Schuylkill counties who do not have a full-service firefighting. He said there was a big increase in years 2010 & 2013 with a 45% increase and a 1.4 mil increase. Lynch said other municipalities, after the assessment, everyone came “out low” and handled it in different ways. He said Pittston “came out” with a high millage rate and kept it there at 6.85. He said over the period of 2009 to 2018, a Pittston median value paid \$4,700, in taxes, and a median value property, in Hazleton, paid \$2,900. Barletta asked what this is based on. Lynch stated it is based off the median values the City has. Perry asked if Nanticoke was in ACT 47. Cross said yes. Lynch stated the City of Hazleton has a “pretty robust” set of services.

Lynch said the large increase, from 2013-2015, was 2013 mil increase of 1.4. In 2015, the City conducted additional financing due to financial distress. He said the City realized revenues of \$9,228,677. These revenues include a \$400,000 transfer from a stormwater fund. Lynch said this was a contentious issue, at this time, and this was known it would not continue. He said expenses were \$9,447,467 on a budget of \$9,276,378, in 2015. He said there was a little “over-budget” on expenses. Lynch said revenues were a little under, about \$50,000, and knowing they would not get the \$400,000 next year. He said, in 2016, he would have a basis of \$8,800,000, and take out the revenue the City would not expect anymore. Lynch said the City passed a budget balanced at \$9,596,077. He stated this was a 1.6% increase of overall expenses going into 2016. He said part of how the 2016 budget was balanced included revenues, in advance, from the Master Agreement with the HCA. He said \$425,000 was advanced, to the City, in 2016, from this agreement, and a \$200,000 line-item, for a land sale, that was never realized. Lynch said there was \$625,000, in the revenue budget, that, one was from the future, and one was not going to happen. He said the City had revenues, “in the neighborhood” of \$9,500,000 and expenses of \$9,700,000, the expense grew about 3%. Lynch said from 2016-2017, the City “goes off the rail” a little. He said in planning the 2017 budget, there needs to be a starting point of \$8,900,000 once subtracting the revenues the City would not see, removing the advancement, and land sale. He said in planning a conservative cost increase, based on the costs in 2016, it would be about \$9,900,000. Lynch said the City passed the budget, in 2017, at \$9,200,000 and still included \$300,000, in revenue, that was unlikely, through the HCA. He said reviewed the expenses, in 2017, and is not sure how they got to \$9,200,000. He said the 2017 budget was under budget of \$400,000 for healthcare. He said they should have known this, in September, of what the 2017 healthcare bill would be. Lynch said the position of Health Officer was removed, but the employee was not laid off. He said the person continued his work, for the City, in 2017, with a \$53,000 unbudgeted expense. He stated the final revenues were accurate with \$9,148,797 revenue and expenses over \$10,000,000. The City received an emergency loan, from DCED, of \$850,000. He said, looking at the deficit, in 2017, it was \$863,199. He said whoever told DCED what the City needed to make it through the year was very accurate. In 2018, the City needed to raise their real estate taxes to 1.34 mils. He said that was 30%, in the papers, but this tax increase was

only 4% less than the 45% tax increase in 2018. He said the City entered ACT 47, in June, 2018, subsequently enacted changes to EIT taxing and structure. The changes were delayed due to political posturing. At the end of 2018, the City took a revenue lease note and part of the debt schedule. In 2019, the City increased taxes by .11 mils., and the tax raise was projected to be .33 mils by the City's ACT 47 Plan and 1/3 of what was planned by the ACT 47 Plan. In 2020, the City's tax raise was .22 mils. The City's ACT 47 Plan projected a .66 mil increase in 2020. He said 1/3 was projected per the plan. He said, currently, Hazleton's Real Estate tax millage is 6.18%. He said for a median value home, \$75,000, the bill would be \$463.50. The median household income is \$40,548, according to uscensus.gov. This means a real estate tax bill represents 1.1% of a median household income. A percent of the assessed value of the home is 0.6%. The average property tax, in PA, is \$2,223, and about 1.35% of the assessed value of the home, and this included county and school taxes. The City also levies other various taxes, including 511 and EIT taxes in special form (205 and presently ACT 47).

Lynch said taking \$1.00 in real estate taxes, 1 cent goes to recreation and 23 cents goes to debt service. He said all the debt paid that is currently being paid out of the debt services is tied to financial maneuvering that was to fix an unstable financial situation. He said 23 cents represents nothing of value to the citizens in the "here and now". Lynch said it is for services rendered because the City continued to run in deficits and doing all the services. He stated the City is paying interest for the services. He said 76 cents goes to the General Fund to pay for the delivery of the City's current services. Of that 76 cents, the Council, Mayor and Financial Administration take up about 5% or 0.04 cents, Legal 1% or 1 cents, Police- 43.4% or 33 cents, Fire Department- 21.7% or 17 cents, Code and Parking- 7.2% or 5 cents, DPW and Garage- 18.9% or 14 cents, Everything else- 2.8% or 2 cents.

He said 89% of the City's expense are direct personnel. Lynch said there are no big material expenses in the City's budget. Lynch stated the City does not buy major pieces, of equipment, out of the General Fund. He stated there have been lease payments, out of the General Fund, done in the past. He said it is all the people and the process of carrying out City services. He said the General Fund expenses have been very stable. He stated the last few years, they have been in the 2-3% inflationary range. Lynch said the City, on the expense side, is beating ACT 47 projections by 7%. He said the City has only increased taxes by 33% of what was projected in the plan.

Lynch said ACT 47 runs out in 2023. He said the City has \$682,000, in the budget, in extraordinary EIT revenue remaining in the General Fund budget. This will go away, per the ACT 47 Plan, in 2021. He said, going forward, the City will have less income in that specific thing. He said the City applied and has been awarded personnel grants. He stated the COPS grants commits the City to maintaining that roster. He said, up front, the grant pays 100% of the cost, but, over time, the City takes the cost on. Lynch said the \$400,000 grant revenue is in the 2021 budget paying for 4 officers but, overtime, the City absorbs the cost. Lynch said the City told the federal government the City will support a 46-man roster by the time the grant-fund runs out. He said the SAFR grant, \$146,000, will decline over time. He said the City will have to deal with a \$425,000 "hole", in 2023 budget, in the HCA agreement, due to the advancement on payment. Lynch said per the ACT 47 Plan, discussing this, with the HCA, is a plan initiative, and may renegotiate. Lynch said some large revenue items, such as healthcare refunds, from PicnicHealth, could be unstable on a year-to-year basis. Overall assessed values, in the City, have declined, about 1-2% since the assessment. He said it is normal post-assessment, but do not want long-term decline, over time. He said one thing that would help are the large developments. He said there is a "LERTA-there", but there is EIT. He said LERTA is an aggressive program and the City would start seeing values increase. He said the City is already committed in carrying larger rosters for the police and fire departments. Lynch said regarding the stormwater obligations, Alan Wufsus has spoken to city council, and are mandated expenses. He said they will not go away and the options for paying for them will need to be discussed. He said even though not paying taxes, the fee is paid. He said these will have to be accounted for. The existing debt is shorter term, but still represents a drain on resources. Lynch stated if the City does the refinancing, later, and takes the \$3,000,000 in new funding, this is a positive step in the ACT 47 program. Lynch said the City would be investing in the police and fire departments. He said this has not been done in years.

Lynch spoke of the City's road maintenance plan. He said this is in the budget and about \$2,000,000 is optimal funding, coming from the City's engineers, the City has been doing about 10-15% of this, for a long time. He said going by a 7-year replacement schedule, basically, doing \$230,000, every year not doing the roads is \$1,750,000 deferred maintenance debt building up, called deferred maintenance. Lynch said the roads will keep deteriorating. He said there is about 100 miles of road in the City.

Lynch said there will be more, to follow, on this. He said there should be more money in the General Fund. He said talking with the City's actuary, he said the City is paying the OPEB benefits with ACT 205 funds. He said he has never seen a bill or a transfer from ACT 205 to the General Fund. He said when Accufund is paying the bill, they are attributing to the expense in the Pension budget, but the expense is being paid out of the General Fund budget. Lynch stated even if the City did want to pay the OPEB with ACT 205, there was not enough money. He stated they brought in \$7,600,000 in state aid and \$40,000,000 in ACT 205 and just the MMO's were \$47,000,000. He said over 10 years, the City paid, for this, from the General Fund. He said he has spoken with Matt Domines, PEL representative. One thing they thought was, perhaps, the MMO went down because the actuary was thinking about the OPEB benefits but not actually showing this on the MMO paperwork. He said the City thought the OPEB benefits were being paid, out of General Fund, and it could not use the ACT 205 funds because there was not enough money. He said the City still needs to make their MMO's. Lynch said it is all tax money in the end.

Lynch said he sent out specific reports, to city council, on the revenue and expense "sides". He said there are a lot of expenses coming "down the line". He said it is hard but if the City does not want to raise taxes, the services need to be cut or the City will pay for it, in the end, with running up the debt.

Perry asked Lynch to send his presentation to city council members and Sam Galski of the Standard-Speaker who could put this out for public consumption. He said the City has contractual obligations, healthcare costs, and extra stuff. He asked what the minimum is the City needs to pay. Perry said there is no way to pay 0. He said healthcare costs and contractual obligations are going up. Lynch said the transfer, of EIT, to the AXT 205 fund, goes away. He said the City keeps \$682,000, but this goes away next year. He said talking about the bare minimums, the City is still in normal growth. Lynch said for normal expense growth, the City said a zero-tax raise is achievable, but highly unadvisable. Perry asked if they should go "line-by-line". He said there are some deficits and revenue that could be higher. Lynch said the \$682,000 is still retained, in 2020, in revenues. He said Mayor Cusat wanted to put the mercantile tax lower because he feels businesses were not bringing, in revenue, for months at a time, to build it up. He stated this is collected one year behind. Lynch said the ACT 47 Plan talks about "outright" eliminating this and replacing it. Perry said it is not "business-friendly". Barletta said some businesses pay it, and some do not. She said this is not collected fairly. She said, in the past, revenue was lost and was very low when the City could have collected more. Lynch stated if this was replaced with a payroll preparation tax, it is not meant to be higher, and it is meant to be a direct replacement. Cross said the first year is to be a revenue-neutral requirement. He said the rate cannot be set higher than the amount to replace the revenue. Cross said it may grow at a higher rate but is not a "windfall" the first year. Lynch said city council will want to go through the process now with getting 2020 money. He said some amounts are just a "best guess" because the City does not know how some of these will be impacted. Perry stated Giant Supermarket did not stop "a bit" and are going strong. He said one person said they paid their full mercantile tax. Lynch said when talking line-items, such as revenues, city council has the right to lower the line-item or make any changes with Cross reviewing the budget again. Cross said PEL drafts a letter, to the City, stating the draft budget is complaint with the Recovery Plan, but the law does not stop there. Cross said the law requires the coordinator to review the final budget and certify it. Cross stated then the Secretary of DCED needs to be notified whether the changes made to the budget, subsequent to the first letter, are still compliant. He said if they are not, this needs to be reported, to the commonwealth, whether the budget is complaint or not with the plan. He said PEL needs to report to the Secretary of DCED. He said how they respond, they do not know, and there are options available to

them. Perry said DCED questioned the City of Hazleton in 2019. He stated this could be negotiable. Lynch said the City could adjust revenues, then it will still have to pass "muster", in the end. Perry stated business licenses have declined and this is arbitrary. Perry stated more people are moving into the City than ever before, even during the coronavirus pandemic. He said houses are selling within 24 hours. Perry said he is not sure why this is declining. He asked if this is collected within the year. Lynch said yes. He stated Mayor Cusat wants to do some work on this, as well, and standardize them. Perry said the rental property licenses are low, and is not sure, because there are more properties being rented. Lynch said he lowered this due to rent freezes. Perry asked if the City is "stick with this". Lynch said the Cable Franchise Fee has declined the two years he has been here. Perry asked if the City signed an agreement with them a while ago. Lynch stated he does not know. He said Atty. Logsdon would need to review this. Perry said magistrate fines have declined. He said they just met with the magistrate and this could be changed also. Perry said it should not be a \$95,000 decline, but the fee could be a lot less. Perry spoke of the Parking Fines. He said the City will be paying more for their department than the revenue they are bringing in. He said it is, then, not worth it with hiring and expenses. Lynch said this is not a planned hire. He said there were two employees doing tickets, one quit and did not "come back" from COVID-19, and the other employee was asked to be put on full-time. He said the salary is not a huge thing with the starting salary of \$20,000 with their union contract, but the City needs to give them benefits. Perry said there are parking fines, all over the place, and money just "sitting out there". He said with the monthly parking line item, there are cars parked everywhere.

Lynch said he is trying to get a handle of different types of licenses and permits that are coming in and the increased revenue from having our own building inspector. He stated the City made money before, but the City was handing the "lion share" over to the engineer. Perry said there was "\$200,000 and some" going out. Lynch said the City is at the size where it is appropriate to have their own building inspector. He stated the miscellaneous line-item should be lower than \$58,000. He said a current Real Estate Tax revenue increase would be dependent on the gap. He said the City could expect more delinquent taxes to come in and delinquent tax collection is efficient in the City. Lynch said there is \$85,000 budgeted for a towing contract consideration. He said the reimbursement, to the COPS GRANT, would be increased to \$345,000 with a total of \$400,000. He said all the police hiring's, and the current compliment of policemen, are 39, of active officers, and if the City is trying to get to 46, and hiring seven officers, the grant ones are 100% covered but the other three would have to be planned with the highest budgeted benefits. Lynch stated this may not come "to fruition". Perry asked if the City would budget for the highest amount. Lynch said yes, but if it is not all used, it would be a savings. He said the City is working towards a fund balance. He said if the City has a strong fund balance, and a pandemic hit, this is where the City could carry itself through the years. He said he is making the best estimates due to the coronavirus, and what was seen this year, in the revenue lines and the understanding it will not get "knocked out". Lynch said if there is a change in the federal government, there could be funding for local governments that did not go through. Perry said they are planning for mass vaccinations by March, 2021.

Lynch stated the total expenses line increases to \$13,378,213 and a decrease, on paper, and the operating budget increases by \$2,965,744 with \$700,000 of this, in the budget, and 30% of the increase is specific to City streets. He stated there is a \$200,000 line-item for UGI permit revenue. He said this was already in there but, formally, recognizing the expense, and should cover itself. Perry said it should be \$500,000. Lynch said yes. He said the police request was a big request with about \$992,000 in new money, however, \$400,000 is offset, and the total would be about \$592,000 in new requests. He said there was \$101,000 in capital requests, and of this amount, there is about \$30,000 committed with the Enterprise Lease program. Lynch said this would be more beneficial than a municipal lease program. He said all new healthcare is budgeted for family rates. Lynch said \$326,679 or 14% are obligated expenses, i.e.- raises and healthcare through the City's contract. He said this is manageable inflationary growth. He said the natural cost growth is 2.9%. He said \$70,000 of new expenses are legal expenses. He stated the City was given the grant money but not the support the City needs to go through the process. He said the City was given the money for codification through General Code but there is still a lot to do. Perry said this is a debatable amount and they may not want to pay \$70,000. He said the City is already paying the solicitor \$70,000 and the City is paying "\$70,000 more". Lynch said he is looking at

the budget and what the City has spent if there are legal issues. He said it does not make sense to pretend to spend less. He said they all need to get together and figure out how many labor hours the City would need. Perry asked if the bills, from Sean, are \$70,000. Lynch said he is just projecting increased legal costs because that is what he sees now. Perry said the extra work on the codification process is already over and should be "less and less". Lynch said he does not know how much work is to be done, but this is a factor. He said the bigger factor is what the City will spend now. He said they could either transfer money from somewhere else or just stop working with the attorney. Lynch said this is not a good option. He said the City needs to see what they need to budget in labor hours.

Perry spoke of the police budget. He said overtime, year-to-date, is \$70,000, but the proposal, in 2021, is at \$185,000 and, in 2019, was \$166,000. He asked why the City is assuming there will be overtime. Perry said the City would have more police officers. Lynch said he and the mayor did "not cut". He said if Schoonmaker gave the amount to him, this is what he put in the budget. Perry said the false arrest insurance, year-to-date, is \$0, but budgeting for \$45,000. Lynch said this is something he is working on. He said, when it comes to insurance, the City gets a schedule, from Brown & Brown, that shows what the City pays in the insurance package. He said they could tell the City exactly what is paid for each item. He said this is received ahead of time. Perry said this is a pretty big increase. Lynch said he did not change the budgets, but Schoonmaker could have made a mistake. He said he does not have the official numbers for insurance and uses 3% when it comes to general insurance. Lynch said he does not know the amount for worker's compensation. Lynch stated the worker's compensation would increase slightly, but the City may get a break due to the City doing things "in the right direction". Perry asked if the City departments could do anything to lower these costs, i.e.- training. Lynch said they have done training and the City went with Brick Street. He said they specialize in high-risk occupations. He said the City's claims are "legit-claims" due to cops "rolling around" out there, struggling, and getting hurt. He said they focus on the back end and one big initiative is for the City to have a light-duty policy, and in 2020, this was put in place. Lynch stated the "mod" went up slightly, but hoping a minimal cost increase due to the steps the City is taking. He said there is a chance that a person may never come back to work, statistically speaking. Barletta said the police uniform line-item seems very high. She said the CBA requirements was \$650.00 per officer, and if they left, over a certain time period, they would have to reimburse the amount. Lynch said this may be tied to the "outfitting" of the new officers. He stated he will check on this. He said the City is under the obligation from the previous COPS GRANT. Lynch said there was to be 42 officers, and with the current grant, the number is 46, and are struggling to get to numbers with the testing. He said the officers would need everything. Schoonmaker said the reason it was so high is due to the projected issuing, to all new officers, new uniforms and supplying them firearms which is required. He said this is why the number looks so high than normal and includes the uniform allowance for the officers. Lynch asked if this increase is a function of anticipated new hires. Barletta asked Schoonmaker if they are recycling the guns. Schoonmaker said a lot of times the officers are given the option to purchase their sidearm when they retire. He said the union, usually, pays for this, but the City is still obligated to provide, the officer, a new weapon. Barletta asked if it is still, in the contract, that the new officer, or retired officer, would have to reimburse, the City, the cost of the uniform. Schoonmaker said this has happened with two officers leaving, "a few months shy of it", and did repay their portion of it. Barletta said there are a lot of people on the Heart & Lung program. She said the City is reimbursed fully. She asked if the City would be seeing a surplus in the budget. Schoonmaker said whenever someone "goes out", on Heart & Lung, with Covia or whatever worker's compensation insurance the City has, they refund them the amount. He said the check is signed, goes into the General Fund, and is turned over to Lisa Shema, Accounts Payable/Receivable clerk. Lynch said this is correct. Barletta asked if the City gets fully reimbursed. Perry asked where this shows up. Lynch said probably in miscellaneous, but is not sure, "offhand". Barletta asked Schoonmaker about the K-9 line-item for \$12,000 and retiring some of the dogs. Schoonmaker stated they have been working with the University of Penn-Veterinary Medicine of Philadelphia on getting the dogs qualified at a better level. He said the cost is to keep the training, of the dogs, on a monthly basis and maintain their certification throughout the years. Barletta asked if, currently, they have three dogs. Schoonmaker said, currently, this is for three dogs with the purchase of a, possible

fourth, and retiring one. He stated this would bring them back to three dogs. He said there is something, "in the works", currently, with several organizations to purchase the dog and training. She asked if every department is using the WEX cards. Lynch said he believes all the departments are using the WEX cards. Schoonmaker said there are a few officers using the highway pumps, but most are using the WEX cards. Barletta said there is an increase in fuel, again, to \$21,000, and was increased by \$15,000 in 2019. Lynch said this could, potentially, be lowered. He said the City could break it out properly where the previous administration could not do this. Perry said the City has better fuel-efficient cars. Lynch said these were "baked-in" to their numbers. Perry asked if the \$70,000, for the Health Officer, is covered by the CARES ACT. Lynch said there is no CARES GRANT money in the revenue. He said he does not know what this is yet. He said it will continue to exist after the funding. Lynch said this one will be covered. He said there are not any new hires that are not grant-covered. Mundie said Lynch stated the City has not received a grant yet, but the City hired a person. Lynch said the City has not received the revenue. Mundie asked if the money was granted to the City. Lynch said the City is getting the CARES money, and the council approved the application and part of this application includes a Health Officer. Lynch said he does not know what amount is to put into the budget. He said this one expense is covered, and he needs to get with Joe Zeller. He said the only thing is, may be, bringing back a part-time parking employee. He said they still walk "the beat". Lynch said with less people parking, this does not lessen the ground they need to cover. He said she has more time than being part-time. Mundie asked if he and Mayor Cusat reviewed the budget closely. Lynch said what he and the mayor did was include all proposals from all department heads and have council discuss it. Mundie said, then, he just accepted their budgets with no questions to them. Lynch stated he was explicit on this to city council. Perry said the overtime for the right-to-know officer seems a little high. Lynch said about 50-70% requests are from businesses gathering data for a profitable data, aggregate it, and sell it. He said there are a lot of these requests. Mundie asked if the City is allowed to charge 20 cents a page. He said the City could get an intern from either the high school, Penn State or the Jobs Corps. He said the City would not have to pay them. Lynch said this is not a money maker. He stated there is an increased volume of requests, and Gary Perna or Mayor Cusat could answer more questions on this, because Gary is the right-to-know officer. He said he does not know the volume of requests. Lynch said it is a lot of money and overtime. He does not know if this is the right number, but it seems to be an issue, even outside the City. Perry asked if the DPW budget includes inlets. Lynch said there are not inlets included, but said, "about this much of the wages is attributed to stormwater activities". Perry said replacing inlets has become a big thing and the City engineer has spoken on this. Perry asked if there is a budgeted amount in the budget. Lynch stated not, specifically, to inlets, but tried to show the DPW is in that "stormwater effort". Perry said the collection rate, was lowered, to 89%, from 90%, for the Real Estate tax. Lynch said it is, "right in there, 89-90%" with 91% being a little high. He said it may be about 89.3-89.4% and will be a little down, but not extensive. Perry said the City did not take a "big hit" in this area. Perry spoke of the Real Estate Transfer tax with the amount of properties being sold. Lynch said the City is not seeing the money. He said everyone says the properties turn over fast. Perry asked where the funding is. Mundie said he could get the actual numbers of volume of home sales. Perry said the City is a growing community, which may be more rentals, but every area is being sold. He said not too many places are closing up. Lynch said the City is vibrant.

Mundie asked what the salary is for the Health Officer. Lynch stated they did not settle on anything yet. He said he just, "plugged in numbers". Mundie stated the newspaper stated the mayor hired a person. He asked if she did not say what salary she would accept, leave her job somewhere else, and take a job, in the City, and not know what she is getting. Perry asked if the \$72,000 is a budgeted number. Lynch said it is a place holder number. Perry said it could be less than this amount. Lynch said it is between the mayor and a potential employee. He said, "what they settle on is what they settle on". He stated the mayor told him what he is thinking. Lynch said the first year of the grant will be covered. Mundie asked what the total of the grant. Lynch stated he does not know but could find out for him. Mundie asked what the other money, from the grant, could be used for. Lynch said city council passed the plan. Perry said Joe Zeller could better, "refresh their memories". Mundie asked if the grant would pay for her salary, pension payments, and health insurance payments. Lynch said it is like the ACT 47 grant getting "X" amount of money. Mundie said, then, when it runs out, it would be, up to the City, to continue this. Lynch

stated in his department, getting a grant for an assistant administrator with the ACT 467 grant, the grant was not given for her to be employed, only for one year, and then, be laid off. He said the City gave the grant because they decided the position was needed. Lynch said he could make the case that the City does not need a Health Officer. Mundie said he will make this case because the state has been doing the City's health inspections and has not heard one complaint. Perry said it would be free for one year or two. Mundie said it is free, but the CARES money is for cities in trouble and losing revenue and not to hire more people. Perry said this is what the money the City is allowed to do with it and cannot chose what to use it for. Lynch stated a portion of the CARES money is being used to hire a Health Officer. He said it is not called a Health Officer, per the City regulations, and is not a union position. Lynch said if the employee works for two years and city council feels the City does not need the officer, this could be taken out of the budget. He said when the last Health Officer left and \$50,000 was not taken, out of the budget, it was a \$50,000 expense. Perry asked how the City knows how much revenue the Building Inspector could bring in. Lynch said it could be, "wildly different". He said the one giant project, with the reclaimed land, could be, "hundreds of thousands of dollars". Perry said the City cannot budget revenue the City does not know. Lynch said when it comes to fees, things should cost what it cost to do. Perry said the cost should be what the City is sending to the engineer. Lynch stated the City was outsourcing before using Kyle of Benesch & Company, but moved away, and Benesch stopped doing it completely. Lynch said, then, there were five different people to choose from. He said the City is big enough that he will handle the volume and will be worth it. Perry said the City cannot include any revenue from him. Lynch said some of the permits and fees are intermingled. He said he, now, has the right staff in administration, that could look at this. He said he cannot tell Perry what permit brings in what amount of money, but may be, could get there. Perry asked if offering an early retirement package would both be an expense and a revenue. Lynch said his experience with ERI's is that they are floated every year. He said if it costs more than the saving, then, the City will not do it.

Barletta stated Stormwater related activity and wages, and gasoline, on Page 33, in the 2021 budget, line-item is \$236,000 and Stormwater related gasoline is \$22,500. Lynch said how this number came up is, just mostly, gestural, and is for illustrative purposes. Perry asked if the City is hiring more employees in the Streets Department. Lynch said there was one employee hired in 2020, and Mayor Cusat is not planning on additional hiring.

Lynch said, at this point, city council needs to have a "caucus". Barletta asked how many employees are retiring. Lynch said Sherry Longo is retiring. Barletta asked, "just one". Lynch said that he knows of. He said if council has any questions, they could e-mail him or come to City Hall. He said he is fine with, "after hours calls". Barletta asked what, "everybody's take is" on the budget. Lynch said regarding the streets, this is a deferred maintenance, and not doing them, "just gets worse. Perry asked if there is \$90,000 in the budget. Lynch said the City is doing the PIB loan and putting \$238,000 towards material and repairs, but, currently, will be putting about \$100,000, but this is an investment. Barletta said the City is lucky to get the \$3,000,000 LSA grant for streets. He said streets is a, "real burden" on everybody. Lynch stated the burden is all the ADA "stuff", and touching the streets, the City needs to touch "the corners". He said a corner vacant sidewalk could be about \$18,000. Perry said this has been the most ambitious paving project, in the City's history, with \$3,000,000 plus the PIB and Section 108 loans. He said he understands the need for additional money, but not the high amount. He said there are ways the City could reduce expenses, and increase revenue, with "room to maneuver" and clean up some. Perry asked what the budget would look like if there were no new expenditures and what are the mills. Lynch said every tenth of a mil brings in \$85,686. Perry said percentages gets people "out of shape". Lynch said the higher the mill ages go, the smaller the percentages get. Perry asked what the debt service will be if the City refinances. Lynch said it would be the same or smaller. He said there is a chance that the first payment would not be until 2022.

Mundie asked where the City is with the audits. Lynch said the 2018 audit is about 90-95% done and the 2019 audit, and putting their target date, at the end of January. Mundie asked if Lynch could send him

the original agreement with the auditors. Lynch said he does not have it and said the City Clerk should have it in her office. The City Clerk stated she sent whatever she has in her office to the city council members. Mundie asked the City Clerk if she could send it to him again. She said yes. Lynch said, functionally, the audit is a function of council, but, pragmatically, he works with the audits. Perry asked if the PIB loan is "tied" to the 2019 audit. Lynch said it is too late to pave. He said this is why the auditor is looking at January, 2021, to have the 2019 audit completed, and get caught up. Perry said the mayor has a map of what is paved and what is planned. He said he will send this out to everybody to have an idea of what the City is doing. Lynch said the worst audit, 2017, is out, "on the street" and each one only gets better. Perry said UGI paying the City for paving is a benefit. He said he got a good response from this. He said it would make it easier for people to plow. Perry said city council needs to "absorb" all of this. Lynch said every time he talks to Galski, he stresses the City needs good community outreach and involvement. He said the City needs to fit the services that they could afford, and most people are silent. Perry said people want to know what they are getting for their money. Lynch said it would be great to have 100 people on this call. Perry stated no one knows that not a dime of their money has been used to pave the streets because it came from liquid fuels. He said the City borrowed money, paved streets, and are progressing. He said the City is using the guidelines from the ACT 47 Plan and not going back to what caused the same problems in the past. He said there are more people moving in the City. Perry said some of the cost of the homes is amazing. Perry asked Lynch to "tweak" a few things. Perry said he will visit Lynch to discuss the budget. He said they all need to be on the "same page" by December 1st. He said PEL is also watching to make sure the City is doing it the right way with department heads and budgeting. Perry said the weekly PEL meetings are very helpful and he learns from them. Perry said they city council could talk. Lynch said, then, they could, "craft-it, chop it up, and see what we can do".

Perry said Zipovsky gave city council things to think about. He said it needs to be determined if some of the departments could cover the expenses and revenue. He said this is a lot of "COVID-related". Perry said the City does not know. He said the City survived this without a great "hole" in the taxes. Lynch asked if the City lost a lot of property tax revenue. Lynch stated it is not much lower than normal. Perry said the City will see, "more of a hit" in the mercantile tax and would receive this money for 2020 in 2021. Lynch asked how people prioritize their tax bills and this falls in "what the realm" they pay. He said citizens want the job done right. Perry said that is why city council members are on council because they care about the City. Perry said the problem is when the City raises taxes real high. Lynch said Orwigsburg in Schuylkill county raised taxes in 18 years and people were going, "bananas" at the meetings. He said they could ask questions anytime.

Perry asked Lynch to send city council members his Power Point presentation. Perry asked Lynch to also send the presentation to Galski. Lynch said okay.

Sacco asked Lynch about the Excel spread sheet with the comparison of taxes that were increased by different communities and if it is legally allowed to be posted in the newspaper. Lynch said the mill ages are posted by the cities but not the home values. Perry asked if this is "key" to the equal home values are, as opposed to Easton, that is similar to the City of Hazleton. Lynch stated this stuff should be published. He said one mil is different for everybody due to living in a nice house, etc. Perry said this brings it to some sort of reality.

Perry told Lynch he appreciates all he did here, and he is very open to what they want to do as he found out in 2019. Lynch said he gets a unique viewpoint on both sides. Colombo thanked Lynch for all the hard work. Perry said Lynch has a good future, with the City, as an administrator. He said he is doing a great job. Perry said city council will absorb this and come up with some ideas they want to tackle. He said, next time, they may be more refined in their approach. Perry stated he appreciates everyone being on to voice their opinion. He said this is important. Perry said anyone could go see Lynch. Perry said he has some cuts he would like to do from the budget sheet.

Barletta asked if city council could share their own ideas and send an e-mail to Lynch. Perry said this is a starting point. Perry said he will come up with some ideas for the expenses and revenues. He said, then, they could go "from there". He said Lynch is willing to work with council members.

Perry adjourned the WORK SESSION meeting at 7:51 p.m.