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SCRANTON CITY COUNCIL MEETING
PUBLIC HEARING

IN RE: FILE OF COUNCIL NO. 49 OF 2012, AMENDING
THE REVISED RECOVERY PLAN FOR THE CITY OF SCRANTON
PURSUANT TO THE FINANCIALLY DISTRESSED MUNICIPALITIES
ACT AND AUTHORIZING THE MAYOR OF THE CITY OF SCRANTON
TO ISSUE AN ORDER DIRECTING THE IMPLEMENTATION OF THE
REVISED RECOVERY PLAN DATED AUGUST 1, 2012, ATTACHED
HERETO AS EXHIBIT A IN ACCORDANCE WITH THE PROVISIONS
OF SECTION 245 OF THE FINANCIALLY DISTRESSED
MUNICIPALITIES ACT.

HELD:

Thursday, August 16, 2011

LOCATION:

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

CATHENE S. NARDOZZI, RPR
OFFICIAL COURT REPORTER

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CITY OF SCRANTON COUNCIL:

JANET EVANS, PRESIDENT

PAT ROGAN, VICE-PRESIDENT

ROBERT MCGOFF

(Not present)

FRANK JOYCE

JOHN LOSCOMBE

NANCY KRAKE, CITY CLERK

JAMIE MARCIANO, ASSISTANT CITY CLERK

BOYD HUGHES, SOLICITOR

1 MS. EVANS: I call this public
2 hearing to order. Roll call, please.

3 MS. MARCIANO: Mr. McGoff. Mr.
4 Rogan.

5 MR. ROGAN: Here.

6 MS. MARCIANO: Mr. Loscombe.

7 MR. LOSCOMBE: Here.

8 MS. MARCIANO: Mr. Joyce.

9 MR. JOYCE: Here.

10 MS. MARCIANO: Mrs. Evans.

11 MS. EVANS: Here. Notice is hereby
12 given that Scranton City Council will hold a
13 public hearing on Thursday, August 16, at
14 5:30 p.m. in council chambers, second floor,
15 municipal building, 340 North Washington
16 Avenue, Scranton, Pennsylvania.

17 The purpose of said public hearing
18 is to hear testimony and discuss the
19 following:

20 File of Council No. 49 of 2012,
21 amending the revised recovery plan for the
22 City of Scranton pursuant to the Financially
23 Distressed Municipalities Act and
24 authorizing the mayor of the City of
25 Scranton to issue an order directing the

1 implementation of the revised recovery plan
2 dated August 1, 2012, attached hereto as
3 Exhibit A in accordance with the provisions
4 of Section 245 of the Financially Distressed
5 Municipalities Act.

6 In response to citizens' requests
7 for additional participants and in light of
8 the collaboration among the Pennsylvania
9 Economy League, Mayor Doherty and the
10 Scranton City Council, we asked Mayor
11 Doherty, Scranton Business Administrator
12 Ryan McGowan, and Mr. Domines, policy
13 specialist for the State Department of
14 Economic and Community Development to attend
15 tonight's hearing.

16 Before I call upon the first
17 speaker, Mr. McGowan will present the most
18 recent adjustments to the proposed plan
19 which were completed on August 15, 2012, and
20 Council Finance Chair, Frank Joyce, will
21 elaborate on them during our regularly
22 scheduled council meeting.

23 I ask that all council members would
24 reserve their comments until the Fifth Order
25 motions portion of tonight's meeting in

1 order that as many citizens as possible may
2 be heard prior 6:30 at which time our
3 regularly scheduled city council meeting
4 will commence.

5 Any Scranton resident who is unable
6 to address us during the public hearing due
7 to time constraints may speak during the
8 citizens' participation portion of the
9 council meeting. At the conclusion of
10 tonight's hearing Mayor Doherty will provide
11 brief remarks.

12 Please silence all cell phones,
13 refrain from private conversations, and step
14 away from the podium when the bell rings so
15 that all speakers receive an equal
16 opportunity to be heard. Phone calls and
17 conversations should be conducted outside
18 council chambers.

19 Mr. McGowan, please begin.

20 MR. MCGOWAN: Thank you. Can you
21 hear me all right?

22 MS. EVANS: Yes.

23 MR. MCGOWAN: I would first just
24 like to say thanks for the last few weeks of
25 collaboration. I think we have come up with

1 a very good solid plan moving forward and I
2 especially want to thank Mr. Joyce and
3 Mrs. Evans for some of the numbers that you
4 have provided with this and so forth.

5 I think everyone has the mandate
6 sheet in front of them. If they don't, I do
7 have some copies here. If we can just start
8 with 2012 and talk about the estimated
9 revenues and expenditures. At this time,
10 with the debt refinancing unrealized of
11 about 2.9 million we were looking at a
12 deficit of around \$7.7 million, along with
13 the carry over last year of close to \$9.4
14 million worth of deficit, our total deficit
15 for the prior two years is about \$17.12
16 million.

17 So going forward here with budget
18 initiatives with this, with the mandates for
19 the recovery plan, obviously we have already
20 approved the \$9.85 million of unfunded debt
21 that was approved in January by Scranton
22 City Council and we are currently hoping the
23 next few weeks to work with some type of
24 financial institutions to receive those
25 funds.

1 We are additionally looking at
2 another \$80.9 million worth of unfunded debt
3 for this year, \$6 million would be
4 attributed to the cost overruns with the
5 budget at this point, \$2.9 is due to the
6 unrealized savings from the debt service
7 refinancing. The \$1 million loan from DCED
8 along with the DCED grant of \$750,000.

9 Obviously we have discussed that the
10 initial amount was suggested at \$250,000 and
11 we are going to speak with DCED and PEL
12 proximate reworking the numbers of asking
13 additionally -- not for any additional
14 funds, but for some greater flexibility in
15 the \$2.25 million in the state has so
16 generously offered us.

17 With that, we have a couple of other
18 cash outflows that we'll need to go through
19 this year to end the year. The first is the
20 worker comp, obviously, we used that back in
21 April to fund the payroll so we need to put
22 \$1.5 million back in there to be at the
23 suggested level that the state has required
24 us to be at through Labor and Industry.

25 And then the additional costs of

1 bringing the firefighters back in April of
2 this year through June would be around
3 \$200,000 from June forward. We have the
4 SAFER grant to cover the cost of that. With
5 those budget aspects done, we come to the
6 end of the year of a surplus of around \$1.6
7 million.

8 For 2013 the suggested deficit would
9 be at about \$2 million. We are hoping to
10 see some work done at Geisinger and some
11 other places that would increase our
12 operating revenues through the permit fees
13 of close to \$1 million.

14 Additionally, the city will be
15 putting out an RFP for third party fees
16 associated with the construction in the next
17 few months that should have the city
18 somewhere around close to 300 to 450
19 thousand dollars a year.

20 With that operating revenues up,
21 obviously, as I stated, the deficit looks
22 close to \$2 million. When you take in the
23 surplus from the prior year we are sitting
24 at close to around \$400,000 deficit for
25 2013.

1 Looking forward into '13, we have
2 spoken with DCED and worked out a number of
3 the commuter tax of \$2.5 million. The city
4 administration and council will work
5 together in going to Court once this is
6 approved to get the commuter tax moved
7 forward.

8 Additionally, we are looking to
9 raise the real estate transfer tax to 2.9
10 percent, that would see an increase of about
11 \$185,000 a year. Health care savings with
12 the approval of the fire and police
13 contracts and they will now be making a
14 contribution to health care along with the
15 city putting out the pharmacy RFP, which
16 this week has been in the paper, we are
17 proposing a savings of around \$815,000 for
18 next year. The amusement tax for \$200,000.
19 PILOTS for 1.3. The increase of some other
20 small licensing and permits fee will net us
21 around \$185,000. The increase BP merc back
22 to the level it was in 2010. The municipal
23 based revenue opportunities for \$353,000.
24 We are looking at department expense
25 reductions of \$500,000, along with the sale

1 and leaseback borrowing of \$5 million, and
2 then the parking enhancement program that we
3 are awaiting on proposals back at this point
4 for around \$700,000.

5 Less in the cash outflows, you have
6 the repayment of the unfunded debt borrowing
7 "A" for \$1.8 million. The repayment of the
8 unfunded borrowing "B" for close to \$1
9 million. The repayment of the DCED loan,
10 the \$1 million loan, we are hoping that be
11 put over ten years and we can pay about
12 \$100,000 a year for ten years. The
13 additional borrowing for the Supreme Court
14 award for the fire and police along with the
15 sale of the leaseback debt service will cost
16 the city close to \$1.5 million, and then the
17 additional costs of the pension obligation,
18 the MMO, at \$5.1 million.

19 With that, going forward we would
20 have a surplus of about \$2.3 million. An
21 additional real estate tax increase of
22 around 12 percent in 2013 would take place
23 that would net us around \$1.6 million to
24 have a surplus of \$3.9 million.

25 When we jump to 2014, obviously, we

1 see the expenditures due to increase to a
2 high level due to the debt service along
3 with other incremental costs, and the
4 deficit is roughly at \$10.9 million with a
5 surplus from the prior year of \$3.9 we are
6 looking at a \$7 million deficit. In '14,
7 with the commuter tax we would hope, as we
8 are approved since it would be a year in
9 existence, would net us \$4 million.

10 The only other changes similar there
11 are an additional savings of \$850,000 in
12 health care as opposed to 815 in '13. The
13 additional fee and PILOTS of another
14 \$650,000, that would net us \$1.9 million,
15 and then additional revenue with the
16 municipal based revenue opportunities along
17 with the additional department expense
18 reductions. At that point, the parking
19 meter enhancement program would give us a
20 net of \$1 million.

21 The cash outflows are pretty much
22 the same other than the fact that the
23 \$700,000 would be the end of the SAFER grant
24 in the middle of the 2015, so for half the
25 year we would have to cover the costs of

1 those 29 additional firefighters. It is the
2 hope of the administration and council to
3 work together. We are aware of individuals
4 at that point who may be able to retire so
5 we will work with the department on seeing
6 if that is a possibility for an additional
7 cost savings as well.

8 The net deficit at the end of '14 is
9 about \$8.1e million. An additional increase
10 of 44.32 percent of real estate taxes would
11 net us \$6.9 million and leave us a net
12 surplus of \$447,000 in 2014. When you carry
13 that surplus over to 2015, the total deficit
14 would be \$10.9 million.

15 Additionally, we will hope to
16 continue to have a commuter tax, additional
17 savings within health care, which is what we
18 talked about prior. Increase in PILOT fees
19 to \$2.4 million. Also, increase in
20 departmental expenditure reductions, along
21 with parking meter enhancement program of
22 one to 1.3 million dollars.

23 Debt service would stay the same for
24 everything, the only other thing that would
25 really change is a full year of additional

1 firefighters at \$1.5 million. That takes us
2 to a net deficit of \$11.2 million, an
3 additional tax increase of 12 percent in
4 2015 for another \$2.7 million would leave us
5 a net surplus of \$68,000.

6 So in total over the three years
7 span if the sales tax is not achieved we are
8 looking at a tax increase of 68.56 percent.
9 If the sales tax is achieved we would be
10 looking at 35.89 percent. Thank you.

11 MS. EVANS: And thank you. Our
12 first speaker tonight is Andy Sbaraglia.

13 MR. SBARAGLIA: Andy Sbaraglia,
14 citizen of Scranton. Fellow Scrantonians, I
15 read the outlook report as well as this
16 recovery plan and we all know the figures
17 don't jive and will not jive. When you talk
18 about health care, way back when they
19 retired -- I don't know, somewhere around
20 maybe '91, '92, somewhere back in there,
21 they had a buyout and we bought out so many
22 police and firemen that were allowed to
23 retire with full-time health care for the
24 rest of our lives.

25 Okay, that in turn is one synopsis

1 of the here health care costs. The other
2 synopsis, of course, is the active employees
3 on it. Now, how do they expect to get all
4 of the savings other than the fact is when a
5 person reaches 65 goes on Medicare. It's
6 true, they go on Medicare, but we are still
7 responsible for 20 percent of that. Now,
8 the medical costs will still be there,
9 unless they get on some kind of a payout,
10 which I doubt. Why would they want to take
11 something that's less than they got, so we
12 are going to be stuck and we are not going
13 to save a real lot of money on health care
14 because them costs are going to be continued
15 and there is no way out of it. That's just
16 one part of it.

17 Now, we got added debt coming in
18 from different authorities. Now, true, the
19 authorities to me it's not worth \$2 million
20 to us, the taxpayers of Scranton, nor is the
21 Connell building. They get more obligated
22 because of those two garages they come up
23 with \$2 million. Is that right? No, it's
24 not right.

25 And the whole fiasco in the very

1 beginning on that deal I talked about many,
2 many times on it. The original Hilton
3 people were supposed to build their own
4 garage, we weren't supposed to give them
5 free parking for life at the costs of the
6 citizens of Scranton. Now why are we paying
7 for them to have free parking at the Hilton?
8 That's adding to the costs. That's where we
9 are going to come with this \$2 million you
10 are struck with.

11 And you can keep going to these
12 different projects. They keep talking about
13 this project or that project. None of them
14 projects have really bought a lot of money
15 to relieve the taxpayers of Scranton. All
16 they did was sink us deeper and deeper in
17 holes. I looked at the figures, they are
18 right. If everything goes like they should
19 we will be like \$30 million dollars in debt
20 in the next couple of years. So, obviously,
21 we got to have a tax increase. The problem
22 is how much of a tax increase and how many
23 of these things are going to come to
24 fulfillment.

25 He is already talking about taxes

1 going up from your estimate of 33 to 58,
2 maybe 57, maybe even 100 percent if they
3 don't go through. This is true. We may end
4 up with 100 percent tax hike if all of these
5 things don't come true and they are down
6 there talking about a commuter tax. Oh,
7 yeah, let's get them commuters. They are
8 already paying something. Their companies
9 are paying for them, too, with the products
10 that they produce. That's taxed. So they
11 are actually a benefit to the city and here
12 we are trying to tag them with the things
13 that we have done wrong and that's not
14 right.

15 As far as the sales tax, I take it
16 here's another thing if you go through with
17 that, that's not the way to go. If you want
18 to really do something get down there and
19 try to get that school bill tax passed where
20 the state would take over all of the funding
21 of the schools within the state, that would
22 free up a lot of money that can be used to
23 fill the holes in our budgets. That's the
24 way to go instead of making everybody in
25 this community, in this county mad at us.

1 I'm hearing a lot of static saying,
2 "Why should we bail you out? What have you
3 done for us?"

4 And the truth is, they did very
5 little for us. All of the malls aren't, of
6 course, in the city. Anybody that wants to
7 come in this city, don't want to come in the
8 city. How many people left the city? You
9 talked about Verrastro, they have left, they
10 got out, and the reason they got out because
11 whatever they did down there in Old Forge
12 it's they can pay for it and move ahead and
13 pay certain taxes. Well, my company moved
14 out of Scranton, that's what he told me.
15 Well. No since going into those.

16 MS. EVANS: Thank you. Matt
17 McDonald.

18 MR. MCDONALD: Good evening,
19 Council. My name is Matt McDonald, I'm the
20 vice president of the International
21 Association of Firefighters, Local 60.
22 Coming here tonight just to let the public
23 and that the entire council know that our
24 union is opposed to some of the nonfinancial
25 aspects of this plan.

1 As Mr. McGoff, who isn't here, can
2 tell you for years we have been meeting with
3 PEL, and more recently at the meeting we
4 have brought up issues that we have with
5 this recovery plan. A lot of the issues
6 that we have, you know, issues with involve
7 firefighter safety, the public safety, stuff
8 that is being eliminated from, you know, how
9 we operate right now. We are also concerned
10 with some of the management rights that took
11 away some of our basic labor rights that we
12 enjoy and have for years.

13 So last Monday, I believe, I wasn't
14 able to attend the PEL meeting, other
15 members of this union brought up some of the
16 concerns to PEL, the state, and Mr. McGowan.
17 I believe they ran out of time and we will
18 be bringing the rest of our issues up at the
19 meeting next week, I believe on Monday, but
20 I guess I just wanted to come and say that a
21 lot of these issues that have nothing to do
22 with the finances of the city moving
23 forward, the city financially has stripped,
24 like I said, a lot of our safety rights
25 right now and our basic labor rights, and

1 like I just want to publically state that we
2 are opposed to those issues in the plan.

3 Thank you very much.

4 MS. EVANS: Thank you. Fay Franus.

5 MS. FRANUS: Fay Franus, Scranton.
6 I'd like to thank Mayor Doherty for coming
7 today, I really appreciate it. It was very,
8 very nice and I'm grateful.

9 MAYOR DOHERTY: Thank you.

10 MS. FRANUS: It shows he really
11 cares about the people in the city. Thank
12 you, Mr. Doherty. I'm sorry to see the PEL
13 isn't here or DCED, I think this is what
14 it's all about. I want to thank council and
15 the mayor for working together and getting
16 this recovery plan as low as possible for
17 the taxpayers, I know you have worked very
18 Hard, Mr. Joyce, Mrs. Evans and Mr. Doherty
19 and Ryan McGowan, thank you for that. You
20 should have been looking out for, you know,
21 to bring this tax increase down as much as
22 you can because we can't afford it.

23 Now, when I see PEL's plan, when
24 they rejected almost everything you said
25 because it wasn't reasonable, they were like

1 blackmail. It's, like, you either do what
2 we want or we are not going to give you the
3 \$2 million and the \$250,000. To me, that's
4 like extortion. It's like they could take
5 that and shove it. If they had it their way
6 they would just take every debt in this city
7 and put it on the backs of the taxpayers.
8 They have been here how long, 20 years to
9 get us out of distress and they haven't done
10 one thing. They have gotten us deeper in
11 debt and I would wish they were here to hear
12 this because this is what they have done.
13 They should be gone. They have never helped
14 us.

15 And DCED, all they have done is --
16 and PEL, this firemen and policemen union
17 contract they took it right to the Supreme
18 Court. They never wanted the mayor to
19 negotiate, they just want to keep going,
20 keep going, keep going, we'll win. Well,
21 they didn't and where are we now, \$30
22 million in the hole.

23 So as far as this recovery plan, I
24 hope you stick to your guns and don't fall
25 for this bribery, you do what they want or

1 else because look at their track record?
2 What have they ever done? I wish they were
3 here so I could have asked them what have
4 they have done to the city except bury us in
5 debt. I mean, where are they when we need
6 answers?

7 That's about all I have to say and I
8 want to thank you again for all of the hard
9 work you have done. Thank you, Mayor
10 Doherty.

11 MS. EVANS: Mary Ann Wardell.

12 MS. WARDELL: Good evening, Council.

13 MS. EVANS: Good evening.

14 MS. WARDELL: Mayor Doherty.

15 MAYOR DOHERTY: Mary Ann.

16 MS. WARDELL: Before I start, this
17 gentleman, and I don't know who he is, he is
18 a photographer, he has a camera that's
19 extremely loud and when someone is up here
20 speaking and he is clicking that we can't
21 hear what anybody is saying. Maybe he could
22 wait while we are speaking and take one
23 after.

24 MS. EVANS: Yes, council would
25 appreciate that.

1 MS. WARDELL: For the past ten years
2 this city has borrowed and sold assets to
3 meet their financial obligations. Now we
4 are in a position where we can't borrow
5 anymore, banks don't want to give us money.
6 We can't meet our payroll. We are taking
7 from, well, workers' comp, workmen's comp we
8 borrowed from early in the spring. Our
9 vendors are suing us. I would say that this
10 city is bankrupt and I think your recovery
11 plan is unrealistic.

12 I think when you can't pay any bills
13 without having to borrow, when you are
14 talking about a recovery plan that's going
15 to give you still a deficit year after year
16 after year, you are bankrupt. This recovery
17 plan to me is very unrealistic. You are
18 counting on revenue that has not ever been
19 materialized yet. You are looking to people
20 that have never donated money to us before
21 and you are counting on them giving us
22 millions of dollars. They don't have to
23 give us a dime. They don't have to give us
24 a nickle. You are looking at a 1 percent
25 sale's tax. You are looking at you think

1 millions of dollars, that has not even been
2 passed. That's got to be passed.

3 This recovery plan has not done
4 enough to cut expenses. There are a myriad
5 of different ways that you could cut
6 expenses that are not -- that have not been
7 explored in here and I think this recovery
8 plan should be put on a ballot and you
9 should let it be voted on and decide what
10 they want or maybe you want to Harrisburg to
11 come in and appoint a receiver which could
12 increase taxes immensely, but you know what,
13 with this recovery plan you are not going to
14 see the revenue that you expect to see and
15 we are going to wind up paying more in taxes
16 anyway.

17 So I would think very carefully
18 about this before I would pass this. Thank
19 you.

20 MS. EVANS: Thank you. Ozzie Quinn.

21 MR. QUINN: Ozzie Quinn. Scranton
22 Taxpayers' Association.

23 MR. LOSCOMBE: Good evening.

24 MR. QUINN: Good evening, mayor, Mr.
25 McGowan, city council. City council left us

1 holding the bag. You know, you got to see
2 farther than your nose in this situation and
3 I have to support what Andy had said before
4 and that's regarding the Senate Bill 1300
5 and House Bill 1776 now in Harrisburg
6 legislation which has to do with the
7 elimination of real estate taxes. The
8 school district would pay 58 percent of our
9 taxes towards the school district. If we
10 could eliminate those school district taxes,
11 and it's on the sales tax as a matter of
12 fact, okay, and it's getting a lot of
13 approval across the state, and if we could
14 eliminate the school tax, I mean, we could
15 possibly afford a little bit of a tax or
16 something to start this recovery plan, but
17 right now we are just -- let me just give
18 you an example, okay?

19 I went Tuesday night to a public
20 hearing at the Scranton Sewer Authority on
21 the impact of the combined sewer overflow in
22 our community, the 25-year plan. \$140
23 million. Now, I asked that the Janet Dawson
24 and Mr. Barrett, who were on the stage, I
25 asked them, you wouldn't know this if you

1 weren't there or if ECTV because the
2 Scranton Times didn't cover it, even though
3 it was a public hearing \$140 million of
4 people's money, okay?

5 Now, I asked them, I asked --
6 Mr. Barrett is here, is the city council, is
7 the city planning commission, is the Dunmore
8 planning commission, is the Lackawanna
9 regional planning commission going to review
10 this \$140 million project? No. Why? I'll
11 tell you why, because when the mayor get off
12 the hook with Anglican American when he paid
13 back what's in the contract what he owed
14 Anglican American, he at that time on May
15 15th of 2007 said, a quote in the Scranton
16 Times, that the Scranton Sewer Authority is
17 autonomous. They don't have to go to anyone
18 to raise their rates. What do we have? We
19 have anarchy.

20 You know, we say your vote counts,
21 my vote don't count. I don't want an
22 appointed official of that man telling me
23 what my rates are when he is doubling people
24 down there for job after job after job and
25 for since 2001 he has had the support of the

1 Scranton Times financially supporting his
2 campaign and distorting everything that come
3 out of here. At one time there used to be a
4 newsman, a newswoman right here stationed in
5 city hall until Mayor Doherty came. Then it
6 went goodbye, okay? Everything they do they
7 distort or they hide. They hide. And this
8 is what the problem is today.

9 Now, Mayor Doherty arbitrarily took
10 it upon himself to say to heck with the Home
11 Rule Charter. I'm the king. Here's what
12 happens, okay? You look at the Home Rule
13 Charter, Section 502, which was voted on by
14 the people, okay, and it says in addition to
15 other acts, there are 17 acts that have to
16 go before the city council for ordinance,
17 and it's required by the law or by specific
18 provisions of this charter to be done by
19 ordinance. These acts of the city council
20 shall be done by ordinance.

21 Number one of 17, adopt or amend the
22 administrative code or establish, next word
23 is the key word, alter or abolish any city
24 department, office or agency. He altered
25 the Scranton Sewer Authority arbitrarily

1 without coming back here for approval, and
2 for the two last rate increases that the
3 Scranton Sewer Authority you people did not
4 review and who did it? Appointed officials
5 of this man who has put us in the worst
6 financial fiasco in the history of Scranton
7 and thanks to the Scranton Times and the
8 electronic media who does nothing about it
9 but the electronic media reacts, they don't
10 proact.

11 Now, what do we have here in the
12 Scranton Sewer Authority? We have -- Boyd,
13 excuse me, I did go to what's the name, a
14 paralegal school, de facto privatization,
15 okay? Because we don't have, you don't
16 have, the voters don't have, any control
17 over the Scranton Sewer Authority. How are
18 you going to ever control what's going on
19 here in the city hall?

20 MS. EVANS: Thank you, Mr. Quinn.

21 MR. QUINN: He screwed up the
22 Parking Authority, he screwed up the Sewer
23 Authority, he screwed up city hall. Thank
24 you.

25 MS. EVANS: Thank you Mr. Quinn. I

1 think just quickly I want to clarify
2 something because I was seated on city
3 council when the return of the Sewer
4 Authority to let's say home base occurred,
5 there was never a vote taken because only
6 two of the three entities had to approve
7 that and the three entities would have been
8 the City of Scranton, the Borough of Dunmore
9 and the Scranton Sewer Authority, and I
10 attended meetings with representatives of
11 the Sewer Authority and Dunmore, Dunmore
12 Council, and it actually was the vote of the
13 Dunmore council and the Scranton Sewer
14 Authority that caused the turnover.
15 Scranton was not required to vote at that
16 time. It became irrelevant because the
17 other two insisted that this is what was
18 going to occur.

19 Our next speaker is Dave Dobrzyn.

20 MR. DOBRZYN: Good evening, Council,
21 Mr. Mayor. Dave Dobrzyn. Okay, I have done
22 some basic studying on the fine points and
23 I'd like to suggest, and especially with the
24 mayor here, we are doing 50 percent of our
25 recycling are thrown in trash, so I would

1 myself as a personal taxpayer would be okay
2 with the increase in trash fees as opposed
3 to taxes and that would require certain
4 institutions, small institutions and stuff
5 to pay a little more of their fair share,
6 also.

7 And as far as bankruptcy is
8 concerned, if I never heard that word again
9 it would be too soon. You can't propose to
10 pay a few percentage points back on your
11 debts and expect people to want to loan to
12 you. It just won't happen. We took all of
13 our money back in 2007 and we took it right
14 out of the stock market because we lost so
15 much and put it into the savings. We did
16 just like the big dogs did. It's still
17 there. It's not really decreasing very
18 much, but -- and also food for thought with
19 the Parking Authority, I used to park over
20 there when I came to the meetings and for
21 five bucks I could give the guy a dollar tip
22 and attend the whole meeting, and it's empty
23 right now see, so why don't we consider
24 lowering the rates at least in the evening,
25 get people in there parking. If you have to

1 walk a block and a half or two blocks it's
2 like seven or eight bucks, ten bucks to get
3 out of there tonight by the time we are done
4 here.

5 And another suggestion with the
6 Affordable Care Act, commonly known as Obama
7 care, it's my understanding that lot of the
8 savings could be extracted from that and
9 it's time that we start to do some research
10 and consider as that most hospitalization
11 plans are very, very expensive.

12 And for the outside people, I don't
13 really consider a commuter tax as fair. It
14 may be necessary, but I'd like to once again
15 remind them that 35 percent of our city is
16 nonprofit or tax exempt and with hospitals
17 and colleges and county buildings and
18 everybody else, we have a huge defense
19 manufacturer that pays nothing in taxes,
20 that is my understanding anyway, well, you
21 know, that's something they should consider
22 and maybe talk to their neighbors if they
23 don't like the tax and for a change they
24 could chip in or at least encourage their
25 local representatives to start doing

1 something about our plight because that's a
2 big part of our problem.

3 And I'd like to remind everybody
4 once again that with outsourcing of jobs we
5 are losing tons of money in wage taxes and
6 people's wages have gone backwards and as
7 egregious that the property taxes are
8 necessary people really don't have the money
9 to pay them, so do your best at whatever the
10 best deal we can get and do consider that
11 with the trash fees because it's zero
12 dollars to dump at the recycling center per
13 ton. That's a lot of money. I would
14 estimate how many trucks do you have go down
15 there multiply it by two and deduct it off
16 DeNaple's landfill. Thank you and have a
17 good evening.

18 MS. EVANS: Thank you. Marie
19 Schumacher.

20 MS. SCHUMACHER: Good evening,
21 Council, mayor, business administrator.
22 First, I would like to say how much I wish
23 that we would have had these changes at
24 least by noon today because it was
25 impossible to write all of these changes

1 down let alone digest them and formulate
2 intelligent questions to them, and in that
3 regard I saw -- I heard of a \$5 million sale
4 leaseback and I know Mr. Joyce will address
5 that later, so I don't know what is being
6 sold in a leaseback. I'm also disappointed
7 that it's only a three-year budget, I think
8 it should be a five year.

9 The sales tax, I would like to point
10 out if it does go through that that also is
11 the de facto increase of property taxes if,
12 in fact, you would vote the exception to
13 usurp all the taxes instead of giving the
14 taxpayers the 60 percent that was the bill
15 calls for, so that's even more.

16 And then without getting too
17 wonkish, the StreetSmart-type savings in
18 your plan was shown as a net, I would like
19 to hear the costs, what are considered the
20 costs in that and what are the -- so we can
21 see what the savings are because I did a
22 quick calculation and it's for the out year.
23 The last year you are saying is 2015 was
24 \$100 to \$300,000. We have 1,200 parking
25 meters, at least that was used in the prior

1 analysis, that's \$1,083 per meter, you have
2 got 250 operating days, because I assume
3 they get two weeks vacation so you've got 50
4 weeks times a five, and if you divide that
5 250 into the \$1,083 it's \$4.33 per day or
6 one \$20 parking ticket per week and I would
7 think that depending on what the costs are
8 that are revealed later I hope that -- I
9 think that probably adding another citation
10 person to what we already have would bring
11 in that same amount of money or very
12 possibly more.

13 The commuter tax, again, I think
14 it's immoral and unconscionable, but you
15 already know that, but I do have also have
16 some concerns about the unintended
17 consequences. I didn't have time to check
18 to see whether there is a third class --
19 that any third class city would be allowed
20 to do a commuter tax, but if they are I
21 think there might be some retaliation and
22 there are people who will be paying four and
23 a quarter instead of three and a quarter.

24 I would rather see a tuition tax,
25 which I understand is not beyond the realm

1 of allowable under state law. That would
2 make more sense to me. They are here using
3 our facilities, that certainly makes more
4 seen and they are not contributing very
5 much.

6 I have some concerns about the
7 outstanding liabilities, for instance, the
8 Medallis property, I don't know if that's
9 ever been resolved I would ask the question
10 here and have not received an answer, but if
11 that has not been changed, as I recall that
12 ruling, if the developer did not fix the
13 Medallis', and I assume other people on
14 Philo Street flooding, it falls back on the
15 city to do, so that should certainly be
16 included if it hasn't already happened, and
17 I recall the last audit I did ask after the
18 last audit came out there were some lawsuits
19 that were pending, and I don't see any
20 cushion in here for lawsuits at all.

21 And then finally reassessment. Not
22 one word about pressuring the county or even
23 asking DCED to put pressure on the county
24 through the state level to do a recent
25 reassessment. That is so overdue and I'm

1 really disappointed that you have not
2 pursued that and I hope you will reconsider
3 that and we will get a reassessment going.
4 Thank you.

5 MS. EVANS: Thank you. Is there
6 anyone else who cares to address council?

7 MR. MILLER: Good evening, Council.
8 Doug Miller, Scranton.

9 MS. EVANS: Good evening.

10 MR. JOYCE: Good evening.

11 MR. MILLER: Obviously, I know the
12 issue tonight with the recovery plan, I'm
13 going to pretty much abbreviate on, I'm
14 going to go through a lot of the comments
15 that I have been making the last few weeks
16 and reiterate a lot of the statements. You
17 know, we have talked an awful lot about the
18 proposed tax increase, 33 percent, and as I
19 stated many times from this podium the fact
20 that we had a council who is willing to sit
21 down and work with the administration to
22 come up with a compromise to reduce that tax
23 increase as much as possible. You know, we
24 remember when the plan was initially sent
25 down it called for a 78 percent tax increase

1 and we knew full well we couldn't put that
2 burden on the taxpayers' shoulders, so we
3 fought vigorously to cut it down to 33
4 percent, nearly half of what this
5 administration wanted it to be.

6 The commuter tax, as I've stated
7 before, you know, there is many issues as to
8 we feel we are punishing noncity residents
9 for our problems. As I stated, I don't see
10 it that way. I feel when you have
11 individuals coming in within the city who
12 are sharing the services that the taxpayers
13 of this city pay for, such as public safety,
14 utilizing our roads and our bridges, and
15 every other service that you are entitled
16 to, I only find it fair for those to
17 contribute a 1 percent towards that.

18 The sales tax, obviously that needs
19 to be approved under the state legislature,
20 but we have the opportunity to generate
21 close to \$16 million over a three-year
22 period and have the ability to generate that
23 revenue certainly as an asset to us moving
24 forward. Obviously, we are looking to
25 generate all revenue possible and any

1 possibilities that we have we need to take
2 advantage of.

3 But, you know, it's truly
4 unfortunate that, you know, we stand here
5 tonight having to discuss all of these
6 issues knowing full well the situation we
7 are in that, you know, we have had to deal
8 with ten years worth of fiscal mismanagement
9 by this administration who ran the city
10 recklessly, and what truly disgusts me
11 overall is that we have a Pennsylvania
12 Economy League who sent a letter, as I
13 stated last week, with many objections that
14 they had to this plan and usual as they are
15 notorious for doing their solution to
16 everything is tax increases, continuing to
17 place the burden on the residents of this
18 city, you know, and they said it's wishful
19 thinking, it's pie in the sky figures.

20 Well, no, it's called
21 accountability. You know, the nonprofits
22 they stated we are not going to see a dime.
23 It's time they are held accountable.
24 They've gotten a free ride for decades. The
25 University, \$175,000. Everybody says we

1 pick on the "U" but the best prime example
2 we can use, an institution that generated
3 over \$230 million in 2010 and they are going
4 to come forward and hand us \$175,000 like
5 they are doing us a favor and, oh, and then
6 they come early this year like they are
7 doing the city a favor. As I stated, it's
8 pocket change.

9 We need to put a fee on all of the
10 nonprofits within the community or better
11 yet assess the fee all across the board.
12 Everybody. Everybody pays their fair share
13 and let's hold them accountable, let them
14 pay their fair share, they have gotten a
15 free ride, we have missed out on millions
16 and millions of dollars over the last ten,
17 15, 20 years because we have sat back and
18 never did anything about it, but now we
19 finally have a council who took the bull by
20 the horns and you put them in their place
21 and you met with them and you tried to reach
22 out, you tried to get more from them and
23 they still refused. Well, now here is the
24 opportunity. You put a fee, 1 percent fee
25 all across the board and we'll generate

1 millions. It's something we need to look
2 into, it's something that should be part of
3 this plan, and as I stated, you hold them
4 accountable once and for all.

5 One of the other issues in the plan
6 we talked about reduction in personnel,
7 cutting back, something we should have done
8 a long time ago, and I'm glad to see that we
9 finally realize that we need to cut back.
10 We have the opportunity to save millions of
11 dollars, but most importantly the
12 opportunity to save millions in professional
13 services that we have squandered millions on
14 over the last 10 years with this
15 administration on individuals, legal fees,
16 millions on Carl Greco and others who we sat
17 back and we just let it go. We have run the
18 city reckless here. That's where we need to
19 go, professional services. They have
20 totally destroyed this city and it's driven
21 us to where we are today.

22 You know, as far as PEL and their \$2
23 million they want to offer, the interest
24 free loan and the \$250,000 grant, I see that
25 as a ploy by the Pennsylvania Economy League

1 to buy a recovery plan, it's extortion and I
2 don't think we need to get to their level
3 and to adhere to their requests that if you
4 don't do what we tell you, if you don't
5 impose our measures we are not going to give
6 you the money. That's not the way -- this
7 is our city, this is our town. That's why
8 we elect a mayor, that's why we elected
9 council to make these decisions for us. We
10 run the city. Bankruptcy, not the answer.
11 We have stated many times here a receiver
12 comes in and they raise taxes at will. As I
13 have said, 78 percent tax increase would
14 look quite inviting compared to what they
15 come in and do.

16 You know, and again with PEL, where
17 they talk about the unrealistic revenue,
18 it's basically real simple the bottom line
19 is this, you go with this plan it's a 33 tax
20 increase or we can go with PEL's plan and
21 raise taxes and you are looking at a tax
22 increase well over 129 percent.

23 MS. EVANS: Thank you, Mr. Miller.

24 MR. MILLER: Thank you.

25 MS. EVANS: Is there anyone else?

1 MS. CHILIPKO: Good evening,
2 Council. Mary Chilipko, Scranton resident.
3 I dread getting up here at this point every
4 week. Hey, Mr. Mayor.

5 MAYOR DOHERTY: How are you doing,
6 Mary?

7 MS. CHILIPKO: It's a shame there is
8 such tension. I have observations, I don't
9 know the ins and out and details, it's nice
10 to see you here. It's a shame there is
11 tension in this room that you can cut with a
12 knife. It shouldn't be that way. I do see
13 a lot of the goals in the recovery plan.
14 The thinking in this area, like 33 percent
15 is a gift as compared to 78 percent, that's
16 not a gift either, but something has to be
17 done. PEL, DCED, DECD, whatever they are, I
18 think I picture them as the grim reapers. I
19 don't understand why we can't get rid of
20 them, I don't know why we are held hostage
21 with this \$2 million.

22 My theory with the nonprofits we
23 need to get another term for them, that's
24 like nobody even -- that's not even that
25 anymore. I don't know how you can -- and

1 it's an epidemic. The "U" is only the tip
2 of the iceberg. There are more and more and
3 more and more and I don't know if we can all
4 work -- I mean, we are all neighbors here.
5 Everybody in this room, we are all
6 neighbors, but there has to be a way. I
7 don't know what it is. If there not a legal
8 way what can we do with the nonprofits?

9 We need to cut. Cut, cut, cut.

10 Mr. Mayor, you have let the authorities go
11 crazy, you really have. I am so angry, and
12 I'll save that for later, the appointment of
13 Mr. Washo, I went so far as to call a
14 judge's office this week, which I have never
15 done in my life, called it corrupt, called
16 it horrendous, I don't know if there is any
17 repercussions for that either calling a
18 judge's office, Judge Mazzoni. They say all
19 the time there is no shame. Honor,
20 integrity, honesty. Clean house. Make
21 cuts. When the new budget comes up cut,
22 cut, cut. Don't be so nervous, Mr. Mayor.
23 You are here with friends and neighbors.

24 As far as the Chesapeake Sewer hike
25 to get rid of the -- clean up the Chesapeake

1 or whatever, after the appointment of
2 Mr. Washo as the receiver to the Scranton
3 Parking Authority just forget that because
4 there is already something in the water. We
5 can't change that by that, what is it \$39
6 now? Work hard, people. Work together and
7 this will pass, but find solutions after
8 this. Don't end here like in the next year
9 we are here with the same thing, nobody
10 wants to be here and everybody is all tensed
11 up.

12 So good luck, Mr. Washo. You should
13 be so ashamed of yourself as Judge Mazzone.
14 Thank you.

15 MS. EVANS: I believe we have only
16 time for one more speaker.

17 MR. JACKOWITZ: Bill Jackowitz,
18 founder of the Legion of Doom. Good
19 evening, Mr. Mayor. Mr. McGowan. You know,
20 I have been bringing this for several weeks.
21 Remember what that is, Mr. Mayor? That was
22 out in 2001 when the original recovery plan
23 that the voters passed in 2001, I believe it
24 was, it didn't work. And one of the reasons
25 why it didn't work is because the mayor

1 didn't support it. The mayor -- the mayor
2 actually violated the recovery plan several
3 times, and I think we all know that, but
4 that's in the past, okay?

5 My concern now is with the new
6 recovery plan. Like I asked last week, is
7 there a stipulation in the recovery plan
8 that the mayor cannot violate the recovery
9 plan or city council cannot violate the
10 recovery plan? Is there a stipulation in
11 the new recovery plan? Because if there
12 isn't a stipulation the mayor will violate
13 it again like he has in the past or if we
14 have a new mayor he might violate it, also,
15 or city council will violate the recovery
16 plan. So let's make darn sure that we get a
17 stipulation in the new recovery plan that
18 the mayor cannot violate it nor can city
19 council violate it. And if it comes to a
20 draw between the mayor and the city council
21 on violating it, then take it to the people.
22 I hope it's in there.

23 You know, I was driving in my car
24 today and I was listening to -- I listen to
25 the oldies because I'm an old guy, anyway, a

1 song came on and the song was "How long has
2 this been going on." Does anybody remember
3 that song? Well, I'm going to tell you how
4 long it's been going on I hope everybody
5 listens and writes these figures down.
6 7,524 and 248 months the City of Scranton
7 has been distressed. Think about that.
8 7,524 days of living in a distressed city.
9 Two mayors. Mayor Connors and Mayor Doherty
10 and numerous city councils. How long has
11 this been going on? When is it going to
12 stop? The citizens have had enough. We
13 really have.

14 Now, another song came on and the
15 song was, "All I need is a miracle." Does
16 anybody remember that song? Well, the next
17 line is, "All I need is a miracle, all I
18 need is you." Well, in the City of Scranton
19 the miracle is all we need is money. That's
20 the bottom line. The rest of this stuff is
21 smoke and mirrors and everything else. We
22 need money. We need real money, not
23 Monopoly money, not play money, not money
24 that we might get, money that we might not
25 get, we need real money. The only way we

1 can get real money is raise taxes.

2 I'm going to make a lot of friends
3 tonight because I say let's raise taxes 129
4 percent. Let's get it over with. Because
5 what's going to happen if we can't make
6 payroll come next month or two weeks from
7 now? We are going to have to borrow more
8 money. Or next January when we are going to
9 have to raise taxes again. So why don't we
10 just cut through the chase, I'm a realist.
11 I believe there is three ways of doing
12 things, the right way, the wrong way and the
13 common sense way. Why don't we do things
14 the common sense way? If we have to raise
15 taxes 129 percent raise them 129 percent.
16 Let's get it over with.

17 You know, people are tired. People
18 are tired of hearing fighting and fighting
19 and arguing. They really are. They are
20 tired of it, and if we just continue to
21 raise taxes and beat around the bush let's
22 get it over once and for all.

23 Okay, without the money we have two
24 options, okay? We can either go bankrupt or
25 we can raise taxes. Those are the only two

1 options that we have. Yeah, we can count on
2 the commuter tax. It might get passed it,
3 it might not get passed. Why? You know,
4 how many times have the commuters used our
5 services? I hear that all the time. They
6 use our services. How many times do the
7 commuter actually use the fire department
8 and the police department? Probably not
9 very often, okay? I have never used the
10 fire department in Scranton or any other
11 city I have lived in. I have never used the
12 police department in Scranton or any other
13 city I have lived in, and I'm pretty sure
14 that the majority of the commuters have not
15 used our services.

16 As far as our roads, I think we
17 should pay them to drive on our roads
18 because of the mechanical bills they receive
19 from hitting all the potholes. That's what
20 I think. That's my opinion. If we are so
21 worried about our roads let's pave our roads
22 and let get them straight, you know?

23 I mean, it's over and over and over
24 again, repetitive, all the time, all the
25 time. You know, and basically I'll save the

1 rest for later. I appreciate you being
2 here, Mr. Mayor, and I have been talking
3 behind your back and now you are here so I'm
4 talking to you face to face, just like I did
5 that night we had the meeting and I was
6 sitting in the chair you were in and you
7 sitting across from me with Judy Gatelli
8 with the nonprofits and I asked you eyeball
9 to eyeball, "Are you going to support
10 collecting taxes in lieu of money from the
11 nonprofits?"

12 And you told me you would and guess
13 what, you let me down.

14 MS. EVANS: Thank you,
15 Mr. Jackowitz. Because we must begin our
16 regularly scheduled meeting shortly, I ask
17 the remaining speakers to address city
18 council during citizens' participation.

19 Very briefly though, I do have just
20 two or three questions to pose to our
21 guests, city council did not request or
22 require a revised recovery plan, the
23 administration did not request or require a
24 revised recovery plan. Mr. Mayor, would you
25 agree that is correct?

1 MAYOR DOHERTY: Yes. I think you
2 are 100 percent right.

3 MS. EVANS: And, Mayor Doherty and
4 Mr. McGowan, Scranton City Council
5 collaborated with you on the development of
6 this revised recovery plan; is that correct?

7 MAYOR DOHERTY: Yes, it is.

8 MR. MCGOWAN: Yes.

9 MS. EVANS: And Scranton City
10 Council collaborated with the administration
11 and PEL in the development of the city
12 budget; is that correct?

13 MAYOR DOHERTY: Yes. Absolutely.
14 They were conversations back and forth, yes.

15 MS. EVANS: Thank you. Therefore,
16 it is a city budget and the revised recovery
17 plan is not a council plan or the mayor's
18 plan, it is a City of Scranton revised
19 recovery plan and city council and the mayor
20 have pledged to continue to work together
21 for the betterment of our city and
22 taxpayers.

23 Mayor Doherty, I ask you now for any
24 comments you may have?

25 MAYOR DOHERTY: Well, thank you, all

1 of council. Mrs. Evans, thank you very
2 much. It's been quite a period of time
3 where we have been working together and I
4 have to say over the last, you know, several
5 months council has really come up with a lot
6 of great ideas and we have worked very hard
7 together and I believe the revisions in the
8 plan and our communications with the state
9 have brought us here tonight to a plan that
10 will be accepted. We have all made some
11 tough decisions for the betterment of the
12 city.

13 Everyone has a perspective on how
14 they think the city should be run and what
15 plan should be put into place, but in
16 reality everybody has to come together to
17 come for the betterment of the city, just as
18 you said, it's not the City of Scranton
19 plan, it's not the mayor's plan or council's
20 plan or the state or PEL it is the city's
21 plan. As elected leaders of this city, we
22 need to come together and develop that.

23 These are all tough decisions and
24 decisions that people normally wouldn't want
25 to make, but we realize we do have to make

1 them and by doing that we protect the people
2 we represent, the people of Scranton who
3 live in our city who love their city just as
4 much as we love our city.

5 And I have to say, I think we made
6 tremendous progress, I think we are on the
7 right track. I think, also, through the
8 efforts of the staff of council and the
9 administration and particularly the
10 attorneys have done an unbelievable job
11 because we are juggling a lot of things
12 right now. Not only are we putting a plan
13 together but at the same time we are talking
14 to financial institutions, we are telling
15 them of the progress we are making and, you
16 know, I think we are headed in the right
17 direction and I am confident that this is
18 going to work, but it's worked because we
19 have all worked together and you have my
20 commitment and we talk on daily basis.

21 MS. EVANS: Yes.

22 MAYOR DOHERTY: Not only this, as
23 one of couple of speakers had mentioned it's
24 not only this, but it's also after this is
25 done that we continue to work together and

1 we push the city forward in the right
2 direction. We have tremendous challenges,
3 as all cities do. That's the purpose of
4 government, we take care of everybody, not
5 just the wealthy and the middle class, but
6 the poor, those who are challenged in life.

7 You know, we are in the midst of a
8 great immigration boom in our city today and
9 the reason people come to cities is because
10 they know they can get help. In Scranton
11 high school today 30 different languages are
12 spoken. That is an example and also an
13 indication of the direction of the city. It
14 is going through a second rebirth because of
15 immigration that's taking place. We have an
16 obligation to take care of those people and
17 because one day they will be the leaders of
18 our city and I want them to remember how
19 they were treated because when they're in
20 charge there will be a whole new group of
21 immigrants coming in and I want them to
22 treat people the way they were treated and I
23 think with the plan we have come together on
24 we will be able to achieve that.

25 I want to thank you because these

1 are not easy times and they are difficult
2 decisions that we have made, but we have put
3 everything aside for the betterment of the
4 community. So thank you very much and I
5 appreciate all of your hard work and as I
6 know tomorrow we will be back in discussions
7 all over again as we push the city ahead.
8 Thank you very much and have a great
9 evening.

10 MS. EVANS: And I thank both of you,
11 Mayor Doherty and Mr. McGowan, for your
12 participation this evening. And, Mr. Mayor,
13 I respectfully invite you to attend any
14 future council meetings if your time
15 permits.

16 MAYOR DOHERTY: Right.

17 MS. EVANS: If there is no further
18 business, this public hearing is adjourned
19 and thank you again.
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C E R T I F I C A T E

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

CATHENE S. NARDOZZI, RPR
OFFICIAL COURT REPORTER