SCRANTON CITY COUNCIL MEETING 1 PUBLIC HEARING 2 3 4 IN RE: FILE OF COUNCIL NO. 56 - 2011, 5 APPROPRIATING FUNDS FOR THE EXPENSES OF THE CITY GOVERNMENT FOR THE PERIOD COMMENCING ON THE FIRST DAY 6 OF JANUARY 2012 TO AND INCLUDING DECEMBER 31 2012 BY 7 THE ADOPTION OF THE GENERAL CITY OPERATING BUDGET FOR 8 9 THE YEAR 2011 10 11 12 **HELD:** 13 Tuesday, November 29, 2011 14 15 16 LOCATION: 17 Council Chambers Scranton City Hall 18 19 340 North Washington Avenue Scranton, Pennsylvania 20 21 22 23 CATHENE S. NARDOZZI, RPR 24

OFFICIAL COURT REPORTER

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CITY OF SCRANTON COUNCIL: JANET EVANS, PRESIDENT PAT ROGAN, VICE-PRESIDENT ROBERT MCGOFF FRANK JOYCE JOHN LOSCOMBE NANCY KRAKE, CITY CLERK CATHY CARRERA, ASSISTANT CITY CLERK BOYD HUGHES, SOLICITOR

MS. EVANS: I'd like to call this 1 2 public hearing to order. Roll call, please. 3 MS. KRAKE: Mr. McGoff. MS. EVANS: I believe he is here and 4 5 will be returning shortly. MS. KRAKE: Councilman Rogan. 6 7 MR. ROGAN: Here. 8 MS. KRAKE: Councilman Loscombe. 9 MR. LOSCOMBE: Here. 10 MS. KRAKE: Councilman Joyce. Councilwoman Evans. 11 12 MS. EVANS: Here. Notice of public 13 hearing. Notice is hereby given that 14 Scranton City Council will hold a public hearing on Tuesday, November 29, 2011, at 15 16 5:30 p.m. in council chambers, second floor 17 municipal building, 340 North Washington 18 Avenue, Scranton, Pennsylvania. The purpose 19 of said public hearing is to hear testimony 20 and discuss the following: 21 FILE OF COUNCIL NO. 56 - 2011, APPROPRIATING FUNDS FOR THE EXPENSES OF THE 22 CITY GOVERNMENT FOR THE PERIOD COMMENCING ON 23 24 THE FIRST DAY OF JANUARY 2012 TO AND 25 INCLUDING DECEMBER 31 2012 BY THE ADOPTION

OF THE GENERAL CITY OPERATING BUDGET FOR THE YEAR 2011.

Our first speaker is Wayne Evans.

MR. EVANS: Good evening, Council.

MR. LOSCOMBE: Good evening.

MS. EVANS: Good evening.

MR. EVANS: I have some information for you for a start. Good evening again.

My name is Wayne Evans, I'm a homeowner, property owner, and small business owner in the City of Scranton. Tonight I am here as the vice president of the Greater Scranton Board of Realtors and I would like to discuss the mayor's budget which includes an increase in the realty transfer tax from 2.5 to 2.9 percent, a 16 percent increase.

The realty transfer tax is a tax

paid whenever real estate is bought or sold.

The base rate in Pennsylvania is 2 percent,

municipalities can increase this tax and

Scranton, to the detriment of home

ownership, has chosen to do just that. The

rate is currently at 4 percent. With the

proposed increases we will be the second

highest in the state and over two times in

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the other municipality in Lackawanna County. Our realty transfer tax is higher than both Philadelphia and Pittsburgh and almost twice that of the City of Harrisburg, a city which is currently seeking bankruptcy protection and financial takeover from the Commonwealth's of Pennsylvania.

As you know, the real estate market nationwide has been trending downward since 2008 and the City of Scranton is no In fact, since 2006, the year of exception. the last increase in the realty transfer tax, the City of Scranton has seen a dramatic reduction in the sales of single family homes and other properties. In 2006. 495 single family homes were sold in Scranton. It is estimated that by the end of this year 250 single family homes would have been sold in 2011. That is a reduction of nearly 50 percent. The sales volume for single family homes in 2006 was \$48 million. Year to date, it's \$20 million, a reduction of over 58 percent.

We currently have an inventory of 15 months of single family homes within the

City compared with an inventory of five months in 2006. Simply put, if not one single home was added for sale it would take approximately 15 months to sell all the homes now for sale in Scranton, maybe longer if the market continues to slow.

Additionally, homes are now on the market an average of 140 days as compared to 88 days in 2006.

We have seen the average sold price of a single family home fall from a high of \$104,876 in 2007 to the current average of \$82,864. You and I have lost at least 20 percent in the value of our homes.

We have to find a way to stop those trends. And now with the proposed increase of 38 percent property tax increase by Lackawanna County and the 9 percent increase by the City of Scranton as proposed by the mayor's budget, an increase in the realty transfer tax would make buying homes in Scranton a nearly impossible task for the middle income families who so desperately strive to maintain and expand.

And what does all of this mean to

those wishing to buy a home in Scranton?

The realty transfer tax and the purchase of a home in Scranton for \$100,000 would be \$4,400. The same transaction for a home in Dickson City or Dunmore or Moosic or even Clarks Summit would be \$2,000.

Sadly, it would seem that in an attempt to catch the big fish in the world of commercial and investment property sales, those wanting to purchase a home in Scranton are caught in that same net. That's not fair. If you look at the document before you with a heading "Residential Closings", you will see that the highest percentage of real estate closings for single family homes is below \$75,000. Again, a tax meant to catch the fish involved in real estate transactions does severe collateral damage on our low and middle income families wishing to buy a home.

Additionally the real estate transfer tax is discriminatory because it is assessed against one type of asset, real estate.

The real estate transfer tax is

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regressive and fails to account for the fact that lower income homeowners spend a higher percentage of their income on housing than do higher income homeowners.

Up-front costs are the biggest constraints to home ownership for first time home buyers, most of which are lower and middle income buyers.

The mayor's budget on it's face continues the attack on the American dream of home ownership in our city. Nationally, 65 percent of all residents are homeowners. In Scranton that number is 55 percent. Economically healthy cities are not defined by how many renters occupy their neighborhoods, but an economically healthy city can be easily defined by how many homeowner occupy their neighborhoods. Existing individuals and families that are homeowners make a great sacrifice when they made Scranton their home and now we must support a new generation of Scrantonians hoping to make that same decision.

We fully understand that you have a tremendous task at hand and we wish you well

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1	in your endeavor. We only hope that you
2	agree that rolling back this progressive tax
3	will send a positive message. When it comes
4	to Scranton's future, home ownership matters
5	and it should. Thank you.
6	MS. EVANS: Thank you. Bill
7	Jackowitz.
8	(Whereupon while Mr. Evans was
9	speaking Mr. Joyce took the dais and joined
10	the meeting.)
11	MR. JACKOWITZ: Good evening, city
12	council. As you can see, there is again a
13	small turnout as was this advertised? I
14	didn't see it anywhere in the newspaper,
15	maybe I missed it.
16	MS. EVANS: Yes.
17	MR. JACKOWITZ: I didn't see it on
18	WNEP or WBRE or anywhere.
19	MS. EVANS: No, it certainly was
20	advertised in the newspaper according to
21	law.
22	MR. JACKOWITZ: Oh, it was
23	advertised?
24	MS. EVANS: Yes. And hung
25	downstairs.

MR. JACKOWITZ: It's ashame again that no one is here. Have we received the audit yet?

MS. EVANS: No, we have not.

MR. JACKOWITZ: Okay, here it is

November 29, we still don't have the audit.

How are we going to do a budget without the audit? I mean, do we know how much the police and fire unions Court ruling is going to cost the City of Scranton? Do we know for a fact how much it is going to cost?

MR. JOYCE: We haven't received a definitive figure.

MR. JACKOWITZ: So how are we going to do a budget? We have no audit, we have no idea how much this is going to cost us, but yet we have an \$84 million budget out there which is \$9 million higher than last year's budget. How are we going to do that?

I mean, really, I feel sorry for you people because -- and I don't feel sorry for very many people, but I feel sorry for you guys because you guys got a task upon you.

You are not going to get any cooperation from the administration. You might as well

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accept that right now. It's not going to happen. You know, we can talk about cooperation all we want, but it's not going to happen, they are not going to cooperate. They haven't cooperated with us, otherwise, we would have had the audit at least by now anyway. If not by the end of May, but at least by now.

Again, you know, how are we going to do this? I mean, the county is raising our taxes 38 percent, okay? Now the city wants to raise our taxes 29 percent. The school board is going to raise it 2.5, I think that's as high as they can go. It's all coming out of the same tax base.

Like Mr. Evans said, you know, the majority of the people in this city, believe it or not, are poor. You know, I mean, we can have all of the spin we want on it, but the bottom line is they are poor. I just don't see how the average Scrantonian or the working Scrantonian, the medium class Scrantonian is going to be able to afford all of this.

Again on top of all this is the

mayor's proposed budget. He wants to cut
more firemen. He wants to cut 29 more
firemen, which in the long run is going to
raise their fire insurance because there is
going to be less firemen on the street,
higher response times. I understand he
wants to increase -- he cut the police
officers, I think he wants to put five more
police officers back on the street, which is
good, I applaud that. But again, we are
getting less services for more money.

Now, people have voted for tax increases in the past and it didn't work. It did absolutely nothing to improve the financial situation for the community of Scranton and for the Scranton residents, okay? And statements have been made, well, I'm a taxpayer, also. Well, some taxpayers can afford to pay higher taxes, most taxpayers in Scranton cannot afford to pay higher taxes, okay? So I don't buy into that argument.

The point I'm trying to make is we cannot have a tax increase in my opinion.

The citizens of Scranton cannot afford it.

The mayor and his band of merry men and women, his Doherty three and all of the other Doherty rubber stampers, are the ones who put us in this position and that's a fact, okay? That's not speculation, that is a fact. He has been the chief administrative officer of this city for 10 years, he made all the rules, he is the one who sent everything down to city council because like in his own words, "All I need is three votes."

He had his three votes. We have unbalanced budgets that were passed that were never looked at, were never reviewed except for Mrs. Evans and Mr. Courtright who tried, but they were always outvoted three to two, so now we are in a position that we are in right now. Okay, we have an \$84 million budget. I think that's way too high. I think the county budget is only 92 million for the entire county, we are at 84r. The budget is too high. We need to cut that budget. And the budget needs to be cut and I don't mean by hundreds of thousands of dollars, I'm hoping for a

couple of million, a few million dollars in the budget, at least get it back down to the 75 it was at last year, especially if we are going to suffer cuts in the fire department.

You know, there were no new emergency vehicles purchased in the last four years, the last ten years to be exact. Yeah, we had some police cars purchased, but they are all falling apart now. The only police cars that are operational in this city are the ones that the police officers purchased themselves, okay, because they take care of the vehicles not like the city does. The city does not take care of them.

So I guess what I'm trying to say is I hope as a whole and as a body the five of you sit down and really review his budget and we don't play politics and we don't play gotcha and we don't play games because we are talking about 70,000 Scrantonians, you know, who are suffering for the most part. Some people can afford higher taxes, most people can't. Some people can afford, you know, to live a good life, most people in this city can't because there is no jobs, we

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have the highest unemployment, we have over 11,000 people in this county in poverty or below poverty, that needs to all be taken into consideration.

The citizens of this City of Scranton are not the ones responsible for the financial disaster the City of Scranton is in. Mayor Doherty is, the three prior council people, Ms. Fanucci, Mrs. Gatelli and Mr. McGoff are because they voted lock, step and barrel for everything that the mayor sent down here, unbalanced budget or not, they voted for it and they approved it and we can go back all the way to 2002 if you want to, don't punish the citizens of the Scranton. It is not our fault, especially the working people who go to work 40 hours a week only to have their mayor and their city government spend the money and waste the money. Thank you.

MS. EVANS: Thank you.

MR. LOSCOMBE: Mr. Jackowitz, you brought attention to the sparse attendance here this evening, but noticeably absent from this meeting are three gentleman that

we had submitted requests to be here, Mayor Doherty, Business Administrator McGowan, and Chief Davis. They had personal letters to be here to answer any questions that we had basically on the fire protection, but apparently they chose not to appear to answer the questions of the taxpayers.

MR. JACKOWITZ: I understand your point, Councilman Loscombe, but I didn't expect them to be here.

MR. JOYCE: I just wanted to clear up another point that you brought up regarding the police officers. I'm not sure if it was Mayor Doherty's original intention to add back officers that he had laid off in the past, that's something that was confirmed by the Supreme Court ruling from my understanding that there had to be 12 officers per shift. With the layoffs that the mayor instituted back earlier in the year that was not the case, and perhaps our public safety chair can confirm that and that's why he stated that the Supreme Court ruling in favor of the fire and police union was going to cause a tax increase. So I

don't know if that had not been the case if there would have been as high a tax increase sent down to us in the proposed budget, and maybe you can comment about that.

MR. LOSCOMBE: Well, correct me if I'm wrong in this, also, prior to laying off the 13 police officers, if we had hired two police officers and paid two police officers those 13 would still be on duty paid with COM-D funds. We would be paying for two police officers. There would be 15 additional police officers on the street. However, the fact that he laid them off, now he had to bring six back, those six aren't being paid by COM-D funding, those six have to come out of our budget where we have six instead of 15 where would only have to pay two.

These are the kind of decisions that are being made downstairs and I can't understand, but it's everybody's fault but theirs, and I repeat this every week, you know, people tell me don't play the blame game, but we have been here for two years not ten years, and it has spiraled downhill

for the last ten years. We are all working for you, trying do the best we can for you, but it does get frustrating when things aren't produced to us. Again, how can we formulate our budget without this audit? We have been pushing since May. Somebody has to be held accountable, and I'm totally discouraged, trust me. That's all of I have to say on that, I'm sorry.

MS. EVANS: There are no other speakers who have signed the sheet for this evening, is there anyone else who cares to address city council?

MS. KRAKE: Mrs. Evans, excuse me, we did receive a phone call in our office today telling us that Chief Davis would not be able to attend because he was hunting.

MS. EVANS: Oh, thank you. I don't know if the public heard that, but we did receive -- we did receive a response at least from the Chief of Police for his absence at this public hearing --

AUDIENCE MEMBERS: The fire.

 $\ensuremath{\mathsf{MS}}$. EVANS: The fire chief, I'm sorry.

MR. LOSCOMBE: I didn't know you can hunt in the dark though.

MS. EVANS: It is because he is hunting. I would ask, however -- (gavel banged) that the audience remain silent so that we can hear each speaker and that council members remain silent as well so that the public has the opportunity to speak.

MR. SBARAGLIA: Andy Sbaraglia, citizen of Scranton. Fellow Scrantonians, I'm not going to sit here and tell you what was done wrong for the last ten years, that would be foolish because I cannot go back to correct it, I have tried. For ten years I have been saying that was going to happen, but now it did happen. Now we've got to move forward. I heard that our mayor was down in Harrisburg trying to get a 1 percent sales tax tacked onto the six that we already pay. I don't know, I think the legislature somewhere in their wisdom said that certain cities could impose a greater sales tax.

Now, I don't know if that was in the

budget or not, that sales tax proposal, because I guess it has to be done down in Harrisburg, but if it is passed, which I doubt, but say it does pass, we all know we are in competition with our surrounding Should that go into effect communities. there would even be less people buying in Scranton when they can, you know, go a little -- a couple of blocks out of the way to get it cheaper, so that's not a viable solution. Why the mayor would even propose that is beyond me, but he looks up at the sky, I guess and says, that's the limit. People of Scranton could pay anything, but that's not the case.

We all looked at the budget. Like I told you I guess at the very beginning, I feel sorry for you, I really do. I feel for you because I would have a tough time making the decisions you have to make but they got to be made, somewhere along they got to be made. I know we are going to get a raise in taxes, there is no way out of it. I'm not crazy with the mayor borrowing \$30 million next year, borrowing all the interest on

that loan and then put it off to the following year, that's not a solution that should be in the budget. Whether you like it or not it should be in there. That loan that whatever you have to borrow should be in the budget and whatever it entails it's not going to go that way. It's going to come down and it's going to be just read and I doubt that many people even read it except me, I do like to read them. But, anyway, that's there, too.

You are right, you have to come up with -- the nonprofits I think is where the effort should really be placed to try to get more money from the nonprofits because they ate up a lot of real estate, they use all of our services, a hospital fire requires different equipment. We have to have that equipment in case the hospital is on fire, so that's an added cost that we all share. They have to come up and say, "Yes, we are willing to pay a little more for fire protection and police protection or somewhat."

You can't just keep pushing it on

the people. I mean, I don't really want to get -- I guess when I speak during the normal session I'll go back and tell you what happened all the way up to where we are and why we are here now. Unfortunately, that's the trouble with getting in the whole. You seem to get a lot of information along the line, which I did. But like I said, I don't envy you because the solutions you've got to make are too tough for me to even talk about them.

I cry for the people of Scranton, I cry for the people that are on social security, I cry for people who are on fixed incomes because they are going to get whacked like never before. I wish they had paid more attention what was being done instead of Nay Aug, maybe then we wouldn't be where we are now. Thank you.

MS. EVANS: Thank you.

MR. JOYCE: Thank you.

Mr. Sbaraglia, I just wanted to make a comment, that 1 percent sales tax that Mayor Doherty was lobbying for or that he wants to lobby for that is not in the 2012 operating

budget.

MS. EVANS: Is there anyone else who cares to address council?

MS. SCHUMACHER: Good evening.

Marie Schumacher.

MR. JOYCE: Good evening.

MS. SCHUMACHER: First, I would like to say I wish you would have invited our state reps and senator. They have an obligation to us, too. They know that this city is one-third of the assessed value, our real estate is consumed by tax exempt entities, at least people you have agreed to tax exempt, I don't agree with that, I'll get into that later, but they have some obligation here and it's time to bring them in. They do scant little for there what is it now, \$80,000 plus benefits, a couple of meetings, and they need to be involved.

Also, I know that the legal notice that was in the newspaper said the budget was at the Albright Library. I went to the ago Albright Library last night to finish, I had spent time two weeks ago in the clerk's office reviewing their budget, but there was

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no budget there. And, fortunately, Judy, the wonderful person in the library, knew that it is on the Scranton Times-Tribune website in it's entirety, so I was able to -- I wasn't able to access it last night, but I was today, so it's sort of hard to comment if you can't find it. If you are out working and you can't find time to actually review the document. I think that's terrible.

I noticed there is nothing set aside for the purchase of the Serenity Army Reserve Center, which as you know became available though the BRAC, the base realignment closure from eons ago. Still not settled and I testified at that hearing that the city did not have the matching funds as did other entities who are interested in the property, but for some reason the city went ahead, so I would like to request tonight that the city council send a letter to the BRAC Committee and let them know that we did not have the money for the matching funds to purchase the Serenity Army Reserve Center, and I'm sure if we did

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they would probably go ahead and sell it for a dollar to the Scranton School District.

Gardner School wants it, I say let them have it.

Also, parking. Now, parking ticket revenue, of course, is not in the budget because of the mayor's plan to sell the parking meters to the Parking Authority, so I understand that is not going to happen. feel secure that you are not going to do that as you said that, but I wonder then do we need to set aside for the Scranton Parking Authority to pay for their debt, and I didn't find that either. I know the Parking Authority already sent money in for next year's bond and I'm sure it will be even worse the following year so that's another set aside that I can't find in the budget. There is no --

MR. JOYCE: If I could briefly, I'm sorry to interrupt you. In the debt service columns towards the back of the budget -- or in the nondepartmental expenditures, there is an operating transfer to the Scranton Parking Authority for \$400,000. That's the

assumption on what the deficit of the Parking Authority would be if we were to sell the meters to them. If we don't sell the meters to them, that would become \$1.6 million as they stated --

 $\label{eq:MS.SCHUMACHER: I'm aware of that,} % \end{substitute} % \e$

MR. JOYCE: So that would have to increase from \$400,000 to \$1.6 million.

MS. SCHUMACHER: Absolutely. And that's what I'm asking, you know, to make sure that it doesn't get overlooked. Also, I couldn't find a set aside for the reimbursement to HUD. Now, we all know it's not going to be \$11 million, but about \$200,000 would be prudent, and if it comes in less than that then, you know, it certainly -- I'm sure we can find another place for it.

Now, again, I know I'm going to sound like a broken record because I talk about this every year, but I think you people need to sit down and review all of the tax free properties for compliance with the state statutes. I think there a large

percentage of those properties are not eligible really for -- that you could challenge their taxes -- property tax exempt status, and I think now is the time to do that.

I noticed the false alarm calls are now limited to one and then it's going to be \$300 for each false alarm. Now, if we can charge taxpayers why can't we charge every other tax exempt property for every call that's made to a tax exempt property whether it's fire or police?

Cable TV revenue. ECTV -- the proposal that the mayor accepted from ECTV had a percentage of the cable TV revenue going to ECTV for their operating funds. I don't see any -- it looks as though it's all being put in the operating budget and if we want to continue I think we are going to have to come up with some money for them.

Then, how will the second tax anticipation note that received no bids, what is the plan for replacing that revenue?

I would like to ask, also, that the health care costs be separated between

active employees and retired employees.

And if I may have a couple more comments? The workers' comp has gone from 1.9 or 2.0 in the current year to 3.5. I don't understand why. I have read the lengthy analysis and at the end of the budget it's clear as mud to me, but I don't know how we could have dipped down to 1.95 this year and gone up to 3.5. I'm disappointed there is no new computer system for tracking permits and fees because we definitely need more transparency there, and I guess I'll stop there and let somebody have the podium and I'll be back during the regular meeting.

MS. EVANS: Thank you.

MR. JOYCE: Just to clarify one of your inquiries, in regard to retirees, I don't have the number offhand, I actually did ask our business administrator, Ryan McGowan, for the number of employees that --well, actual employees, retired employees that are being paid health insurance through the city, and I have the number of employees at home and I could forward that over to

you, but as far the cost, I believe it's somewhere between the seven to eight million dollar range as far as what the health care costs for all of the retirees that the city still funds health benefits to.

MS. SCHUMACHER: I mean, that's obviously more important than the quantity because like, you know, some people don't spend hardly anything and other people run up hundreds off thousands of dollars so I would like to see that still. Thank you.

MS. EVANS: Is there anyone else who cares to address council? Thank you all for your participation. This public hearing is adjourned.

<u>C E R T I F I C A T E</u>

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