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SCRANTON CITY COUNCIL MEETING

HELD:

Monday, December 12, 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

FRANK JOYCE

JOHN LOSCOMBE

NANCY KRAKE, CITY CLERK

JAMIE MARCIANO, ASSISTANT CITY CLERK

BOYD HUGHES, SOLICITOR

1 (Pledge of Allegiance recited and
2 moment of reflection observed.)

3 MS. EVANS: Roll call, please.

4 MS. MARCIANO: Mr. McGoff.

5 MR. MCGOFF: Here.

6 MS. MARCIANO: Mr. Rogan.

7 MR. ROGAN: Here.

8 MS. MARCIANO: Mr. Loscombe.

9 MR. LOSCOMBE: Here.

10 MS. MARCIANO: Mr. Joyce.

11 MR. JOYCE: Here.

12 MS. MARCIANO: Mrs. Evans.

13 MS. EVANS: Here. Dispense with the
14 reading of the minutes.

15 MS. KRAKE: THIRD ORDER. NO BUSINESS
16 AT THIS TIME. And also, no clerk's notes.

17 MS. EVANS: Thank you, Mrs. Krake.

18 I ask that all council speakers would adhere
19 to the five-minute time limit and confine
20 their remarks to the budget amendments.
21 When the bell rings at the conclusion of
22 five minutes, please finish your sentence
23 and be seated. Also, I ask that audience
24 members turn off cell phones and remain
25 quiet throughout the meeting in order that

1 all may be heard. Personal conversations
2 should be conducted outside council
3 chambers.

4 Tonight's special meeting of
5 Scranton City Council is conducted for the
6 purpose of amending the mayor's 2012
7 proposed budget. Council will hold a public
8 hearing tomorrow at 6:00 p.m. regarding it's
9 amendments in compliance with the Home Rule
10 Charter. The regularly scheduled meeting
11 will follow at 6:30 p.m. during which city
12 council will cast it's final vote in Seventh
13 Order to legally and lawfully adopt the 2012
14 city operating budget as amended.

15 At this time, I ask Finance Chairman
16 Frank Joyce to present council's final
17 amendments to the mayor's proposed budget.
18 Citizens' participation will be conducted
19 thereafter, followed by motions and the
20 formal amending of the budget. Councilman
21 Joyce, please begin.

22 MR. JOYCE: Okay, everybody. I'm
23 going to start the 2012 budget amendments.
24 As you know, Saturday previous to this week
25 I presented some amendments that would be

1 made and there have been some changes since
2 that time, so I'm going to just go over a
3 quick recap of where we were last time and
4 I'm going to go over those changes. So,
5 let's recap where we were, and I see part of
6 the screen is cut off there if I could have
7 one moment.

8 As everyone knows, on November 15
9 the administration submitted a budget to
10 council. The budget submitted proposed a 29
11 percent real estate tax increase, a 33
12 percent business BP and mercantile tax
13 increase, a 16 percent real estate transfer
14 tax increase, increased permit fees and
15 layoff of two positions. All members of
16 council didn't agree with the budget
17 submitted.

18 So, you know, what I did was I asked
19 people to suggest amendments. All of my
20 colleagues, I listened to all of the
21 proposals that were offered up here, through
22 speakers, and this is a combination of
23 everything from the beginning process, the
24 beginning point on November 15 until now.

25 Just to recap where we were, people

1 can't afford the budget that was sent to
2 council. People already have high real
3 estate taxes. Residents can't afford a high
4 increase of this type. The real estate
5 transfer tax under Mayor Doherty's proposal
6 as the realtor's board had informed us would
7 be the second highest real estate transfer
8 tax in the state making it more difficult
9 for people to buy and sell homes and high
10 business privilege and mercantile taxes
11 makes Scranton's small businesses suffer
12 more.

13 So this year how did we get to where
14 we are? The city will incur extra expenses
15 this year in opposition from last year.
16 There is some major reasons as I highlighted
17 last time: One, a default on the loan taken
18 out by the SRA, Scranton Redevelopment
19 Authority, that will cost the city \$1.6
20 million. Luckily, this is a one-time
21 expense. A projected deficit by the SPA,
22 the Scranton Authority, that will cost the
23 city \$1.6 million, an increased workers'
24 compensation cost that will amount to nearly
25 \$1.5 million.

1 So though there is other increased
2 expenses, the major ones alone that I just
3 mentioned amount to \$4.6 million, so the
4 mission of these amendments, just to recap,
5 was to soften the blow of the proposed tax
6 increases and provide Scranton residents
7 with the government that they can afford.

8 So the amendment highlights, the
9 real estate tax increase will be decreased
10 from 29.1 to 4.8. The realty transfer tax
11 will be decreased from 2.9 to 2.8, and the
12 business privilege and mercantile tax will
13 be decreased -- the increase will be
14 decreased from 33. to 16.7. There will be no
15 changes to these measures and these
16 amendments.

17 So how is this all possible? We did
18 this in a number of ways. Administration
19 positions, reduction non-DPW there were two.
20 Administrative positions reductions in the
21 DPW there were four. The elimination of DPW
22 casual workers and some union positions
23 reductions, 18 of those.

24 There are decreases in departmental
25 expenditures. There is a new revenue

1 source, the parking tax, which is also part
2 of PEL's Recovery Plan, that will be a tax
3 on parking garages, and there is some other
4 new revenue and savings opportunities that
5 came into play over the course of the past
6 week and a half.

7 The first I want to talk about is
8 the nonresident tax, 888 funds. For those
9 of you who don't know, individuals working
10 in Scranton that live in the community that
11 do not pay a wage tax are subject to a 1
12 percent tax on their pay. This was
13 originally budgeted at \$100,000. As per
14 business administration Ryan McGowan, he
15 informed that this could be projected at
16 \$500,000. This has also been confirmed by
17 tax collector Bill Courtright.

18 There is also some issues that we
19 didn't quite consider everything with, more
20 nonresident tax may be realized due to the
21 efforts of Burkheimer tax administrator who
22 will be collecting taxes for us, the wage
23 tax in 2011, since the amount is difficult
24 to project no additional funds were added to
25 this projection. Therefore, city council is

1 acting conservatively in this measure, so we
2 may actually have more than \$500,000 coming
3 in 888 funds, however, since this is the
4 first time that we will be using Burkheimer
5 to collect taxes, we couldn't make an
6 accurate assessment between speaking with
7 Mr. McGowan or anyone from the tax office as
8 to how much Burkheimer will be able to bring
9 in for us, but \$500,000 was the amount
10 confirmed by Mr. McGowan and our tax
11 collector.

12 A tax sale. Northeast Revenue
13 Services will be collecting delinquent real
14 estate taxes, and there will be a delinquent
15 tax sale. NRS, they boast a collection of
16 rate of over 80 percent, and they have
17 informed us that we can expect to realize
18 over \$200,000 in revenue from this tax sale,
19 through Scranton may realize over \$200,000
20 they stated that it could be as high as
21 \$300,000, an additional \$200,000 was
22 budgeted just to be conservative. We don't
23 want to go or put in a number that is too
24 high and then end up falling short at the
25 end of the year.

1 Refinancing earlier. I had the
2 opportunity to meet with the banks as well
3 as Councilman McGoff, Mayor Doherty and
4 Business Administrator Ryan McGowan were
5 present at this meeting, it was in regards
6 to the TAN payment, and at that meeting with
7 various bankers, Mayor Doherty confirmed
8 that Scranton can save \$1.4 million by
9 refinancing early. In the budget, it's
10 pegged right now at \$5 million. By
11 refinancing early, we would abate our April
12 debt service payment, thus, this is the
13 reason why we will save the \$1.4 million
14 from the early refinancing of debt.

15 I also spoke to Gerry Cross from the
16 Pennsylvania Economy League and he did state
17 that the \$1.4 million figure was accurate.

18 Salary reductions, and this is
19 primarily spearheaded by Councilman Rogan,
20 salaries of all department heads outside of
21 OECD, since they are federally funded, law,
22 police and fire will be reduced by 10
23 percent, including council's office, from
24 the 2011 budget.

25 Salaries of the fire and police

1 chief were based on system, 4 percent higher
2 than the highest subordinate based on a
3 40-hour work week. The savings of this
4 measure is projected to be approximately
5 \$51,000 when you work out all the numbers.

6 Some additional savings, business
7 administrator Ryan McGowan has informed that
8 the city will apply for a retiree health
9 care prescription savings grant. PEL also
10 informed me that this was a savings that
11 they had suggested two years ago. The city
12 currently covers health care costs of 638
13 retirees, primarily most of these retirees
14 are in the public safety sector from police
15 and fire, I would say probably somewhere in
16 the high four hundreds. Savings are
17 projected to be \$600,000 as per Ryan
18 McGowan, our business administrator.

19 So what is changed since the
20 previous presentation. I have it titled,
21 "Bills, bills, bills."

22 Currently in our general fund, as
23 per Ryan McGowan, we have roughly \$3 million
24 after our last payroll. From his cash flow
25 projections he projects that we will realize

1 an extra \$3.3 million in revenue from the
2 single tax office before the end of the
3 year. When I spoke to him last week, he
4 stated that we haven't received anything
5 from the tax office in December thus far,
6 and that in order to make an accurate
7 assessment the only thing that we would be
8 getting in right now is revenue from the tax
9 office and it's roughly \$3.3 million when
10 you analyze this cash flow report.

11 And I wanted to mention that Mayor
12 Doherty stated at the meeting with the banks
13 that both Councilman McGoff and I attended
14 that the TAN would be paid by 12-31 in order
15 to secure TANS for next year. The banks are
16 also looking for other measures to secure
17 TANS, such as a completed audit and a
18 budget. Currently we owe \$6.55 million on
19 our 2011 TAN.

20 So right now we need \$1 million to
21 make our last payroll and \$6.55 million to
22 pay our TAN and we only have \$6.3 million,
23 so at this point the city will need to
24 temporary dip into an additional fund and
25 then pay it back in 2012. This is something

1 that has been done in the past and it's been
2 done with the Workers' Compensation Trust in
3 the past, however, it hasn't been revealed
4 what fund may be dipped into, but the pay
5 back of 2011 expenses must be accounted for
6 in the 2012 budget. These are prior year
7 obligations. It amounts to roughly \$1.2
8 million.

9 Mr. McGowan also projects the city
10 will receive nearly \$1 million worth of
11 bills in 2011 that we haven't received yet.
12 In addition, the city is currently holding
13 back on \$2.3 million worth of bills.

14 Mr. McGowan has also informed that
15 we have received a \$500,000 bill from
16 Municipal Energy Managers, our previous
17 street light maintenance contractor. We may
18 have to pay back HUD \$120,000 for previous
19 possibly misuse of CDBG funds, which also is
20 a prior year expense of 2012. And in 2011,
21 the Scranton Redevelopment Authority
22 defaulted on a loan to Pennstar Bank, which
23 is a 2011 expense according to council
24 solicitor, who I consulted with on this
25 matter. I wanted to see DCED's view on

1 whether the default of the loan from HUD --
2 or, sorry, the default of the loan interest
3 the SRA was, in fact, a 2011 expense and
4 they said that it would be best to consult
5 with your council solicitor, they didn't say
6 that it wasn't, and in looking through
7 everything instead of being a budget line
8 item we are going to include this in the
9 outstanding obligations rather than have it
10 as it's own separate line item in the
11 budget.

12 And, in fact, after speaking with
13 Solicitor Hughes and looking back through my
14 own paperwork, we received the notice of
15 default on this loan which was taken out in
16 December of 2007 all the way back in May, so
17 it is, in fact, an expense, an unexpected
18 expense from this year. All prior year
19 obligations mentioned amount to
20 approximately \$6.7 million, which is the
21 amount of the unfunded debt proposed. The
22 amount in the budget submitted by the
23 administration was \$3.4 million with the
24 Pennstar Bank being a separate line item,
25 but we are taking that and putting it into

1 the prior year obligations rather than
2 having it's own separate line item for it.

3 Extra savings measures and revenue
4 enhancements will be used to pay the bills
5 that were not in the administration's
6 original budget.

7 The \$600,000 of money to be saved
8 from the retiree health care grant fund will
9 be used to fund 13 firefighters which will
10 bring the compliment in the department to
11 115. Council has restored the funding for
12 the fire positions in our amendments,
13 however, the mayor must reinstate them. It
14 is now up to him to make that decision, and
15 that is the end.

16 MS. EVANS: Thank you very much,
17 Councilman Joyce.

18 MR. JOYCE: You're welcome. Before
19 I do leave, I do want to mention that there
20 was one other reinstatement that I did not
21 mention and that was of the accounts payable
22 clerk in the business administration's
23 office, as well as the reinstatement of tax
24 office employees responsible for collecting
25 the wage tax. They will be funded for the

1 first five months of the year.

2 MS. EVANS: Thank you.

3 MR. JOYCE: And that's all.

4 MS. EVANS: Mrs. Krake.

5 MS. KRAKE: FOURTH ORDER. CITIZENS'
6 PARTICIPATION.

7 MS. EVANS: Our first speaker
8 tonight is Mary Ann Hayes. Mary Ann Hayes.
9 Evidently, she is not in attendance so we
10 can move onto Mr. Bob Bolus.

11 MR. BOLUS: Good evening, Council.
12 Bob Bolus, Scranton. It's very impressive,
13 Mr. Joyce, as to the time and energy you are
14 putting into this budget. You know, some of
15 the things that I find a little unsettling
16 is that we have many, many opportunities to
17 move forward in a lot of different areas to
18 generate the keynote here is called revenue.
19 Can't pay our bills without money and we
20 have the assets, but it's how do we
21 determine to use them wisely, whether you
22 are a small business or a large business you
23 still pay to the piper one way or the other,
24 and, you know, you still have to have staff,
25 people, utilities, and so on and so forth

1 and the same as the city.

2 You know, if people paid attention
3 to the Sunday Times there is an article
4 about the leachate gas going from the
5 landfill that's being sold up in Archbald.
6 That's a private operation. We should be
7 collecting as a host community, because it
8 is landfill related, a fee for that gas.

9 And what I would ask tonight some of
10 the things I'm bringing out as you may your
11 final determination and your budget, and
12 maybe from other people here, is to put in
13 amendments to your budget that you in the
14 future can make changes to it if some of the
15 issues or some of the profitable things that
16 are out there are put in to help reduce the
17 budget in the future as we go. If we get a
18 million dollars somewhere, we take it back
19 out of the budget, we could do certain
20 things with it, pay other bills and do other
21 advancements, so that was one of the issues
22 is the gas line.

23 The second one is the leachate line
24 that I have been speaking about for eight
25 years. There were agreements in the past, I

1 don't where they disappeared to, but I think
2 we need to make amendments to it as a host
3 community. The Sewer Authority gets paid to
4 service it, but we should get paid if allow
5 it to run through our city as a pipe. There
6 are millions of dollars sitting there and we
7 need to do that. If we have to change
8 classifications in the city, whatever we
9 need to do now as we all saw tonight we have
10 a serious financial problem in this city.

11 The next thing is, again, charge for
12 your fire department and your police
13 department, not a token amount of money.
14 Take your departments, categorize them
15 independently as they were separate
16 businesses and then turn around and charge
17 the appropriate rate that a fire truck, a
18 ladder truck, an engine or a bumper should
19 charge and that's where you are going to go
20 your revenue from. We are entitled to that.
21 Why should we give KOZ's and nonprofits or
22 somebody in an accident basically a free
23 ride at our expense? We bought the fire
24 trucks, we pay the people, we should be
25 reimbursed for it so more than any other

1 business that would fix or repair a vehicle
2 or tear a house down and repair it, so those
3 are things that need to be in there.

4 I'd like to see, and I thought it
5 was interesting in here with the tax changes
6 for a tax sale, think about putting all of
7 the vacant land up in the city, vacant land,
8 abandoned buildings that the city owns,
9 selling them at a public auction, with the
10 stipulation that you must build within 60
11 days or start construction. If you don't,
12 you forfeit what you paid for it to the
13 city. You will generate hundreds of
14 thousands of dollars and you will put
15 property back on the tax roll. You don't
16 need to a tax sale, you need creativity, and
17 that's one of the ways to go ahead and look
18 at it.

19 I don't think we should ever have a
20 garbage fee increase in this city when we
21 see the landfill making millions of dollars
22 off the city in other areas, and I --
23 question, I don't know if I'm correct, but I
24 don't know if the street lighting
25 organization is a DeNaples' subsidiary or

1 has something to do with it, I'm not sure, I
2 just heard rumors, and I would ask council
3 to look into that, so before we start
4 handing more out let's start looking at what
5 we should be getting back in from the people
6 that are actually making a heck of a profit
7 here. We don't need to raise a garbage fee
8 if we can't put a fee against every KOZ and
9 nonprofit in this city, because that's
10 basically taxation without representation.

11 I disagree with one of the things,
12 if you have executives you don't pay them
13 less than the subordinates underneath. I
14 don't think that's fair. I don't think they
15 should have to be held accountable or
16 responsible for the subordinates that are
17 making more money than them, and I disagree
18 with that. I don't do it in my
19 organizations and I know a lot of others
20 that don't. I think Chief Duffy, quite
21 frankly, has done one heck of a job.

22 There is a lot of other things, but
23 I would ask Mr. McGoff even tonight if he
24 would champion putting in a fee against the
25 University and everywhere else to make this

1 part of our future agenda to get our money.
2 I heard Mr. McGoff's comments the other day
3 that, you know, people spend money on
4 McDonald's, this and that, and he has no
5 problem with raising taxes. My question
6 would be we don't get pensions and we don't
7 get our benefits paid for it, and maybe in
8 the financial position you are we have
9 people on fixed incomes, and I think they
10 have suffered enough in the city. Thank
11 you.

12 MS. EVANS: Thank you, Mr. Bolus.
13 Doug Miller.

14 MR. MILLER: Good evening, Council.
15 Doug Miller, Scranton. I will be fairly
16 brief tonight, I just wanted to just take
17 the time to come up here and take a few
18 moments to personally thank our Finance
19 Chair, Councilman Frank Joyce, for all of
20 the time and effort that you did put into
21 this budget making process. You know,
22 besides Councilwoman Evans when she was
23 Finance Chair, I can't recall any other
24 Finance Chairman or Chairwomen that really
25 put their time and effort into this in

1 putting a budget together and I want to
2 commend you and your colleagues for doing
3 so, the presentation tonight. Just once
4 again showing your openness and your
5 transparency that we really haven't seen
6 around here in a long time, and I just want
7 to thank you coming from one Scrantonian.

8 You know, but it unfortunate that we
9 can't say the same about the mayor and his
10 administration. You know, we take a look at
11 a lot of the questions that we are still
12 waiting for answers to that you have asked
13 questions, you know, going months back, even
14 years back, and we are still waiting for the
15 2010 audit and, obviously, I'm sure you had
16 a tough time putting this budget together
17 without that audit because there is a lot of
18 question marks, and it's truly just
19 discouraging that there can't be more
20 cooperation from the mayor and his
21 administration.

22 You know, if you take a look the
23 real estate tax the mayor wanted to put us,
24 you know, with a 29 percent tax increase,
25 you know, you understood that in these tough

1 economic times that the residents can't take
2 something like that on, as I've said. The
3 business privilege tax, 33 percent down to
4 16.7. You know, you realize that, and you
5 certainly took one heck of a burden off the
6 businesses and the residents of this city
7 and I want to commend you for that as well.

8 You know, DPW, Mr. Rogan, I know
9 this has been one of your main issues and I
10 agree we had to cut some fat in that
11 department. Obviously, I'm sure that you
12 would admit, you know, there is obviously a
13 lot more we wish we could do here, but we
14 are a dealing with difficult circumstances,
15 obviously, and not having that audit causes
16 a lot of problems. You know, public safety,
17 13 firemen right now that's in the mayor's
18 hands. As I have said, he has had the
19 resources for years with these SAFER grants
20 and all of the other grants out there. To
21 avoid all of this, as I have said, so now
22 it's in his hands. You know, as I said last
23 week, that wasn't a situation where council
24 should have been pinned in a corner because
25 you had nothing to with this. As I have

1 said, we could have avoided this ten years
2 ago had he be willing to sit down at that
3 table and negotiate.

4 And at this point in time I'll
5 reserve most of my comments, the remainder
6 of them, for tomorrow evening's meeting, but
7 I did want to just briefly respond to just
8 one of comments that were made were last
9 week by Mr. McGoff, and it was in reference
10 to the taxes, and I just truly have to say
11 that I was truly appalled by the statement I
12 heard last week from that audience. In
13 fact, I actually had asked myself if I was
14 even hearing what I was actually hearing
15 from these speakers here, and that was that
16 basically you were implying, Mr. McGoff that
17 the residents were under taxed, and I just
18 truly was puzzled by a statement by that and
19 your analogy of 75 percent of the residents
20 in this city only paying \$500,000 a year and
21 it would only be an additional \$100 or \$2 a
22 week and the residents spend more on lottery
23 tickets and I believe you said cable TV, and
24 I just was insulted by that statement, and I
25 know a lot of the residents in this city

1 were insulted by that statement.

2 MR. MCGOFF: Were the numbers wrong?

3 MR. MILLER: Excuse me, and a lot of
4 the residents were insulted by that
5 statement and I just feel that you mislead
6 the public last week, and I think you owe
7 the residents of this city an apology
8 because, you know, it's the smoke and
9 mirrors and the misleading that we have had
10 in this town for ten years, and when you
11 leave out the wage tax, the city, the
12 county, you know, Mrs. Evans, like you've
13 said, maybe 1 percent of the population in
14 this city could take something like that on,
15 but I don't know what town you think you are
16 living in, Mr. McGoff, but we are in a town
17 that's in poverty. I mean, you say that to
18 a senior living on a fixed income.

19 You know, say that to the family
20 with a mom and dad working two or three jobs
21 just to get by, struggle to put food on
22 their table for their kids at night. You
23 know, tell that to the young adult coming
24 out of college with student loans and can't
25 find employment. You know, it was totally

1 uncalled for, it was misleading,
2 misrepresentation, and I truly believe you
3 owe all of the residents in this city an
4 apology for that, and I thank you and I'll
5 reserve the rest of my comments for tomorrow
6 evening's meeting. Thank you.

7 MR. JOYCE: Thank you.

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

10 MR. JACKOWITZ: Bill Jackowitz,
11 South Scranton resident. First question I
12 know the answer but I'm going to ask the
13 question anyway, have we received the 2010
14 audit yet?

15 MS. EVANS: No.

16 MR. JOYCE: No. I will say this
17 much, at the meeting with the banks the
18 administration did inform that the audit is
19 close to being completed, so hopefully it
20 will completed sooner than later.

21 MR. JACKOWITZ: Does anybody have a
22 logical explanation as to why they have not
23 received the audit? The mayor promised us
24 the audit what, a month, month and a half
25 ago? It's due on the 31st of May, so has

1 anyone received a logical answer or solution
2 as to why we do not have the 2010 audit?

3 MR. MCGOFF: All of the information
4 was unavailable -- was not available.

5 MR. JACKOWITZ: How can it not be
6 available? He has had an entire year.

7 MR. JOYCE: I know that was some --

8 MR. JACKOWITZ: Don't we have a
9 bookkeeping system within the city?

10 MR. MCGOFF: Some of the information
11 was unavailable to the city.

12 MR. JACKOWITZ: I don't buy that,
13 Mr. McGoff. That's up to you, if you want
14 to buy that explanation go right ahead and
15 buy it. I'm not buying it.

16 MR. JOYCE: There was some
17 information that was unavailable. There was
18 some info from NCC that we were waiting for,
19 however, that wasn't the only thing that we
20 were waiting for. There has been some
21 information that wasn't submitted before the
22 due date as specified by Rossi & Rossi,
23 however, the statement that Mr. McGoff made
24 it is correct in a sense that we were
25 waiting on information from NCC, however, we

1 were also waiting on other information
2 throughout the duration, and it's my
3 understanding that that information is now
4 submitted, however, we are still waiting for
5 the final audit.

6 MS. EVANS: But you can track
7 through the reports submitted to city
8 council to the mayor, well, possibly the
9 business administrator by Rossi & Company
10 that the same requests were made over and
11 over and over again beginning back in April
12 of 2011, and for whatever reasons there were
13 a myriad of categories that were held up
14 until very, very recently, and I think now
15 that maybe the banks, the banking community
16 has informed the administration that they
17 want an audit in order to award TANS, maybe
18 now the administration will take it
19 seriously. They did not take Rossi
20 seriously, they did not take council
21 seriously and, unfortunately, the Home Rule
22 Charter has no consequences within it for
23 failure to meet the deadline for the audit
24 for the administration.

25 MR. JACKOWITZ: I understand that

1 and I don't know, maybe I'll silly, but I
2 actually believe that people should obey the
3 law and abide by the law and the law is very
4 specific that the audit should be submitted
5 by the end of -- you know the end of May of
6 every year, and I also feel that if they
7 could not have submitted that audit on time
8 then council and the citizens or residents
9 should have been kept updated as to the
10 reason why. You know, I still don't know
11 the reasons why the audit has not been
12 submitted by 31 May. No one has given me a
13 logical explanation except that some of the
14 information is not available. Basically if
15 it's not available then we need to really
16 get on the backs of our business
17 administrator and our section heads and make
18 sure that the audit is done. If they are
19 not capable of doing their job then they
20 shouldn't be doing the job anymore, they
21 should be fired, and we should hire people
22 that are capable of doing the job.

23 I don't buy -- I work in an areas
24 where audits are required and I tell you
25 what, if we don't have our audit in on time

1 we are in big trouble. Big trouble. And
2 now we have an audit that's affecting the
3 entire -- all of the residents of Scranton
4 and we are being told that all of the
5 information isn't in. I'm not buying that.
6 I'm not buying that at all. It needs to be
7 done and it needs to be done properly,
8 otherwise, get rid of the people who are in
9 those positions and hire people who are
10 capable of doing their jobs and abiding by
11 the law. I mean, that's the main thing, the
12 law is being violated and broken.

13 But anyway, did I understand
14 correctly that in your amendments you guys
15 are proposing, and I know you can't do this,
16 but you are proposing that you put 15
17 firefighters back on the job? Did I
18 understand that correctly?

19 MR. JOYCE: It was 13.

20 MR. JACKOWITZ: Thirteen, excuse me.

21 MR. JOYCE: We added the funding
22 back into the budget, we added the correct
23 amount of salaries and uniform allowances,
24 health insurance deductions and whatnot into
25 the correct accounts, it's now up to the

1 mayor to honor that request by us and put
2 those firefighters back into the city.

3 MR. JACKOWITZ: So, in other words,
4 city council has done everything that they
5 can possibly do and now the ball is in the
6 mayor's court, is that --

7 MR. JOYCE: Correct.

8 MR. JACKOWITZ: Am I understanding
9 that correctly?

10 MS. EVANS: Yes.

11 MR. JOYCE: Yes.

12 MR. JACKOWITZ: And, you know,
13 basically the supermajority of the council
14 has managed to find themselves right in the
15 middle of everything again. I really -- you
16 know, I don't know what to say. You guys
17 are caught in the middle and I hope you do
18 the -- you know, I know you will, you are
19 doing the best that you can possibly do and
20 I know the majority of the citizens
21 appreciate that.

22 As far as Scranton residents being
23 under taxed, that's the biggest hogwash I
24 have ever heard in a long time. People
25 should go out to the farm and feed the hogs

1 with that information because that's nothing
2 but BS, you know? I mean, you know, my wage
3 tax is over \$3,000 a year. That's just my
4 wage tax, so I really wish that people would
5 take that into consideration. You know,
6 school tax, wage tax, county tax,
7 everything, it's ridiculous that we are
8 under taxed. I mean, as far as people going
9 to Mohegan Sun and buying lottery tickets,
10 if they go to work and they earn their money
11 if they want to go to Mohegan Sun, if they
12 want to buy lottery tickets, let them go to
13 Mohegan Sun and buy lottery tickets, but
14 don't -- the government shouldn't take their
15 money from them.

16 I mean, some people go to Ireland in
17 the summer on summer vacation. They can
18 afford to go to Ireland. Maybe they
19 shouldn't go to Ireland if people can't buy
20 lottery tickets and go to Mohegan Sun. I
21 don't know, just my opinion and my opinion
22 only. Scranton residents are not under
23 taxed. We have the highest unemployment
24 rate, we have the lowest median salary, we
25 have the highest wage tax in the area for a

1 city this size and we are being reprimanded
2 saying that we are under taxed.

3 Unbelievable.

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

6 MS. KRAKE: FIFTH ORDER. 5-B.

7 MOTIONS.

8 MS. EVANS: Mr. McGoff, any comments
9 or motions?

10 MR. MCGOFF: Please, just very
11 quickly. As far as under taxed, I don't
12 believe that I ever used that word. That
13 was something that my colleagues used. I
14 never said anything about anyone being under
15 taxed.

16 Secondly, as far as anyone being
17 appalled, the numbers that I presented were
18 correct. If anyone wishes to argue the
19 numbers then they're wrong. What I said was
20 absolutely correct in terms of numbers, so
21 there is absolutely no reason for anyone to
22 be appalled. The numbers are correct, and I
23 never said anything -- I never used the word
24 under taxed.

25 As far as the budget amendments that

1 were presented, I'll perhaps just hold
2 comments until they are actually presented
3 for a vote. Thank you.

4 MS. EVANS: Thank you. Councilman
5 Rogan, do you have any comments or motions?

6 MR. ROGAN: Yes, very briefly. I
7 will also hold the majority of my comments
8 on the amendments for the vote, but as
9 Mr. McGoff said the numbers he presented
10 regarding the property tax are correct, but
11 what Mr. McGoff did do was omit the wage
12 tax, the garbage tax, the county tax, the
13 school tax, and the right to work tax, so by
14 just singling out one tax you don't really
15 get the full picture of the tax burden
16 that's on the average Scrantonian, and that
17 was the point I was trying to make.

18 And I will hold the rest of my
19 comments for the vote. Thank you.

20 MS. EVANS: Thank you. Councilman
21 Loscombe, do you have any comments or
22 motions?

23 MR. LOSCOMBE: Well, the only
24 comments I have are basically, again, I
25 commend my colleagues for all of their hard

1 work on this budget, I know it's been time
2 consuming, you can see all of the work
3 Mr. Joyce has put into it and I, too, think
4 I discussed some property taxes last week
5 and the reason I was discussing the taxes
6 was not to say we could pay more or we
7 should pay more or anything like that, I
8 was -- the only reason I discussed the
9 property taxes was to try to show that we
10 have to go after the county and we have to
11 go after the school district. They are the
12 ones that are raising the taxes on a regular
13 basis and we are providing public services,
14 so if anyone thought I was looking to
15 discuss increasing any taxes that's
16 incorrect. I think I stated it then, but
17 that wasn't the case, I was just trying to
18 show a comparison that the city is a smaller
19 piece of the pie as far as property taxes
20 go, and, you know, I would hope that these
21 other bodies would tighten up and start to,
22 you know, give the public a shot and reduce
23 their taxes, but it's up to us as the public
24 to go to them and discuss those issues with
25 them.

1 And I will have -- I'll probably
2 wait until tomorrow evening to discuss under
3 comments my feelings on the budget and for
4 the sake of the brevity that's all I have
5 tonight. Thank you.

6 MS. EVANS: Thank you. And,
7 Councilman Joyce, do you have any comments
8 or motions?

9 MR. JOYCE: Yes, I am going to
10 actually be brief tonight because I did most
11 of my speaking earlier, one thing I wanted
12 to mention is it was an idea of Wayne Evans,
13 vice-president of the Board of Realtors, and
14 I know we proposed, Mr. Rogan and Mr. McGoff
15 mentioned having a realty transfer tax for
16 single family homes at 2 percent and having
17 it at 2.9 percent for commercial transfers.

18 Now, I know from speaking to
19 Mr. Rogan, I reached out to Mr. Rogan and
20 Mr. McGoff and I know that in speaking with
21 them it was discovered that there were some
22 discrimination issues with doing that
23 though, I do thank Mr. Evans for his idea
24 and it would have been a very good idea if
25 it was something that we could do. The only

1 thing that we were able to do within our
2 limits in order to keep taxes down was lower
3 the realty transfer tax by a bit.

4 Other than that, I have two motions
5 I am going to make tonight and the first is
6 I hereby make a motion to encouraging Mayor
7 Doherty to reinstate fire positions as per
8 the 2012 operating budget as amended, if
9 passed, whereas funding has been restored to
10 the proper expense accounts in the Scranton
11 Fire Department for the restoration of 13
12 firefighters.

13 MS. EVANS: We have a motion on the
14 floor, do we have a second?

15 MR. LOSCOMBE: Second.

16 MS. EVANS: On the question? All
17 those in favor signify by saying aye.

18 MR. MCGOFF: Aye.

19 MR. ROGAN: Aye.

20 MR. LOSCOMBE: Aye.

21 MR. JOYCE: Aye.

22 MS. EVANS: Aye. Opposed? The ayes
23 have it and so moved.

24 MR. JOYCE: And the second motion
25 that I am making tonight, I make a motion

1 that it is council's desire for the
2 administration to apply for a SAFER grant to
3 fund any additional fire salaries above the
4 13 budgeted for and that any grant money
5 received be applied to restore fire
6 positions as per Exhibit A, and if my
7 colleagues would like to turn the page,
8 there is an analysis of the 29 firefighters
9 that were laid off in the 2012 budget that
10 was sent down, and you could see a breakdown
11 of the cost that the city would incur to add
12 all of those positions back based on their
13 salaries, health insurance payments, life
14 and disability insurance payments, uniform
15 allowance, longevity pay and, of course, the
16 amount deducted that was budgeted for
17 unemployment which is 16.48 percent as per
18 our business administrator, Ryan McGowan.
19 That's all.

20 MR. ROGAN: Second.

21 MS. EVANS: On the question? All
22 those in favor signify by saying aye.

23 MR. MCGOFF: Aye.

24 MR. ROGAN: Aye.

25 MR. LOSCOMBE: Aye.

1 MR. JOYCE: Aye.

2 MS. EVANS: Aye. Opposed? The ayes
3 have it and so moved.

4 MR. JOYCE: And that's all I have
5 for tonight.

6 MS. EVANS: Thank you, Councilman
7 Joyce. Good evening. Mayor Doherty handed
8 this council a devastating budget containing
9 a 29 percent tax increase, the sale of the
10 parking meters to a struggling Scranton
11 Parking Authority, the elimination of 29
12 firefighters and his four major financial
13 messes, a 2011 \$6.7 million deficit, an OECD
14 debt for ineligible funding, an SRA debt to
15 Pennstar Bank for uncollected delinquent
16 taxes, and SPA bond payments to prevent it's
17 financial collapse, all four of which amount
18 to approximately \$10 million.

19 Further, the mayor's budget failed
20 to include an additional \$3.4 million in
21 2011 unpaid debt. In response, city council
22 lowered the tax increase from 29.1 percent
23 to 4.8 percent and eliminated the sale or
24 lease of city-owned parking meters to the
25 SPA by including \$6.7 million in borrowing

1 for 2011 unfunded debt.

2 In addition, city council takes the
3 people's public safety and welfare very
4 seriously. As a result, council included
5 \$600,000 in the budget from a prescription
6 health care savings grant for which Mayor
7 Doherty intends to apply in order to fund
8 the reinstatement of 13 firefighters.

9 However, council did not include the
10 positions in it's amendments. It will be
11 the mayor's decision to reinstate these 13
12 positions because council cannot violate
13 law, it can only provide the funding.

14 City council also cleaned up each of
15 the four Doherty messes by agreeing to
16 borrow \$6.7 for 2011 unfunded debt, included
17 \$120,000 in the budget to repay OECD's debt
18 to the Federal Department of Housing and
19 Urban Development or HUD. Hire Northeast
20 Revenue Service to collect tax delinquencies
21 and retained \$1.6 million in the 2012 budget
22 for the SRA's debt and placed \$1.6 million
23 into the contingency account for the
24 Scranton Parking Authority for use only if
25 undisputably necessary and with council's

1 approval.

2 Further, 2011 unpaid bills such as
3 those for the \$500,000 service of MEM are
4 funded in council's amendments.

5 Councilman Joyce conferred
6 frequently with the business administrator
7 and PEL and DCED representatives and
8 contacted department heads while I spoke
9 with the tax collector and Northeast Revenue
10 Services in the development of financial
11 projections for debt refinancing, 888
12 collections, delinquent tax, health care and
13 unpaid 2011 bills, among others.

14 Additionally, city council lowered
15 administrative salaries and within the DPW
16 it eliminated four administrators, that
17 would be two foremen, a parks and recreation
18 specialist, and the deputy director of the
19 DPW, nine union positions and seven casual
20 workers. Mayor Doherty intended to
21 eliminate ten union positions through
22 buyouts. Council cut the buyouts.

23 It is noteworthy that when the mayor
24 announced that the DPW cuts -- or, excuse
25 me, that when the mayor announced the DPW

1 cuts and buyouts, the DPW never made
2 statements that garbage collections, plowing
3 and pothole repair would suffer, the only
4 statements were made by DPW president Sam
5 Vitris who commented in the newspaper that
6 if cuts were going to be made he hoped there
7 who be retirement incentives.

8 Now that council eliminated the
9 incentives or buyouts, suddenly the DPW
10 states on two local news stations that it
11 won't get its work done. It should also be
12 noted that in the last ten years while the
13 police, fire and clerical unions sustained
14 numerous job cuts, the DPW remained
15 untouched. In fact, in 2011 the mayor
16 reinstated four DPW supervisors to the
17 budget claiming the city would suffer
18 without those positions, however, two of
19 those supervisory positions were already
20 eliminated by the mayor in the second half
21 of 2012, and the DPW appears to have
22 successfully survived.

23 Our city is in a financial crisis,
24 and as the mayor said, we must do more with
25 less. Throughout this budget process it has

1 become increasingly clear that Scranton City
2 Council is the responsible branch of the
3 city government. We have done all that is
4 financially realistic, prudent, and possible
5 within our legal scope of authority to help
6 taxpayers and businesses and to chart a more
7 sound financial course for fiscal year 2012,
8 and that's it.

9 MS. KRAKE: 5-B. NO BUSINESS AT
10 THIS TIME. SIXTH ORDER. NO BUSINESS AT
11 THIS TIME.

12 MR. JOYCE: I make a motion to amend
13 Item 7-A as per the following amendments:

14 Reducing the following
15 expenditures --

16 MS. KRAKE: Mrs. Evans, may I
17 interrupt for a moment --

18 MR. MCGOFF: He has to take it off
19 the table.

20 MS. EVANS: Yes. You have to take
21 the motion off the table first.

22 MR. JOYCE: You have to make a
23 motion to take it off the table.

24 MS. EVANS: Yes.

25 MR. JOYCE: Okay, I make a motion to

1 take File of Council No. 56, 2011, from the
2 table and place it into Seventh Order.

3 MR. ROGAN: Second.

4 MS. EVANS: On the question? All
5 those in favor signify by saying aye.

6 MR. MCGOFF: Aye.

7 MR. ROGAN: Aye.

8 MR. LOSCOMBE: Aye.

9 MR. JOYCE: Aye.

10 MS. EVANS: Aye. Opposed? The ayes
11 have it and so moved.

12 MS. KRAKE: SEVENTH ORDER. 7-A. FOR
13 CONSIDERATION BY THE COMMITTEE ON FINANCE -
14 FOR ADOPTION - FILE OF COUNCIL NO. 56-2011,
15 PREVIOUSLY TABLED, APPROPRIATING FUNDS FOR
16 THE EXPENSES OF CITY GOVERNMENT FOR THE
17 PERIOD COMMENCING ON THE 1ST DAY OF JANUARY
18 2012, TO AND INCLUDING DECEMBER 31, 2011, BY
19 THE ADOPTION OF THE GENERAL CITY OPERATING
20 BUDGET FOR THE YEAR 2012.

21 MR. JOYCE: I make a motion to amend
22 Item 7-A as per the following amendments,
23 and please bear with me, this will take a
24 little while. Reducing the following
25 expenditures:

1 Account No. 01.010.00000.4270, Dues
2 and Subscriptions, \$200.00.
3 01.010.00000.4420, Travel and
4 Lodging, \$225.86.00.
5 01.020.00000.4070, Longevity Salary,
6 \$1,578.00.
7 01.040.00000.4010, Standard Salary,
8 \$37,740.00.
9 01.040.00000.4116, Health insurance
10 Clerical Union, minus \$116,307.28.
11 01.040.00000.4117, Health Insurance
12 Non-union, minus \$87,153.64.
13 01.040.00000.4190, Unemployment
14 Insurance, minus \$275,604.57.
15 01.040.00040.4270, Dues and
16 Subscriptions, minus \$20,000.00.
17 01.040.00041.4010, Standard Salary,
18 minus \$4,00.00.
19 01.040.00041.4201, Profession
20 Services, minus \$20,000.00.
21 01.040.00042.4010, Standard Salary,
22 minus \$4,400.00.
23 01.040.00042.4440, Telephone,
24 \$27,000.00.
25 01.040.00043.4010, Standard Salary,

1 \$3,840.00.

2 01.051.00051.4010, Standard Salary,

3 minus \$77,392.00.

4 01.051.00051.4070, Longevity Pay,

5 minus \$3,156.00.

6 01.051.00051.4101, Uniform

7 Allowance, \$666.67.

8 01.051.00082.4201, Professional

9 Services, \$60,000.00.

10 01.051.00082.4320, Building Repair

11 Supply, \$27,000.00.

12 01.060.00000.4010, Standard Salary,

13 minus \$13,500.00.

14 01.060.00000.4040, Other Salary,

15 \$701.20.

16 01.060.00000.4201, Professional

17 Services, minus \$15,000.00.

18 01.060.00000.4270, Dues and

19 Subscriptions, minus \$1,300.00.

20 01.060.00000.4420, Travel and

21 Lodging, \$500.00.

22 01.011.00071.4010, Standard Salary,

23 \$3,211.13.

24 01.011.00071.4112, Health Insurance,

25 minus \$222,884.28.

1 01.011.00071.4013, Health Insurance,
2 minus \$63,537.92.

3 01.080.00080.4010, Standard Salary,
4 minus \$44,875.00.

5 01.080.00070.4118, Health Insurance,
6 DPW, \$168,117.60.

7 01.080.00080.4420, Travel and
8 Lodging, minus \$250.00.

9 01.080.00080.6020, DPW Buyout
10 Incentive, minus \$100,000.00.

11 01.080.00081.4550, Capital
12 Expenditures, minus \$175,000.00.

13 01.080.00083.4010, Standard Salary,
14 minus \$154,140.88.

15 01.080.00083.4040, Other Salary,
16 minus \$40,000.00.

17 01.080.00083.4070, Longevity Salary,
18 minus \$4,734.00.

19 01.080.00083.4101, Uniform
20 Allowance, minus \$1,185.00.

21 01.080.00084.4010, Standard Salary,
22 minus \$152,437.05.

23 01.080.00084.4070, Longevity Salary,
24 minus \$4,734.00.

25 01.080.00084.4101, Uniform

1 Allowance, minus \$1,185.00.
2 01.080.00085.4010, Standard Salary,
3 minus \$40,469.45.
4 01.080.00085.4070, Longevity salary,
5 minus \$1,578.00.
6 01.080.00085.4101, Uniform
7 Allowance, minus \$357,50.
8 01.100.00000.4010, Standard Salary,
9 minus \$111,864.16.
10 01.100.00000.4040, Other Salary,
11 minus \$145,493.50.
12 01.100.00000.4070, Longevity Salary,
13 \$3,156.00.
14 01.100.00000.4101, Uniform
15 Allowance, minus \$790.00.
16 01.401.15318.4299, Debt Service, SRA
17 Pennstar, \$1,600,000.00.
18 01.401.15319.4299, Debt Service,
19 Parking Authority, minus \$400,000.00.
20 01.401.15322.4299, Debt Service,
21 Issue, Cost of Meters minus \$175,000.00.
22 01.401.15321.4299, Debt Service,
23 Refinance Saving, minus \$1,400,00.00.
24 Increasing the following
25 expenditures:

1 01.301.30100, Current Real Estate
2 Tax, minus \$2,212,986.00.

3 01.310.31100, Real Estate Transfer
4 Tax, minus \$155,173.00.

5 01.310.31160, Mercantile Tax, minus
6 \$157,723.50.

7 01.310.31290, Business Privilege
8 Tax, minus \$76,625.00.

9 01.380.38040, Sale of Meters,
10 \$6,000,000.00.

11 01.301.30120, Delinquent Real Estate
12 Tax -- actually, this is an increase now in
13 everything I read -- or to the following
14 revenues.

15 Delinquent Real Estate Tax,
16 \$200,000.00.

17 Account No. TBD, Non-Resident Tax
18 (888 Funds), \$400,000.00.

19 Account No. TBD, Parking Tax,
20 \$500,000.00.

21 01.320.23430, Housing Rental
22 Licenses, \$60,000.00.

23 01.331.33118, Parking Tickets -
24 Yellow, \$700,000.00.

25 01.331.33145, Parking Meter Permits,

1 \$25,000.00.

2 01.360.36010, Parking Meters,

3 \$1,400,000.00.

4 Account No. TBD, Unfunded Debt Loan

5 (2011 Bills, \$6,700,000.00.

6 And that's all.

7 MS. EVANS: A motion has been made

8 to amend Item 7-A, is there a second?

9 MR. ROGAN: Second.

10 MS. EVANS: On the question?

11 MR. JOYCE: I'll just say for the

12 record that all of the amendments and

13 account numbers that I just read off

14 basically reflect everything that I

15 presented in the Power Point presentation

16 earlier tonight and the other Saturday.

17 MR. LOSCOMBE: Makes you want to say

18 Oh, oh.

19 MS. EVANS: Is there anyone else on

20 the motion? All those in favor of the

21 motion to amend Item 7-A signify by saying

22 aye.

23 MR. ROGAN: Aye.

24 MR. LOSCOMBE: Aye.

25 MR. JOYCE: Aye.

1 MS. EVANS: Aye. Opposed? The ayes
2 have it and so moved.

3 (Mr. McGoff was not at the dais for
4 the vote.)

5 MR. JOYCE: I would like to make a
6 motion to Table Item 7-A, as amended.

7 MR. ROGAN: Second.

8 MS. EVANS: On the question? Again,
9 this is being tabled this evening in
10 compliance with the city's Home Rule
11 Charter. We must conduct a public hearing
12 within 72 hours of the formal amendment to
13 the budget and that will be held tomorrow
14 evening at 6:00 p.m. in city council
15 chambers. All those in favor of signify by
16 saying aye.

17 MR. MCGOFF: Aye.

18 MR. ROGAN: Aye.

19 MR. LOSCOMBE: Aye.

20 MR. JOYCE: Aye.

21 MS. EVANS: Aye. Opposed? The ayes
22 have it and so moved.

23 If there is no further business,
24 I'll entertain a motion to adjourn.

25 MR. JOYCE: Motion to adjourn.

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MS. EVANS: This meeting is
adjourned.

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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