1	SCRANTON CITY COUNCIL MEETING
2	PUBLIC HEARING
3	
4	IN RE: FILE OF COUNCIL NO. 49 OF 2012, AMENDING
5	THE REVISED RECOVERY PLAN FOR THE CITY OF SCRANTON
6	PURSUANT TO THE FINANCIALLY DISTRESSED MUNICIPALITIES
7	ACT AND AUTHORIZING THE MAYOR OF THE CITY OF SCRANTON
8	TO ISSUE AN ORDER DIRECTING THE IMPLEMENTATION OF THE
9	REVISED RECOVERY PLAN DATED AUGUST 1, 2012, ATTACHED
10	HERETO AS EXHIBIT A IN ACCORDANCE WITH THE PROVISIONS
11	OF SECTION 245 OF THE FINANCIALLY DISTRESSED
12	MUNICIPALITIES ACT.
13	
14	HELD:
15	
16	Thursday, August 16, 2011
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18	LOCATION:
19	Council Chambers
20	Scranton City Hall
21	340 North Washington Avenue
22	Scranton, Pennsylvania
23	
24	CATHENE S. NARDOZZI, RPR
25	OFFICIAL COURT REPORTER

2 <u>CITY OF SCRANTON COUNCIL:</u>

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4 JANET EVANS, PRESIDENT

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6 PAT ROGAN, VICE-PRESIDENT

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- 8 ROBERT MCGOFF
- 9 (Not present)
- 10 FRANK JOYCE

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12 JOHN LOSCOMBE

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14 NANCY KRAKE, CITY CLERK

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16 JAMIE MARCIANO, ASSISTANT CITY CLERK

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18 BOYD HUGHES, SOLICITOR

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3 5 1 MS. EVANS: I call this public order that as many citizens as possible may hearing to order. Roll call, please. be heard prior 6:30 at which time our 2 MS. MARCIANO: Mr. McGoff. Mr. regularly scheduled city council meeting 3 will commence. Rogan. 4 4 5 MR. ROGAN: Here. 5 Any Scranton resident who is unable 6 MS. MARCIANO: Mr. Loscombe. to address us during the public hearing due 7 MR. LOSCOMBE: Here. to time constraints may speak during the MS. MARCIANO: Mr. Joyce. citizens' participation portion of the 8 MR. JOYCE: Here. council meeting. At the conclusion of 9 10 MS. MARCIANO: Mrs. Evans. 10 tonight's hearing Mayor Doherty will provide 11 MS. EVANS: Here. Notice is herby 11 brief remarks. given that Scranton City Council will hold a 12 Please silence all sell phones, 12 refrain from private conversations, and step public hearing on Thursday, August 16, at 13 13 5:30 p.m. in council chambers, second floor, away from the podium when the bell rings so 14 15 municipal building, 340 North Washington 15 that all speakers receive an equal Avenue, Scranton, Pennsylvania. opportunity to be heard. Phone calls and 16 16 The purpose of said public hearing conversations should be conducted outside 17 17 is to hear testimony and discuss the council chambers. 18 18 Mr. McGowan, please begin. following: 19 19 File of Council No. 49 of 2012, 20 MR. MCGOWAN: Thank you. Can you 20 hear me all right? 21 amending the revised recovery plan for the 21 22 City of Scranton pursuant to the Financially 22 MS. EVANS: Yes. Distressed Municipalities Act and MR. MCGOWAN: I would first just 23 23 authorizing the mayor of the City of like to say thanks for the last few weeks of 24 24 Scranton to issue an order directing the 25 collaboration. I think we have come up with implementation of the revised recovery plan a very good solid plan moving forward and I dated August 1, 2012, attached hereto as especially want to thank Mr. Joyce and Exhibit A in accordance with the provisions Mrs. Evans for some of the numbers that you of Section 245 of the Financially Distressed have provided with this and so forth. 4 Municipalities Act. I think everyone has the mandate 5 5

6 In response to citizens' requests

for additional participants and in light of 7

8 the collaboration among the Pennsylvania Economy League, Mayor Doherty and the

Scranton City Council, we asked Mayor 10

Doherty, Scranton Business Administrator 11

12 Ryan McGowan, and Mr. Domines, policy

13 specialist for the State Department of

Economic and Community Development to attend

tonight's hearing. 15

Before I call upon the first 16 17 speaker, Mr. McGowan will present the most recent adjustments to the proposed plan 18 which were completed on August 15, 2012, and Council Finance Chair, Frank Joyce, will 20

elaborate on them during our regularly

scheduled council meeting. 22

23 I ask that all council members would reserve their comments until the Fifth Order 24

motions portion of tonight's meeting in 25

sheet in front of them. If they don't, I do 6

have some copies here. If we can just start

with 2012 and talk about the estimated

revenues and expenditures. At this time,

with the debt refinancing unrealized of 10

about 2.9 million we were looking at a 11

12 deficit of around \$7.7 million, along with

13 the carry over last year of close to \$9.4

million worth of deficit, our total deficit 14

15 for the prior two years is about \$17.12

million. 16

17 So going forward here with budget initiatives with this, with the mandates for 18

the recovery plan, obviously we have already 19

20 approved the \$9.85 million of unfunded debt

21 that was approved in January by Scranton

City Council and we are currently hoping the 22

23 next few weeks to work with some type of

financial institutions to receive those 24

funds. 25

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We are additionally looking at another \$80.9 million worth of unfunded debt 2

for this year, \$6 million would be

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attributed to the cost overruns with the 4

budget at this point, \$2.9 is due to the

6 unrealized savings from the debt service

refinancing. The \$1 million loan from DCED 7

along with the DCED grant of \$750,000.

Obviously we have discussed that the initial amount was suggested at \$250,000 and we are going to speak with DCED and PEL proximate reworking the numbers of asking additionally -- not for any additional funds, but for some greater flexibility in the \$2.25 million in the state has so

generously offered us.

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

And then the additional costs of

bringing the firefighters back in April of

this year through June would be around

\$200,000 from June forward. We have the

SAFER grant to cover the cost of that. With

those budget aspects done, we come to the

end of the year of a surplus of around \$1.6

6 million. 7

For 2013 the suggested deficit would be at about \$2 million. We are hoping to see some work done at Geisinger and some other places that would increase our operating revenues through the permit fees

13 of close to \$1 million.

> Additionally, the city will be putting out an RFP for third party fees associated with the construction in the next few months that should have the city somewhere around close to 300 to 450

thousand dollars a year. 19

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

1 Looking forward into '13, we have

2 spoken with DCED and worked out a number of

the commuter tax of \$2.5 million. The city

administration and council will work

together in going to Court once this is

approved to get the commuter tax moved

forward.

Additionally, we are looking to 8 raise the real estate transfer tax to 2.9

percent, that would see an increase of about 10

11 \$185,000 a year. Health care savings with

the approval of the fire and police 12

contracts and they will now be making a 13

contribution to health care along with the 14

15 city putting out the pharmacy RFP, which

this week has been in the paper, we are 16

17 proposing a savings of around \$815,000 for

next year. The amusement tax for \$200,000. 18

PILOTS for 1.3. The increase of some other 19

small licensing and permits fee will net us 20

around \$185,000. The increase BP merc back 21

22 to the level it was in 2010. The municipal

based revenue opportunities for \$353,000. 23

We are looking at department expense 24

reductions of \$500,000, along with the sale 25

and leaseback borrowing of \$5 million, and

then the parking enhancement program that we

are awaiting on proposals back at this point

for around \$700,000.

Less in the cash outflows, you have 5 the repayment of the unfunded debt borrowing 6

"A" for \$1.8 million. The repayment of the

unfunded borrowing "B" for close to \$1

million. The repayment of the DCED loan,

the \$1 million loan, we are hoping that be 10

put over ten years and we can pay about 11

12 \$100,000 a year for ten years. The

13 additional borrowing for the Supreme Court

award for the fire and police along with the 14

sale of the leaseback debt service will cost 15

the city close to \$1.5 million, and then the 16

17 additional costs of the pension obligation,

18 the MMO, at \$5.1 million.

With that, going forward we would 19 have a surplus of about \$2.3 million. An 20

additional real estate tax increase of 21

around 12 percent in 2013 would take place 22

23 that would net us around \$1.6 million to

have a surplus of \$3.9 million. 24

When we jump to 2014, obviously, we

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1 see the expenditures due to increase to a

high level due to the debt service along 2

with other incremental costs, and the

deficit is roughly at \$10.9 million with a 4

surplus from the prior year of \$3.9 we are 5

6 looking at a \$7 million deficit. In '14,

7 with the commuter tax we would hope, as we

are approved since it would be a year in 8

9 existence, would net us \$4 million.

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

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

those 29 additional firefighters. It is the

hope of the administration and council to

work together. We are aware of individuals 3

at that point who may be able to retire so

we will work with the department on seeing 5

if that is a possibility for an additional 6

cost savings as well. 7

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

continue to have a commuter tax, additional savings within health care, which is what we talked about prior. Increase in PILOT fees to \$2.4 million. Also, increase in departmental expenditure reductions, along with parking meter enhancement program of one to 1.3 million dollars.

Additionally, we will hope to

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

firefighters at \$1.5 million. That takes us

to a net deficit of \$11.2 million, an

additional tax increase of 12 percent in

2015 for another \$2.7 million would leave us

a net surplus of \$68,000.

So in total over the three years span if the sales tax is not achieved we are 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. MS. EVANS: And thank you. Our first speaker tonight is Andy Sbaraglia.

MR. SBARAGLIA: Andy Sbaraglia, citizen of Scranton. Fellow Scrantonians, I

15 read the outlook report as well as this

recovery plan and we all know the figures 16 17 don't jive and will not jive. When you talk

about health care, way back when they 18

retired -- I don't know, somewhere around 19

maybe '91, '92, somewhere back in there, 20

21 they had a buyout and we bought out so many

22 police and firemen that were allowed to

retire with full-time health care for the 23

rest of our lives. 24

Okay, that in turn is one synopsis

of the here health care costs. The other

synopsis, of course, is the active employees

on it. Now, how do they expect to get all

of the savings other than the fact is when a

person reaches 65 goes on Medicare. It's

true, they go on Medicare, but we are still

responsible for 20 percent of that. Now,

the medical costs will still be there,

unless they get on some kind of a payout,

which I doubt. Why would they want to take 10

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

because them costs are going to be continued 14

and there is no way out of it. That's just 15

one part of it. 16

17 Now, we got added debt coming in 18 from different authorities. Now, true, the authorities to me it's not worth \$2 million 19 to us, the taxpayers of Scranton, nor is the 20 21 Connell building. They get more obligated because of those two garages they come up 22

23 with \$2 million. Is that right? No, it's

24 not right.

And the whole fiasco in the very

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

11 And you can keep going to these different projects. They keep talking about 12

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

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He is already talking about taxes

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

As far as the sales tax, I take it 15

here's another thing if you go through with 16

17 that, that's not the way to go. If you want

to really do something get down there and 18

- try to get that school bill tax passed where
- the state would take over all of the funding 20
- of the schools within the state, that would
- free up a lot of money that can be used to 22
- 23 fill the holes in our budgets. That's the
- way to go instead of making everybody in
- this community, in this county mad at us.

I'm hearing a lot of static saying, "Why should we bail you out? What have you

2 done for us?"

4 And the truth is, they did very

little for us. All of the malls aren't, of

course, in the city. Anybody that wants to

come in this city, don't want to come in the

city. How many people left the city? You

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

it's they can pay for it and move ahead and 12

pay certain taxes. Well, my company moved 13

out of Scranton, that's what he told me. 14

15 Well. No since going into those.

MS. EVANS: Thank you. Matt 16

17 McDonald.

MR. MCDONALD: Good evening, 18

Council. My name is Matt McDonald, I'm the 19

vice president of the International 20

Association of Firefighters, Local 60. 21

22 Coming here tonight just to let the public

and that the entire council know that our 23

union is opposed to some of the nonfinancial 24

aspects of this plan. 25

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As Mr. McGoff, who isn't here, can 1

tell you for years we have been meeting with

PEL, and more recently at the meeting we

have brought up issues that we have with

this recovery plan. A lot of the issues that we have, you know, issues with involve

firefighter safety, the public safety, stuff

that is being eliminated from, you know, how

we operate right now. We are also concerned

with some of the management rights that took 10

away some of our basic labor rights that we 11

12 enjoy and have for years.

13 So last Monday, I believe, I wasn't able to attend the PEL meeting, other 14

members of this union brought up some of the 15

concerns to PEL, the state, and Mr. McGowan. 16 17 I believe they ran out of time and we will

18 be bringing the rest of our issues up at the

meeting next week, I believe on Monday, but 19

I guess I just wanted to come and say that a 20

21 lot of these issues that have nothing to do

with the finances of the city moving 22

23 forward, the city financially has stripped,

like I said, a lot of our safety rights 24

right now and our basic labor rights, and 25

1 like I just want to publically state that we are opposed to those issues in the plan. 2 Thank you very much. 3

MS. EVANS: Thank you. Fay Franus. MS. FRANUS: Fay Franus, Scranton.

I'd like to thank Mayor Doherty for coming today, I really appreciate it. It was very,

very nice and I'm grateful. 8

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9 MAYOR DOHERTY: Thank you. 10 MS. FRANUS: It shows he really cares about the people in the city. Thank 11

12 you, Mr. Doherty. I'm sorry to see the PEL isn't here or DCED, I think this is what 13

it's all about. I want to thank council and

15 the mayor for working together and getting

this recovery plan as low as possible for 16

17 the taxpayers, I know you have worked very

Hard, Mr. Joyce, Mrs. Evans and Mr. Doherty 18 and Ryan McGowan, thank you for that. You

19 should have been looking out for, you know, 20

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 they rejected almost everything you said 24

because it wasn't reasonable, they were like 25

blackmail. It's, like, you either do what

1 we want or we are not going to give you the

\$2 million and the \$250,000. To me, that's

like extortion. It's like they could take

that and shove it. If they had it their way 5

they would just take every debt in this city 6

and put it on the backs of the taxpayers. 7

8 They have been here how long, 20 years to

get us out of distress and they haven't done

one thing. They have gotten us deeper in 10

debt and I would wish they were here to hear 11

12 this because this is what they have done.

13 They should be gone. They have never helped

14 us.

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

million in the hole. 22 23 So as far as this recovery plan, I

24 hope you stick to your guns and don't fall for this bribery, you do what they want or 25

else because lock at their track record?

What have they ever done? I wish they were

here so I could have asked them what have

they have done to the city except bury us in

debt. I mean, where are they when we need

6 answers?

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

10 Doherty.

MS. EVANS: Mary Ann Wardell.

MS. WARDELL: Good evening, Council.

13 MS. EVANS: Good evening.

MS. WARDELL: Mayor Doherty.

MAYOR DOHERTY: Mary Ann.

MS. WARDELL: Before I start, this 16 17 gentleman, and I don't know who he is, he is

a photographer, he has a camera that's 18

extremely loud and when someone is up here 19

speaking and he is clicking that we can't 20

hear what anybody is saying. Maybe he could 21

22 wait while we are speaking and take one

after. 23

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MS. EVANS: Yes, council would appreciate that.

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MS. WARDELL: For the past ten years 1

> this city has borrowed and sold assets to meet their financial obligations. Now we

are in a position where we can't borrow

anymore, banks don't want to give us money. 5

We can't meet our payroll. We are taking 6

from, well, workers' comp, workmen's comp we

8 borrowed from early in the spring. Our

vendors are suing us. I would say that this

city is bankrupt and I think your recovery 10 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

to give you still a deficit year after year 15 after year, you are bankrupt. This recovery 16

17 plan to me is very unrealistic. You are

counting on revenue that has not ever been 18

materialized yet. You are looking to people 19

that have never donated money to us before 20

and you are counting on them giving us 21

millions of dollars. They don't have to 22

23 give us a dime. They don't have to give us a nickle. You are looking at a 1 percent 24

sale's tax. You are looking at you think 25

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

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2 This recovery plan has not done 3 enough to cut expenses. There are a myriad 4 of different ways that you could cut 5 6 expenses that are not -- that have hot been explored in here and I think this recovery 7 plan should be put on a ballot and you 8 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 increase taxes immensely, but you know what, 12 with this recovery plan you are not going to 13 see the revenue that you expect to see and 15 we are going to wind up paying more in taxes anyway. 16

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

MS. EVANS: Thank you. Ozzie Quinn. 20 21 MR. QUINN: Ozzie Quinn. Scranton 22 Taxpayers' Association.

MR. LOSCOMBE: Good evening. 23 MR. QUINN: Good evening, mayor, Mr. 24

McGowan, city council. City council left us

holding the bag. You know, you got to see

farther than your nose in this situation and I have to support what Andy had said before

and that's regarding the Senate Bill 1300

and House Bill 1776 now in Harrisburg 5

legislation which has to do with the 6

elimination of real estate taxes. The 7

school district would pay 58 percent of our 8

taxes towards the school district. If we

could eliminate those school district taxes, 10

and it's on the sales tax as a matter of 11

12 fact, okay, and it's getting a lot of

13 approval across the state, and if we could

eliminate the school tax, I mean, we could

possibly afford a little bit of a tax or 15

16 something to start this recovery plan, but

17 right now we are just -- let me just give

you an example, okay? 18

I went Tuesday night to a public 19 hearing at the Scranton Sewer Authority on 20 the impact of the combined sewer overflow in 21 our community, the 25-year plan. \$140 22

23 million. Now, I asked that the Janet Dawson

and Mr. Barrett, who were on the stage, I 24 asked them, you wouldn't know this if you weren't there or if ECTV because the

Scranton Times didn't cover it, even though

it was a public hearing \$140 million of 3

people's money, okay? 4

Now, I asked them, I asked --5

6 Mr. Barrett is here, is the city council, is

the city planning commission, is the Dunmore

planning commission, is the Lackawanna

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

the hook with Anglican American when he paid 12

back what's in the contract what he owed 13

Anglican American, he at that time on May 14

15th of 2007 said, a quote in the Scranton 15

Times, that the Scranton Sewer Authority is 16

17 autonomous. They don't have to go to anyone

to raise their rates. What do we have? We 18

have anarchy. 19

You know, we say your vote counts, 20 my vote don't count. I don't want an 21

22 appointed official of that man telling me

23 what my rates are when he is doubling people

down there for job after job after job and 24

25 for since 2001 he has had the support of the

Scranton Times financially supporting his

campaign and distorting everything that come

out of here. At one time there used to be a

newsman, a newswoman right here stationed in

city hall until Mayor Doherty came. Then it 5

went goodbye, okay? Everything they do they 6

distort or they hide. They hide. And this 7

8 is what the problem is today.

Now, Mayor Doherty arbitrarily took 9 it upon himself to say to heck with the Home 10

Rule Charter. I'm the king. Here's what 11 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

other acts, there are 17 acts that have to 15

go before the city council for ordinance, 16

17 and it's required by the law or by specific

18 provisions of this charter to be done by

ordinance. These acts of the city council 19

shall be done by ordinance. 20

Number one of 17, adopt or amend the 21 administrative code or establish, next word 22

23 is the key word, alter or abolish any city

department, office or agency. He altered 24

the Scranton Sewer Authority arbitrarily 25

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

10 proact.

Now, what do we have here in the 11 Scranton Sewer Authority? We have -- Boyd, 12

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

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

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

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MS. EVANS: Thank you Mr. Quinn. I

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

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

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

7 And as far as bankruptcy is

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
- you. It just won't happen. We took all of 12
- 13 our money back in 2007 and we took it right
- out of the stock market because we lost so 14
- 15 much and put it into the savings. We did
- just like the big dogs did. It's still 16
- 17 there. It's not really decreasing very
- much, but -- and also food for thought with 18
- the Parking Authority, I used to park over 19
- there when I came to the meetings and for 20
- 21 five bucks I could give the guy a dollar tip
- 22 and attend the whole meeting, and it's empty
- right now see, so why don't we consider 23
- 24 lowering the rates at least in the evening,
- 25 get people in there parking. If you have to

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

5

And another suggestion with the

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

12 And for the outside people, I don't

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

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

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good evening.

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

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

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

down let alone digest them and formulate intelligent questions to them, and in that

regard I saw -- I heard of a \$5 million sale 3

leaseback and I know Mr. Joyce will address

that later, so I don't know what is being 5

sold in a leaseback. I'm also disappointed 6

that it's only a three-year budget, I think 7 8

it should be a five year.

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

And then without getting too wonkish, the StreetSmart-type savings in your plan was shown as a net, I would like to hear the costs, what are considered the costs in that and what are the -- so we can see what the savings are because I did a quick calculation and it's for the out year.

23 The last year you are saying is 2015 was

\$100 to \$300,000. We have 1,200 parking 24

meters, at least that was used in the prior

1 analysis, that's \$1,083 per meter, you have

got 250 operating days, because I assume

they get two weeks vacation so you've got 50

weeks times a five, and if you divide that

250 into the \$1,083 it's \$4.33 per day or

one \$20 parking ticket per week and I would

think that depending on what the costs are

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

possibly more. 12

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

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

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of allowable under state law. That would make more sense to me. They are here using

our facilities, that certainly makes more

seen and they are not contributing very

much. 5

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I have some concerns about the outstanding liabilities, for instance, the Medallis property, I don't know if that's ever been resolved I would ask the question here and have not received an answer, but if

that has not been changed, as I recall that 11

12 ruling, if the developer did not fix the

13 Medallis', and I assume other people on

Philo Street flooding, it falls back on the 14

city to do, so that should certainly be 15

included if it hasn't already happened, and 16

17 I recall the last audit I did ask after the

18 last audit came out there were some lawsuits

that were pending, and I don't see any 19

cushion in here for lawsuits at all. 20

21 And then finally reassessment. Not one word about pressuring the county or even 22 23 asking DCED to put pressure on the county

through the state level to do a recent 24 reassessment. That is so overdue and I'm 25

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

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

MR. MILLER: Good evening, Council.

Doug Miller, Scranton.

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9 MS. EVANS: Good evening.10 MR. JOYCE: Good evening.

MR. MILLER: Obviously, I know the issue tonight with the recovery plan, I'm going to pretty much abbreviate on, I'm going to go through a lot of the comments

that I have been making the last few weeksand reiterate a lot of the statements. You

and reiterate a lot of the statements. Youknow, we have talked an awful lot about the

proposed tax increase, 33 percent, and as Istated 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

and we knew full well we couldn't put that

burden on the taxpayers' shoulders, so we

3 fought vigorously to cut it down to 334 percent, nearly half of what this

5 administration wanted it to be.

The commuter tax, as I've stated before, you know, there is many issues as to

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

are sharing the services that the taxpayers

of this city pay for, such as public safety,

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.

The sales tax, obviously that needs to be approved under the state legislature, but we have the opportunity to generate close to \$16 million over a three-year

period and have the ability to generate thatrevenue certainly as an asset to us moving

24 forward. Obviously, we are looking to

25 generate all revenue possible and any

possibilities that we have we need to takeadvantage of.

3 But, you know, it's truly

unfortunate that, you know, we stand heretonight 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.

Well, no, it's called

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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

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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.

We need to put a fee on all of thenonprofits within the community or better

yet assess the fee all across the board.Everybody. Everybody pays their fair share

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

and you met with them and you tried to reachout, 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 into, it's something that should be part of 2

this plan, and as I stated, you hold them

accountable once and for all. 4

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One of the other issues in the plan we talked about reduction in personnel, cutting back, something we should have done a long time ago, and I'm glad to see that we 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

services that we have squandered millions on 13

over the last 10 years with this

15 administration on individuals, legal fees,

millions on Carl Greco and others who we sat 16

back and we just let it go. We have run the 17

18 city reckless here. That's where we need to

go, professional services. They have 19

totally destroyed this city and it's driven 20

us to where we are today. 21

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

as a ploy by the Pennsylvania Economy League

to buy a recovery plan, it's extortion and I

don't think we need to get to their level

3 and to adhere to their requests that if you

don't do what we tell you, if you don't

impose our measures we are not going to give 5

you the money. That's not the way -- this

7 is our city, this is our town. That's why

we elect a mayor, that's why we elected

council to make these decisions for us. We

run the city. Bankruptcy, not the answer. 10

We have stated many times here a receiver 11

12 comes in and they raise taxes at will. As I

have said, 78 percent tax increase would 13

14 look quite inviting compared to what they

come in and do. 15

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You know, and again with PEL, where they talk about the unrealistic revenue, it's basically real simple the bottom line is this, you go with this plan it's a 33 tax

increase or we can go with PEL's plan and 20

raise taxes and you are looking at a tax 21

increase well over 129 percent. 22

MS. EVANS: Thank you, Mr. Miller.

24 MR. MILLER: Thank you.

MS. EVANS: Is there anyone else?

1 MS. CHILIPKO: Good evening,

Council. Mary Chilipko, Scranton resident.

I dread getting up here at this point every

week. Hey, Mr. Mayor. 4

MAYOR DOHERTY: How are you doing,

41

Mary?

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7 MS. CHILIPKO: It's a shame there is

such tension. I have observations, I don't 8

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

knife. It shouldn't be that way. I do see 12

a lot of the goals in the recovery plan. 13

The thinking in this area, like 33 percent 14

15 is a gift as compared to 78 percent, that's

not a gift either, but something has to be 16

17 done. PEL, DCED, DECD, whatever they are, I

think I picture them as the grim reapers. I 18

don't understand why we can't get rid of 19

them, I don't know why we are held hostage 20

with this \$2 million. 21

22 My theory with the nonprofits we 23 need to get another term for them, that's

like nobody even -- that's not even that 24

25 anymore. I don't know how you can -- and

it's an epidemic. The "U" is only the tip

of the iceberg. There are more and more and

more and more and I don't know if we can all

work -- I mean, we are all neighbors here.

Everybody in this room, we are all

neighbors, but there has to be a way. I 6

7 don't know what it is. If there not a legal

8 way what can we do with the nonprofits?

We need to cut. Cut, cut, cut.

Mr. Mayor, you have let the authorities go 10

crazy, you really have. I am so angry, and 11

12 I'll save that for later, the appointment of

13 Mr. Washo, I went so far as to call a

judge's office this week, which I have never 14

done in my life, called it corrupt, called 15

it horrendous, I don't know if there is any 16

17 repercussions for that either calling a

judge's office, Judge Mazzoni. They say all 18

the time there is no shame. Honor, 19

integrity, honesty. Clean house. Make 20

21 cuts. When the new budget comes up cut,

cut, cut. Don't be so nervous, Mr. Mayor. 22

You are here with friends and neighbors. As far as the Chesapeake Sewer hike 24 to get rid of the -- clean up the Chesapeake 25

23

- 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
- wants to be here and everybody is all tensed
- **11** up.

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So good luck, Mr. Washo. You should be so ashamed of yourself as Judge Mazzoni. Thank you.

MS. EVANS: I believe we have only 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

4

- 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

- 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.
- 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

46

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
- 1 100
- 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.

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

options that we have. Yeah, we can count on 1

the commuter tax. It might get passed it,

it might not get passed. Why? You know,

how many times have the commuters used our 4

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

and the police department? Probably not 8

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

police department in Scranton or any other 12

city I have lived in, and I'm pretty sure 13

that the majority of the commuters have not 14

15 used our services.

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

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23 I mean, it's over and over and over

again, repetitive, all the time, all the 24

25 time. You know, and basically I'll save the

rest for later. I appreciate you being

here, Mr. Mayor, and I have been talking

behind your back and now you are here so I'm

talking to you face to face, just like I did

that night we had the meeting and I was 5

sitting in the chair you were in and you 6

sitting across from me with Judy Gatelli 7

8 with the nonprofits and I asked you eyeball

to eyeball, "Are you going to support

10 collecting taxes in lieu of money from the

nonprofits?" 11

12 And you told me you would and guess 13

what, you let me down.

MS. EVANS: Thank you,

Mr. Jackowitz. Because we must begin our 15

regularly scheduled meeting shortly, I ask 16

17 the remaining speakers to address city

council during citizens' participation. 18

Very briefly though, I do have just 19

two or three questions to pose to our 20

guests, city council did not request or 21

require a revised recovery plan, the 22

23 administration did not request or require a

24 revised recovery plan. Mr. Mayor, would you

agree that is correct?

MAYOR DOHERTY: Yes. I think you 1

2 are 100 percent right.

MS. EVANS: And, Mayor Doherty and 3

Mr. McGowan, Scranton City Council 4

collaborated with you on the development of

6 this revised recovery plan; is that correct?

7 MAYOR DOHERTY: Yes, it is.

MR. MCGOWAN: Yes. 8

MS. EVANS: And Scranton City 9

Council collaborated with the administration 10

11 and PEL in the development of the city

budget; is that correct? 12

MAYOR DOHERTY: Yes. Absolutely. 13

They were conversations back and forth, yes. 14

15 MS. EVANS: Thank you. Therefore,

it is a city budget and the revised recovery 16

17 plan is not a council plan or the mayor's

plan, it is a City of Scranton revised 18

recovery plan and city council and the mayor 19

have pledged to continue to work together 20

for the betterment of our city and 21

22 taxpayers.

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23 Mayor Doherty, I ask you now for any

comments you may have? 24

MAYOR DOHERTY: Well, thank you, all

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of council. Mrs. Evans, thank you very

much. It's been quite a period of time

where we have been working together and I

have to say over the last, you know, several

months council has really come up with a lot

of great ideas and we have worked very hard

together and I believe the revisions in the

plan and our communications with the state

have brought us here tonight to a plan that

will be accepted. We have all made some 10

tough decisions for the betterment of the 11

12 city.

13 Everyone has a perspective on how they think the city should be run and what 14 15 plan should be put into place, but in

reality everybody has to come together to 16

17 come for the betterment of the city, just as

you said, it's not the City of Scranton 18

plan, it's not the mayor's plan or council's 19

plan or the state or PEL it is the city's 20

plan. As elected leaders of this city, we 21 need to come together and develop that. 22

These are all tough decisions and decisions that people normally wouldn't want

24 to make, but we realize we do have to make 25

1 we represent, the people of Scranton who 2 live in our city who love their city just as

much as we love our city. 4 5 And I have to say, I think we made tremendous progress, I think we are on the right track. I think, also, through the 7 efforts of the staff of council and the 8 administration and particularly the 10 attorneys have done an unbelievable job 11 because we are juggling a lot of things right now. Not only are we putting a plan together but at the same time we are talking 13 to financial institutions, we are telling 15 them of the progress we are making and, you know, I think we are headed in the right 16 direction and I am confident that this is 17 going to work, but it's worked because we 18 have all worked together and you have my 19

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

commitment and we talk on daily basis.

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them and by doing that we protect the people

are not easy times and they are difficult

decisions that we have made, but we have put

everything aside for the betterment of the community. So thank you very much and I

appreciate all of your hard work and as I

know tomorrow we will be back in discussions

all over again as we push the city ahead.

Thank you very much and have a great

9 evening.

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

MAYOR DOHERTY: Right.

MS. EVANS: If there is no further business, this public hearing is adjourned and thank you again.

we push the city forward in the right

direction. We have tremendous challenges,

as all cities do. That's the purpose of 3

government, we take care of everybody, not

just the wealthy and the middle class, but

the poor, those who are challenged in life.

You know, we are in the midst of a great immigration boom in our city today and the reason people come to cities is because

they know they can get help. In Scranton 10

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

is going through a second rebirth because of

immigration that's taking place. We have an 15

obligation to take care of those people and 16

17 because one day they will be the leaders of

our city and I want them to remember how 18

they were treated because when they're in

charge there will be a whole new group of 20

immigrants coming in and I want them to

treat people the way they were treated and I 22

23 think with the plan we have come together on

we will be able to achieve that. 24

I want to thank you because these

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3	<u>CERTIFICATE</u>
4	
5	I hereby certify that the proceedings and
6	evidence are contained fully and accurately in the
7	notes of testimony taken by me at the hearing of the
8	above-captioned matter and that the foregoing is a true
9	and correct transcript of the same to the best of my
10	ability.
11	
12	
13	CATHENE S. NARDOZZI, RPR
14	OFFICIAL COURT REPORTER
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