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SCRANTON CITY COUNCIL
PUBLIC HEARING

IN RE: FILE OF THE COUNCIL NO. 97, 2015 - AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 47, 2013, ENTITLED, "AN ORDINANCE AUTHORIZING THE MAYOR AND OTHER APPROPRIATE OFFICIALS OF THE CITY OF SCRANTON TO TAKE ALL NECESSARY ACTIONS TO IMPLEMENT THE CONSOLIDATED SUBMISSION FOR COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS TO BE FUNDED UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM, HOME INVESTMENT PARTNERSHIP (HOME) PROGRAM AND EMERGENCY SOLUTIONS GRANT (ESG) PROGRAM", BY ACCEPTING AND DISBURSING A PERSONAL CONTRIBUTION FROM BOSCOV'S DEPARTMENT STORE TO PAY AN OVERDUE SECTION 108 LOAN OWED BY STEAMTOWN MALL PARTNERS IN THE AMOUNT OF \$715,173.00 AND TRANSFERRING THESE FUNDS TO PROJECT 14-04 RE-CONSTRUCTION OF CITY STREETS TO INCLUDE HANDICAPPED CURB CUTS.

HELD:

Thursday, April 30, 2014

LOCATION:

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

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CITY OF SCRANTON COUNCIL:

ROBERT MCGOFF, PRESIDENT

PATRICK ROGAN, VICE-PRESIDENT

WAYNE EVANS

JOSEPH WECHSLER

WILLIAM GAUGHAN

LORI REED, CITY CLERK

KATHY CARRERA, ASSISTANT CITY CLERK

AMIL MINORA, SOLICITOR

1 MR. MCGOFF: I'd like to call this
2 public hearing to order. Roll call, please.

3 MS. CARRERA: Mr. Wechsler.

4 MR. WECHSLER: Here.

5 MS. CARRERA: Mr. Rogan.

6 MR. ROGAN: Here.

7 MS. CARRERA: Mr. Evans.

8 MR. EVANS: Here.

9 MS. CARRERA: Mr. Gaughan.

10 MR. GAUGHAN: Here.

11 MS. CARRERA: Mr. McGoff.

12 MR. MCGOFF: Here. The purpose of
13 the said public hearing is to hear testimony
14 and discuss the following: FILE OF THE
15 COUNCIL NO. 97, 2015 - AN ORDINANCE -
16 AMENDING FILE OF THE COUNCIL NO. 47, 2013,
17 ENTITLED, "AN ORDINANCE AUTHORIZING THE
18 MAYOR AND OTHER APPROPRIATE OFFICIALS OF THE
19 CITY OF SCRANTON TO TAKE ALL NECESSARY
20 ACTIONS TO IMPLEMENT THE CONSOLIDATED
21 SUBMISSION FOR COMMUNITY PLANNING AND
22 DEVELOPMENT PROGRAMS TO BE FUNDED UNDER THE
23 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
24 PROGRAM, HOME INVESTMENT PARTNERSHIP (HOME)
25 PROGRAM AND EMERGENCY SOLUTIONS GRANT (ESG)

1 PROGRAM", BY ACCEPTING AND DISBURSING A
2 PERSONAL CONTRIBUTION FROM BOSCOV'S
3 DEPARTMENT STORE TO PAY AN OVERDUE SECTION
4 108 LOAN OWED BY STEAMTOWN MALL PARTNERS IN
5 THE AMOUNT OF \$715,173.00 AND TRANSFERRING
6 THESE FUNDS TO PROJECT 14-04 RE-CONSTRUCTION
7 OF CITY STREETS TO INCLUDE HANDICAPPED CURB
8 CUTS.

9 Our first speaker is OECD executive
10 director, Linda Aebli.

11 MS. AEBLI: Thank you, city council.
12 Linda Aebli, executive director of
13 Scranton's Office of Economic and Community
14 Development. As city council will recall,
15 in August 2013 Steamtown Mall Partners did
16 not pay their scheduled HUD Section 108
17 payment in the amount of \$613,842.94 to the
18 City of Scranton. As a result of this, HUD
19 reduced Scranton's community development
20 block grant funding in our line of credit by
21 that amount. At same time, OECD was trying
22 to determine several deficiencies we found
23 in our line of credit that were outstanding
24 for several years that totaled an additional
25 \$1,048,210. In total, HUD, unfortunately,

1 reduced Scranton's line of credit in the
2 amount of \$1,662,043.98. In order to
3 rectify in situation back in May of 2014,
4 OECD had to do a substantial amendment to
5 our 2013 action plan to makeup the 1.6
6 million. Many activities that were
7 recommended by both the administration and
8 they were approved by city council to be
9 eliminated.

10 On December 4, 2014, Boscov
11 Department made a personal contribution in
12 the amount of \$715,173 to the City of
13 Scranton to pay the overdue Section 108 loan
14 payment due from Steamtown Mall Partners.
15 This reflects a \$613,842.94 principal
16 payment and with that came \$102,693 in
17 interest. The City of Scranton accepted the
18 payment and OECD placed the funds back in
19 their line of credit.

20 Both the administration and OECD
21 staff looked at where these funds would make
22 the most impact on all the citizens of
23 Scranton. The administration is requesting
24 the city council to approve the legislation
25 that is before you to use these funds for

1 the Scranton OECD spring paving program, and
2 I'd like to add that, also, when we receive
3 our 2015 funding for our fall paving program
4 in the amount of \$630,500. That will
5 probably come in August and we will put that
6 towards our fall paving program. Thank you.
7 Any questions?

8 MR. MCGOFF: Is there anyone else
9 who would like to address council on this
10 matter?

11 MS. SCHUMACHER: Oh, sure, why not.
12 Good evening, Council. Marie Schumacher. I
13 have no objection to what's being done
14 because what is being paid or repaid is
15 economic development and I think nothing
16 would help our economic development better
17 more so than having some decently paved
18 streets, so I don't have a problem with
19 that.

20 What I do have a question on is when
21 those cuts made in the programs last year it
22 was said those programs would be made whole
23 and so I'm questioning how they are going to
24 still be made whole, okay? Thank you.

25 MR. MCGOFF: Thank you, Ms.

1 Schumacher. Anyone else who wishes to
2 address council on this matter?

3 Any questions from members of
4 council?

5 MR. GAUGHAN: I have one, I guess we
6 might as well as address Mrs. Schumacher's
7 question, Ms. Aebli, could you just address
8 Mrs. Schumacher's question of how the
9 programs will be made whole that we cut last
10 year?

11 MS. AEBLI: Yes. You have to
12 remember back when HUD took our line of
13 credit they took \$1.6 million. We only
14 replaced the 600 that was for the Section
15 108, so we really didn't make it whole, and
16 when you look over if you go back in
17 legislation in 2014 when we did the
18 substantial amendment, there was two pieces
19 of the legislation and there are items in --
20 it lists all of the activities that were not
21 funded. How do we determine what activities
22 would we pick to fund. You know, you have
23 to be fair to everyone. You know, there is
24 a lot of public services that are in there
25 but we cannot fund everyone. If you fund

1 one, you have to fund everyone. So we
2 thought it was more fair to put it towards
3 paving and it would benefit most of the
4 citizens in Scranton.

5 MR. MCGOFF: While you are at the
6 podium, one maybe final question, was there
7 any caveat as per Mr. Boscov or Boscov's
8 Department to the disbursement of the funds
9 once they were given to OECD.

10 MS. AEBLI: No.

11 MR. GAUGHAN: I have one, the
12 activities that were -- the funding that was
13 eliminated will they get special preference
14 moving forward?

15 MS. AEBLI: Well, it's a good
16 thing -- let's go back to the first question
17 you asked. If we took that \$715,000 that we
18 received from Boscov Department Store and we
19 funded the public services, we would be over
20 our public service cap, so we would not be
21 able to do that. So we have to -- you are
22 only allowed 15 percent of our total yearly
23 allocation to do public services so that is
24 in the back of our mind, but we also have to
25 look at our public service cap.

1 MR. GAUGHAN: Thank you.

2 MS. AEBLI: If that answers your
3 question.

4 MR. GAUGHAN: It does. Thank you
5 very much.

6 MR. ROGAN: Just for background, if
7 I recall some of the items that were reduced
8 weren't eligible --

9 MS. AEBLI: Correct -

10 MR. ROGAN: -- for the programs --

11 MS. AEBLI: Correct.

12 MR. ROGAN: -- anyways.

13 MS. AEBLI: Right.

14 MR. GAUGHAN: Thank you.

15 MR. MCGOFF: Anything else? This
16 public hearing is adjourned and thank you,
17 Ms. Aebli, for your attendance and answering
18 the questions.

19 MS. AEBLI: You're welcome.

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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