

AGENDA
REGULAR MEETING OF COUNCIL
July 7, 2020
6:30 PM

1. ROLL CALL
2. READING OF MINUTES
3. REPORTS & COMMUNICATIONS FROM MAYOR & HEADS OF DEPARTMENTS AND INTERESTED PARTIES AND CITY CLERK'S NOTES
 - 3.A SINGLE TAX OFFICE CITY FUNDS DISTRIBUTED COMPARISON REPORT 2019-2020 YEAR TO DATE JUNE 30, 2020.

[Single Tax Office City Funds Distributed June 2019-2020.pdf](#)
 - 3.B SCRANTON-LACKAWANNA HEALTH AND WELFARE AUTHORITY 2019 COMBINED AUDIT REPORT.

[Scranton Lackawanna Health & Welfare Authority 2019 Audit Report.pdf](#)
 - 3.C CORRESPONDENCE RECEIVED JUNE 29, 2020 FROM OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT REGARDING CITY OF SCRANTON SMALL BUSINESS RELIEF PROGRAM SUMMARY OF GRANT AWARDS.

[Correspondence received from OECD dated June 29, 2020.pdf](#)
 - 3.D CORRESPONDENCE RECEIVED FROM MAYOR PAIGE G. COGNETTI DATED JUNE 30, 2020 REGARDING TECHNICAL REVIEW OF PERMIT FOR KEYSTONE LANDFILL EXPANSION.

[Correspondence received from Mayor Paige G. Cagnetti dated 6-30-2020.pdf](#)

- 3.E CORRESPONDENCE RECEIVED FROM CITY PLANNER DATED JULY 1, 2020 REGARDING PROPOSED AMENDMENT TO ZONING ORDINANCE FLOODPLAIN MANAGEMENT REGULATIONS.

[Correspondence received from City Planner dated 7-1-2020.pdf](#)

4. CITIZENS PARTICIPATION

5. INTRODUCTION OF ORDINANCES, RESOLUTIONS, APPOINTMENT AND/OR RE-APPOINTMENTS TO BOARDS & COMMISSIONS MOTIONS & REPORTS OF COMMITTEES

5.A MOTIONS.

- 5.B FOR INTRODUCTION – AN ORDINANCE – AMENDING FILE OF THE COUNCIL NO. 111, 2017 OF THE CITY OF SCRANTON ADOPTING AND IMPLEMENTING THE ACT 47 EXIT PLAN FOR THE CITY OF SCRANTON PURSUANT TO THE FINANCIALLY DISTRESSED MUNICIPALITIES ACT; AND AUTHORIZING THE MAYOR OF THE CITY OF SCRANTON TO ISSUE AN ORDER DIRECTING THE IMPLEMENTATION OF THE ACT 47 EXIT PLAN AMENDMENT WHICH WILL BECOME EFFECTIVE UPON ADOPTION ATTACHED HERETO AS EXHIBIT “A” IN ACCORDANCE WITH THE PROVISIONS OF 53 PA. C.S.A. §11701.249, THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

[Ordinance-2020 Directing the Implementation of the Act 47 Exit Plan.pdf](#)

- 5.C FOR INTRODUCTION – AN ORDINANCE – AMENDING FILE OF THE COUNCIL NO. 22, 2014, AN ORDINANCE, ENTITLED AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 26, 2013, AN ORDINANCE, ENTITLED AMENDING FILE OF THE COUNCIL NO. 22, 2006, ENTITLED “AUTHORIZING AND APPROVING THE DESIGNATION OF PARKING SPACES FOR CERTAIN CITY OF SCRANTON PERSONNEL IN AND ALONG DIX COURT, THE PARKING AREA IN THE REAR OF CITY OF SCRANTON MUNICIPAL BUILDING AND A PARKING LOT ALONG MULBERRY STREET ADJACENT TO SCRANTON FIRE HEADQUARTERS, AND AUTHORIZING THE CITY OF SCRANTON POLICE DEPARTMENT TO ENFORCE THE PARKING DESIGNATIONS AS REFLECTED IN

THE ATTACHED SCHEMATIC” BY REDESIGNATING CERTAIN EMPLOYEE PARKING SPACES FROM INDIVIDUAL NAMES TO LETTERS FROM A-Z AS REFLECTED IN THE ATTACHED SCHEMATIC.

[Ordinance-2020 Dix Court Parking Space Designations.pdf](#)

- 5.D FOR INTRODUCTION – A RESOLUTION – CALLING ON THE COMMONWEALTH OF PENNSYLVANIA TO REINSTATE THE FIREWORKS ACT OF 1939.

[Resolution-2020 Reinstate Fireworks Act of 1939.pdf](#)

6. CONSIDERATION OF ORDINANCES - READING BY TITLE

- 6.A READING BY TITLE - FILE OF THE COUNCIL NO. 11, 2020 – AN ORDINANCE – APPROVING THE TRANSFER OF A RESTAURANT LIQUOR LICENSE OWNED BY OAK STREET EXPRESS, LLC, 610 NORTH MAIN STREET, TAYLOR, LACKAWANNA COUNTY, PENNSYLVANIA, 18517 RESTAURANT LIQUOR LICENSE NO. R-3114 TO ARADHY BEV BEER, LLC, (THE “MINI MART”), 401 WYOMING AVENUE, SCRANTON, LACKAWANNA COUNTY, PENNSYLVANIA, 18503, AS REQUIRED BY THE PENNSYLVANIA LIQUOR CONTROL BOARD.

[Ordinance-2020 Transfer Liquor License to Aradhy Bev Beer.pdf](#)

7. FINAL READING OF RESOLUTIONS AND ORDINANCES

- 7.A FOR CONSIDERATION BY THE COMMITTEE ON COMMUNITY DEVELOPMENT – FOR ADOPTION – RESOLUTION NO. 40, 2020 – RATIFYING AND APPROVING THE EXECUTION AND SUBMISSION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE COMMONWEALTH OF PENNSYLVANIA, ACTING THROUGH THE DEPARTMENT OF HEALTH, IN AN AMOUNT OF UP TO \$20,000.00 FOR THE PROJECT TO BE KNOWN AS “ACTIVE TRANSPORTATION PLAN”, AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PENNSYLVANIA, TO ACCEPT THE GRANT, IF SUCCESSFUL, AND EXECUTE AND ENTER INTO GRANT CONTRACT AND COMMITMENT LETTER WITH THE

COMMONWEALTH OF PENNSYLVANIA AND TO UTILIZE THE GRANT FOR SUCH PROJECT.

[Resolution-2020 Grant Application Active Transportation Plan.pdf](#)

- 7.B FOR CONSIDERATION BY THE COMMITTEE ON COMMUNITY DEVELOPMENT - FOR ADOPTION - RESOLUTION NO. 41, 2020 - RATIFYING AND APPROVING THE SUBMISSION AND EXECUTION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE MAYOR'S INNOVATION PROJECT - HEALTHY BABIES, BRIGHT FUTURES, BRIGHT CITIES FOR A GRANT, IN THE AMOUNT OF \$5,000.00 FOR THE PROJECT TO BE KNOWN AS "SCRANTON PLAYGROUND PALS:KEEPING OUR KIDS SAFE & HEALTHY", AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PA, TO ACCEPT THE GRANT, AND EXECUTE AND ENTER INTO A GRANT AGREEMENT TO ACCEPT AND UTILIZE THE GRANT IN THE AMOUNT OF \$5,000.00 AWARDED BY THE MAYOR'S INNOVATION PROJECT.

[Resolution-2020 Grant Application Scranton Playground Pals.pdf](#)

- 7.C FOR CONSIDERATION BY THE COMMITTEE ON COMMUNITY DEVELOPMENT - FOR ADOPTION - RESOLUTION NO. 42, 2020 - AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO APPLY FOR AND EXECUTE A GRANT FOR THE REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP) THROUGH THE COMMONWEALTH OF PENNSYLVANIA'S OFFICE OF THE BUDGET IN THE AMOUNT OF TWO MILLION (\$2,000,000.00) DOLLARS; ACCEPTING AND DISBURSING THE GRANT IF THE APPLICATION IS SUCCESSFUL; AND COORDINATE THE USE OF THE GRANT FUNDS WITH "LACE BUILDING AFFILIATES, LP", FOR THE PROJECT TO BE NAMED THE "SCRANTON LACE ADAPTIVE USE PROJECT".

[Resolution-2020 RACP Grant for Lace Building Affiliates.pdf](#)

- 7.D FOR CONSIDERATION BY THE COMMITTEE ON COMMUNITY DEVELOPMENT - FOR ADOPTION - RESOLUTION NO. 43, 2020 - AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO ACCEPT A GRANT FOR THE REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP) THROUGH THE COMMONWEALTH OF PENNSYLVANIA'S OFFICE OF THE BUDGET IN THE

AMOUNT OF TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLARS; AND COORDINATE THE USE OF THE GRANT FUNDS WITH “SCRANTON-CHERRY, L.P. OR THEIR DESIGNEE”, FOR THE PROJECT TO BE NAMED THE “SCRANTON COUNSELING CENTER PROJECT”.

[Resolution-2020 RACP Grant Scranton-Cherry LP.pdf](#)

- 7.E FOR CONSIDERATION BY THE COMMITTEE ON FINANCE - FOR ADOPTION - RESOLUTION NO. 44, 2020 - AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO ACCEPT THE AWARD OF GRANT FUNDS FROM THE WILLARY FOUNDATION IN THE AMOUNT OF \$50,000 TO UNDERTAKE A STUDY TO EVALUATE TAX POLICY, BILLING, AND COLLECTIONS WITH THE GOAL OF INCREASING COLLECTION RATES, STRENGTHENING INTERNAL CONTROLS, ELIMINATING WASTE AND PROVIDING TAX RELIEF FOR SCRANTON RESIDENTS.

[Resolution-2020 Grant Willary Foundation.pdf](#)

- 7.F FOR CONSIDERATION BY THE COMMITTEE ON RULES - FOR ADOPTION - RESOLUTION NO. 45, 2020 - ENCOURAGING THE UNITED STATES SENATE TO PASS LOCAL GOVERNMENT FISCAL ASSISTANCE AND CALLING ON THE UNITED STATES SENATE TO ADOPT THE FUNDING ENHANCEMENTS TO THE FEDERAL MEDICAL ASSISTANCE PERCENTAGES (FMAP) AS PROVIDED IN THE HEROES ACT HR 6800.

[Resolution-2020 US Senate Pass Local Government Fiscal Assistance.pdf](#)

8. ADJOURNMENT

**SINGLE TAX OFFICE
CITY FUNDS DISTRIBUTED
COMPARISON 2020 - 2019**

| | <u>YTD</u> <u>6/30/2019</u> | | <u>YTD</u> <u>6/30/2020</u> | <u>Increase</u> <u>(Decrease)</u> | <u>Pct.</u> |
|------------------------|--------------------------------|----|--------------------------------|--------------------------------------|-------------|
| Real Estate | \$25,608,836.43 | \$ | 24,686,750.05 | (\$922,086.38) | -3.6% |
| Delinquent Real Estate | \$1,106,935.40 | \$ | 825,552.46 | (\$281,382.94) | -25.4% |
| LST/EMS | \$2,485,602.84 | \$ | 2,437,500.06 | (\$48,102.78) | -1.9% |
| Bus Priv/Merc | \$2,226,951.48 | \$ | 1,727,752.07 | (\$499,199.41) | -22.4% |
| | \$31,428,326.15 | | \$29,677,554.64 | (\$1,750,771.51) | |

RECEIVED

JUL - 1 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

SCRANTON/LACKAWANNA HEALTH AND WELFARE AUTHORITY

LACKAWANNA COUNTY GOVT CENTER • P.O Box 860 • 123 WYOMING AVENUE, • SCRANTON, PA 18501-0860

(570) 342-2353

FAX (570) 342-4088

June 24, 2020

Scranton City Council
Attn: Lori Reed
340 N. Washington Ave.
Scranton, PA 18503

RECEIVED

JUN 26 2020


OFFICE OF CITY
COUNCIL/CITY CLERK

RE: 2019 Audit Report

Dear Ms. Reed:

Enclosed you will find the 2019 Combined Audit Report for the Scranton Lackawanna Health and Welfare Authority. If you have any questions or need additional information, please call at any time.

Sincerely,


Mary Ellen Clarke
Assistant Administrator

Encl.

**SCRANTON LACKAWANNA
HEALTH AND WELFARE AUTHORITY**

COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2019 AND 2018

AND

INDEPENDENT AUDITORS' REPORT



SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY

FOR THE YEAR ENDED DECEMBER 31, 2019

COMBINED FINANCIAL STATEMENTS

FUNDS IN CUSTODY OF AUTHORITY TREASURER

HEALTH CARE FACILITY REVENUE BOND – SERIES 2004
(JEWISH HOME OF EASTERN PENNSYLVANIA PROJECT)

HEALTH CARE FACILITY REVENUE BOND – SERIES 2005
(ELAN GARDENS PROJECT)

REVENUE NOTE – SERIES 2011
(THE WRIGHT CENTER MEDICAL GROUP, P.C.)

REVENUE NOTES A & B – SERIES 2013
(ST. MARY'S VILLA NURSING HOME, INC.)

REVENUE NOTE – SERIES 2014
(MARYWOOD UNIVERSITY)

REVENUE NOTE – SERIES 2015
(ALLIED HEALTH CARE SERVICES)

UNIVERSITY REVENUE BONDS – SERIES 2016
(UNIVERSITY OF SCRANTON PROJECT)

REVENUE BONDS – SERIES 2016 A, B, C AND D
(COMMUNITY DEVELOPMENT PROPERTIES, SCRANTON, INC. /
SCRANTON PARKING SYSTEM CONCESSION PROJECT)

UNIVERSITY REVENUE BONDS – 2016
(MARYWOOD UNIVERSITY PROJECT)

REVENUE NOTE – SERIES 2017
(ALLIED HEALTH CARE SERVICES)

REVENUE NOTE – SERIES 2019
(MARYWOOD UNIVERSITY)

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY

DECEMBER 31, 2019

MEMBERS:

| | |
|------------------------|-------------------------------|
| Vincent O'Bell | Chairman |
| William R. Lazor | Vice Chairman |
| Gerald Preschutti | 2 nd Vice Chairman |
| David W. Phaneuf | Treasurer |
| Jerry Weinberger, Esq. | Secretary |
| Victor Giambrone | Assistant Treasurer |
| John Granahan | Assistant Secretary |
| Joseph DeAntona | |
| James Walsh | |
| Timothy Farrell | |
| Gary Cicerini | |
| William Boyle | |

TRUSTEE:

Various – See Separate Reports

ADMINISTRATOR:

Albert J. Magnotta, Jr.

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
COMBINED REPORT

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INDEPENDENT AUDITORS' REPORT

To The Members of the Board of the
Scranton Lackawanna Health and
Welfare Authority

Report on the Financial Statements

We have audited the accompanying Statement of Assets, Liabilities and Equity – Modified Cash Basis and Statement of Cash Receipts and Disbursements – Modified Cash Basis of the Funds in Custody of the Authority Treasurer and Trustees, of the Scranton Lackawanna Health and Welfare Authority, a component unit of Lackawanna County, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

We have also audited the following accompanying modified cash basis financial statements of the Scranton Lackawanna Health and Welfare Authority's Individual Issues:

Health Care Facility Revenue Bond – Series 2004 (Jewish Home of Eastern Pennsylvania Project)
Health Care Facility Revenue Bond – Series 2005 (Elan Garden Project)
Revenue Note – Series 2011 (The Wright Center Medical Group, P.C. Project)
Revenue Notes A & B – Series 2013 (St. Mary's Villa Nursing Home, Inc. Project)
Revenue Note – Series 2014 (Marywood University)
Revenue Note – Series 2015 (Allied Health Care Services)
University Revenue Bonds – Series 2016 (University of Scranton Project)
Revenue Bonds – Series 2016 A, B, C and D (Community Development Properties, Scranton, Inc. /
Scranton Parking System Concession Project)
University Revenue Bonds – Series 2016 (Marywood University Project)
Revenue Note – Series 2017 (Allied Health Care Services)
Revenue Note – Series 2019 (Marywood University)

as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements for the Funds in Custody of the Authority Treasurer and Trustees in accordance with modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for the preparation and fair presentation of the individual issues' financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements of the Funds in Custody of the Authority Treasurer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Our responsibility is to express an opinion on the modified cash basis financial statements listed in the second paragraph based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the modified cash basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Assets, Liabilities and Equity – Modified Cash Basis and Statement of Cash Receipts and Disbursements – Modified Cash Basis of the Funds in Custody of the Authority Treasurer, of the Scranton Lackawanna Health and Welfare Authority as of December 31, 2019, and for the year then ended in conformity with modified cash basis method of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective assets, liabilities and equity – modified cash basis of funds listed in the second paragraph as of December 31, 2019, and the respective cash receipts and disbursements – modified cash basis for all funds listed in the second paragraph for the year then ended, in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements which describes the basis of accounting. These financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

The purpose of this presentation is to combine the separate reports for the Funds in Custody of the Authority Treasurer and for the individual issues listed in the second paragraph for use in completion of the Authority's annual Department of Community and Economic Development Report. All explanations, reservations and comments set forth in the aforementioned reports pertain also to this presentation. Users of this report should refer to the separate reports of the issues listed above in the first and second paragraphs for detailed footnote disclosures and other explanatory information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020 on our consideration of the Scranton Lackawanna Health and Welfare Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Scranton Lackawanna Health and Welfare Authority's internal control over financial reporting and compliance.

Michael A. Smith, LLC

Dunmore, Pennsylvania
May 11, 2020

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
COMBINED FINANCIAL STATEMENTS

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY - MODIFIED CASH BASIS
DECEMBER 31, 2019 AND 2018

| | <u>ASSETS</u> | | | |
|--|---------------|----------------------|-----------|----------------------|
| | | <u>2019</u> | | <u>2018</u> |
| Funds in Custody of Authority Treasurer: | | | | |
| Cash on Deposit | \$ | 88,136 | \$ | 31,911 |
| Investments | | <u>1,480,433</u> | \$ | <u>1,474,661</u> |
| | | 1,568,569 | | 1,506,572 |
| Funds in Custody of Trustees: | | | | |
| The Bank of New York Trust Company: | | | | |
| University Revenue Bonds - Series of 2016 | | - | | 1 |
| U.S. Bank National Association: | | | | |
| Scranton Parking System Concession Project | | | | |
| Bonds - Series of 2016 A, B, C and D | | 3,396,947 | | 3,682,795 |
| Wells Fargo Bank, National Association: | | | | |
| University Revenue Bonds - Series of 2016 | | <u>4,378,198</u> | 7,775,145 | <u>4,394,485</u> |
| | | | | 8,077,281 |
| Future Rental Receivable | | 138,793,987 | | 137,118,088 |
| Property, Plant and Equipment: | | | | |
| Leasehold Interest - Jewish Home of Eastern Pennsylvania | | 1 | | 1 |
| (2004 Series) | | | | |
| Leasehold Interest - Elan Gardens (2005 Series) | | 1 | | 1 |
| Leasehold Interest - Wright Center Medical Group | | 1 | | 1 |
| (2011 Series) | | | | |
| Leasehold Interest - St. Mary's Villa Nursing Home | | 1 | | 1 |
| (2013 Series) | | | | |
| Leasehold Interest - Marywood University (2014 Series) | | 1 | | 1 |
| Leasehold Interest - Allied Health Care Services (2015 Series) | | 1 | | 1 |
| Leasehold Interest - University of Scranton (2016 Series) | | 1 | | 1 |
| Leasehold Interest - Community Development Properties, | | | | |
| Scranton, Inc. / Parking System Concession Project | | 1 | | 1 |
| (2016 Series A, B, C and D) | | | | |
| Leasehold Interest - Marywood University (2016 Series) | | 1 | | 1 |
| Leasehold Interest - Allied Health Care Services (2017 Series) | | 1 | | 1 |
| Leasehold Interest - Marywood University (2019 Series) | | <u>1</u> | | <u>-</u> |
| TOTAL ASSETS | | <u>\$148,137,712</u> | | <u>\$146,701,951</u> |

The accompanying notes are an integral part of the financial statements.

(Continued)

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
COMBINED FINANCIAL STATEMENTS

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY - MODIFIED CASH BASIS
DECEMBER 31, 2019 AND 2018

LIABILITIES AND EQUITY

| | <u>2019</u> | | <u>2018</u> | |
|--|-------------------|----------------------|-------------------|----------------------|
| Bonded Indebtedness: | | | | |
| Series of 2016 Bonds - University of Scranton | \$ 25,460,000 | | \$ 25,460,000 | |
| Series of 2016 A, B, C and D Bonds - Community Development Properties, Scranton, Inc. / Scranton Parking System Concession Project | 37,643,630 | | 37,954,317 | |
| Series of 2016 Bonds - Marywood University | <u>51,915,000</u> | \$ 115,018,630 | <u>51,915,000</u> | \$ 115,329,317 |
| Notes and Mortgages Payable: | | | | |
| Healthcare Facility Revenue Bond Dated 2004 | 92,656 | | 374,390 | |
| Healthcare Facility Revenue Bond Dated 2005 | 325,297 | | 640,144 | |
| Revenue Note Dated 2011 | 1,864,916 | | 1,971,646 | |
| Revenue Note A Dated 2013 | 1,356,523 | | 1,472,635 | |
| Revenue Note B Dated 2013 | 17,211 | | 127,989 | |
| Revenue Note Dated 2014 | 8,293,894 | | 8,700,805 | |
| Revenue Note Dated 2015 | 660,777 | | 778,255 | |
| Revenue Note Dated 2017 | 6,347,843 | | 7,722,907 | |
| Revenue Note Dated 2019 | <u>4,816,240</u> | 23,775,357 | <u>-</u> | 21,788,771 |
| Funds Allocated: | | | | |
| Funds in Custody of Trustee: | | | | |
| University Revenue Bonds - Series of 2016 | - | | 1 | |
| Scranton Parking System Concession Project Bonds - Series of 2016 A, B, C and D | 3,396,947 | | 3,682,795 | |
| University Revenue Bonds - Series of 2016 | <u>4,378,198</u> | 7,775,145 | <u>4,394,485</u> | 8,077,281 |
| Funds in Custody of Authority Treasurer | | 1,527,980 | | 1,505,476 |
| Unearned Revenue - Administrative Fees | | 39,493 | | - |
| Payroll Taxes Payable | | <u>1,096</u> | | <u>1,096</u> |
| TOTAL LIABILITIES | | 148,137,701 | | 146,701,941 |
| EQUITY | | <u>11</u> | | <u>10</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>\$148,137,712</u> | | <u>\$146,701,951</u> |

The accompanying notes are an integral part of the financial statements.

(Concluded)

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
COMBINED FINANCIAL STATEMENTS

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS -
 ALL FUNDS - MODIFIED CASH BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| BEGINNING BALANCE | \$ 9,582,757 | \$ 9,437,858 |
| RECEIPTS: | | |
| Administrative fee | 54,555 | 50,231 |
| Rentals | 11,474,439 | 11,813,101 |
| Note proceeds | 4,816,240 | 4,948,345 |
| Loss on sale of investments | (7,460) | - |
| Interest income (all sources) | <u>155,348</u> | <u>141,797</u> |
| TOTAL RECEIPTS AND BEGINNING BALANCE | <u>\$ 26,075,879</u> | <u>\$ 26,391,332</u> |
| DISBURSEMENTS: | | |
| Requisitions, closing costs and other expenses | \$ 5,664,529 | \$ 5,991,476 |
| Interest payments - notes and bonds | 5,711,594 | 5,703,129 |
| Principal payments - notes | 3,165,432 | 3,204,512 |
| Transfer to other funds | 2,168,353 | 1,847,152 |
| Wages, taxes and benefits | 34,412 | 33,336 |
| Professional fees | 14,500 | 14,500 |
| Rent expense | 6,000 | 6,000 |
| Insurance | 5,327 | 5,234 |
| Office supplies, furniture and expenses | 1,941 | 2,574 |
| Advertising | 666 | 662 |
| ENDING BALANCE | <u>9,303,125</u> | <u>9,582,757</u> |
| TOTAL DISBURSEMENTS AND ENDING BALANCE | <u>\$ 26,075,879</u> | <u>\$ 26,391,332</u> |

The accompanying notes are an integral part of the financial statements.

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
COMBINED FINANCIAL STATEMENTS

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS EXCLUDING
FUNDS IN CUSTODY OF AUTHORITY TREASURER AND TRUSTEES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| BEGINNING BALANCE | \$ 8,077,281 | \$ 7,947,752 |
| RECEIPTS: | | |
| Rentals | 11,474,439 | 11,813,101 |
| Interest income | 124,553 | 114,352 |
| Note proceeds | 4,816,240 | 4,948,345 |
| Loss on sale on investments | <u>(7,460)</u> | <u>-</u> |
| TOTAL RECEIPTS AND BEGINNING BALANCE | <u>\$ 24,485,053</u> | <u>\$ 24,823,550</u> |
| DISBURSEMENTS: | | |
| Requisitions, closing costs and other expenses | \$ 5,664,529 | \$ 5,991,476 |
| Interest payments - notes and bonds | 5,711,594 | 5,703,129 |
| Principal payments - notes | 3,165,432 | 3,204,512 |
| Transfer to other funds | 2,168,353 | 1,847,152 |
| ENDING BALANCE | <u>7,775,145</u> | <u>8,077,281</u> |
| TOTAL DISBURSEMENTS AND ENDING BALANCE | <u>\$ 24,485,053</u> | <u>\$ 24,823,550</u> |

The accompanying notes are an integral part of the financial statements.

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
COMBINED FINANCIAL STATEMENTS

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS - FUNDS IN
CUSTODY OF AUTHORITY TREASURER - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| BEGINNING BALANCE | \$ 1,505,476 | \$ 1,490,106 |
| ADMINISTRATIVE FEE | 54,555 | 50,231 |
| INTEREST INCOME | <u>30,795</u> | <u>27,445</u> |
| TOTAL RECEIPTS AND BEGINNING BALANCE | <u>\$ 1,590,826</u> | <u>\$ 1,567,782</u> |
| DISBURSEMENTS: | | |
| Wages, taxes and benefits | \$ 34,412 | \$ 33,336 |
| Professional fees | 14,500 | 14,500 |
| Rent expense | 6,000 | 6,000 |
| Insurance | 5,327 | 5,234 |
| Office supplies, furniture and expenses | 1,941 | 2,574 |
| Advertising | 666 | 662 |
| ENDING BALANCE | <u>1,527,980</u> | <u>1,505,476</u> |
| TOTAL DISBURSEMENTS AND ENDING BALANCE | <u>\$ 1,590,826</u> | <u>\$ 1,567,782</u> |

The accompanying notes are an integral part of the financial statements.

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 1 - GENERAL:

The Scranton Lackawanna Health and Welfare Authority ("Authority") was incorporated under the Pennsylvania Municipal Authorities Act of 1945, (as amended) by the City of Scranton, and The Articles of Incorporation thereof were approved and filed in the Department of State of the Commonwealth of Pennsylvania on September 16, 1962. The County of Lackawanna, by certificate of joinder duly approved on October 25, 1963, joined as a member of the Authority.

Scranton Lackawanna Health and Welfare Authority is a component unit of Lackawanna County.

The Authority may acquire, hold, construct, improve, maintain, operate, own and lease hospital, health care and educational facilities, both in the capacity of lessor or lessee.

The Authority has no stockholders or equity holders and all bond or note proceeds, revenues or other cash received must be applied for specific purposes in accordance with the provisions of the bank and note indentures for security of the bond and note holders. The bonds are limited, non-recourse obligations of the issuers, payable solely from any revenues, receipts, funds or moneys pledged therefore and from any amounts otherwise available under their respective financing documents for the payment thereof, including those derived under their respective Bond documents and those on deposit in all funds and accounts held under their respective financing documents, all of which are pledged and assigned to their respective Trustees for Bondholders equally and ratably for the benefit and protection of their Bondholders.

The notes issued by the Authority are limited obligations of the Authority. Such notes are payable solely from the revenues (other than annual and administrative fees of the Authority) held by or payable to the trustee, or from funds provided by the institutions for which the financings were performed as specified in the documents under which they were used. The notes are not a debt of the City of Scranton, the County of Lackawanna, the Commonwealth of Pennsylvania, or any political subdivision agency or instrumentally thereof other than the Authority, nor are such notes guaranteed by such political entities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting for Funds in Custody of Authority Treasurer – This fund is a special purpose government as described in Government Accounting Standards Board (G.A.S.B.) Statement #34. The Authority reports its government-wide and fund financial statement using a combined presentation in the financial statements for the Funds in Custody of the Authority Treasurer.

(continued)

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting for All Fund Excluding Funds in Custody of Authority Treasurer - The financial statements of the Authority are presented in conformity with the Governmental Accounting Standards Board (GASB). The Authority prepares its financial statements on a modified cash basis. Under this basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Future lease rentals receivable and debt have been recorded when appropriate.

The Authority's financial statements include all the individual issues of the Authority. Each fund is a separate entity accounted for by a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures.

Restricted Funds -The accompanying financial statements combine the restricted funds of the various outstanding note issues by fund type or purpose.

Administrative Fees - Administrative fees are determined as a specified percentage of the initial principal amount of debt issued (subject to minimum and maximum fee limitations). The annual fees are payable throughout the term of the related lease. Initial application fees are recognized as revenue as services are performed, annual fees are recognized as revenue when they become due.

Use of Estimates - The preparation of the financial statements in conformity with the modified cash basis method of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - NOTES AND BONDS PAYABLE:

Description of Note Payable Obligations - Notes payable have been issued by the Authority on various dates. The notes are limited obligations of the Authority and are payable solely from the amounts held by the Trustees as restricted fund balances of the Authority for specific obligations, investment income earned thereon and lease payments to be received from the institutions that have facilities financed by the note proceeds.

Description of Bond Payable Obligations - Bonds payable have been issued by the Authority on various dates. Bonds generally mature serially in varying annual installments. Several issues include term bonds that will be redeemed from sinking funds. The bond issues documents require the institutions to establish and maintain certain restricted fund balances at specified amounts with the trustee for the bond issue. The bonds are limited obligations of the Authority and are payable solely from the amounts held by the trustees as restricted fund balances of the Authority for specific obligations, investment income earned thereon, and lease payments to be received from the institutions that have facilities financed by the bond proceeds.

(continued)

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 - NOTES AND BONDS PAYABLE: (Continued)

The total annual debt service requirements for all bond and note issues of the Authority as of December 31, 2019 are as follows:

| <u>Year End</u> December 31, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| 2020 | \$ 3,263,614 | \$ 5,817,294 | \$ 9,080,908 |
| 2021 | 3,602,971 | 5,838,047 | 9,441,018 |
| 2022 | 3,717,521 | 5,723,868 | 9,441,389 |
| 2023 | 4,806,553 | 5,629,535 | 10,436,088 |
| 2024 | 3,785,289 | 5,471,131 | 9,256,420 |
| 2025 - 2029 | 18,006,683 | 26,164,279 | 44,170,962 |
| 2030 - 2034 | 21,490,298 | 24,515,418 | 46,005,716 |
| 2035 - 2039 | 28,409,671 | 19,494,627 | 47,904,298 |
| 2040 - 2044 | 22,275,860 | 14,323,753 | 36,599,613 |
| 2045 - 2049 | 14,536,167 | 10,268,247 | 24,804,414 |
| 2050 - 2054 | 8,557,679 | 9,532,646 | 18,090,325 |
| 2055 - 2059 | <u>6,341,682</u> | <u>5,437,423</u> | <u>11,779,105</u> |
| Total | <u>\$ 138,793,988</u> | <u>\$ 138,216,268</u> | <u>\$ 277,010,256</u> |

Each individual bond and note issues debt service requirements are presented in each of the individual financial statements.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposits held at financial institutions can be categorized according to the three levels of risk. The three levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
- Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category 3 Deposits which are not collateralized or insured.

(continued)

SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Cash and Cash Equivalents

The Authority's cash and cash equivalents deposited with financial institutions were invested in checking and money market funds. These deposits were covered by Federal Depository Insurance or secured by collateral held by the Authority's agent in the Authority's name. At December 31, 2019, the carrying amount of the Authority's deposits was \$88,136 and the bank balances were \$88,136.

Based on these three levels of risk, all of the Authority's cash and cash equivalents are classified as Category 1.

Checking, savings, money market and certificates of deposit accounts are covered by federal deposit insurance or on a pooled basis under the provisions of Act 72 of 1971.

Investments

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 2019.

| | <u>Category 1</u> | <u>Carrying Amount</u> | <u>Market Value</u> |
|-------------------------|--------------------|----------------------------|-------------------------|
| Certificates of Deposit | <u>\$9,255,578</u> | <u>\$9,255,578</u> | <u>\$9,255,578</u> |

NOTE 5 - DATE OF MANAGEMENT EVALUATION:

Management has evaluated subsequent events through May 11, 2020, the date on which the financial statements were available to be issued.

(concluded)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Members of the Board of The
Scranton Lackawanna Health and Welfare Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the government activities and general fund of the Funds in Custody of Authority Treasurer and Trustees of the Scranton Lackawanna Health and Welfare Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Funds in Custody of Authority Treasurer of the Scranton Lackawanna Health and Welfare Authority's financial statements, and have issued our report thereon dated May 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Funds in Custody of Authority Treasurer of the Scranton Lackawanna Health and Welfare Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds in Custody of Authority Treasurer of the Scranton Lackawanna Health and Welfare Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds in Custody of Authority Treasurer of the Scranton Lackawanna Health and Welfare Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds in Custody of Authority Treasurer of the Scranton Lackawanna Health and Welfare Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Michael A. Smith, LLC

Dunmore, Pennsylvania
May 11, 2020

Report all Business Grant/Loan Program Update-Coverletter

Mayor Paige G. Cagnetti and the City of Scranton announce a \$560,000.00 Small Business Relief Program to provide vital economic support to Scranton's Small Businesses needing assistance in overcoming the temporary loss of revenue due to COVID-19. The City of Scranton will provide two opportunities for businesses:

- \$275,000 - for grants of \$2,500 for qualifying for profit small businesses.
- \$285,000 - for loans of \$3,000 to \$20,000 for qualifying for profit small businesses.
- The city received 147 grant applications and 86 businesses were deemed eligible.
- The City of Scranton will begin accepting loan applications on June 29, 2020
- A second round of grants will be issued at a later date.

Through the Scranton City Small Business Relief Program, we're supporting small businesses across Scranton that are suffering because of COVID-19 and the significant impacts it has had on our community. We reached out to city business organizations to develop this program and to fill critical gaps for small companies. The City is committed to supporting our local economy through this uncertain time.

Summary of grant awardees

8 Count Dancewear
Amazing Space LLC dba Over the Moon
Amendolaro
AMPP Ideas dba On&On
Andy Gavins Eatery & Pub
Anisyeme Beauty Plus
Art Rage Tattoo Studio
Balendy's Garage
BEER CITY USA
Bee's Playard, dba as Bee's Backyard
Capital Insurance Works LLC
Cardillo Enterprises LLC dba Green Ridge Club8
Coney Island Lunch
CONVENIENT CLASSIC CARS
Creative and Performing Arts Academy
Crocus cafe
Dance Steps
Dave's Auto Sales & Service
Digidon Inc.
Drosinski Dental
Dunn's Tavern
Electric City Art Studio
Electric City Barbershop
Ep Fashion
Heidi Pal LLC DBA Sanderson Place Salon & Spa
International Deli & Grocery, Inc

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Jack's Draft House
Janet Jayson Beauty Shop
JC Century Dental Scr LLC
Julie's Nail Zone
Keen's Floral Factory Outlet Inc.
Keep Well
Kelleher Battery Co. Inc.
L'Erin Boutique
LABORANTI'S NORMANDIE BAR AND GRILL INC
LABROSKY'S AUTOMOTIVE SERVICE CENTER
Lackawanna Printing Co.
Landmark Management Services Inc
Lear Von Koch, M.D. & Associates
M.Ritter Salon
mane tamers
Mary Ann's Hair Studio
Maureen Williams Hair Design
Mazza Capelli Disegni
Meat in the Middle Deli
Nada & Co.
Nearra's Pizzeria
Nineteen 9 Sports, Inc.
NutMeg Market DBA The Soup Chic Scranton
P.J. Scanlan's
PAUL J COBB DBA MIKEY'S TAX SERVICE
Pesavento Enterprises Inc
Pettinato Dental Care
Pink Pedal
Pour Boys
Powell Studio
PPA TRAINING
Raintree Fashions Inc
Saileshkumar Patel
salon Brigine
SAVORY MAZA LLC
serges barber shop
Shivam Food LLC
Sho Technology Solutions, LLC
Signature Boxing and Fitness
Small Frye Boutique Inc
SOCIAL VICTORY MEDIA LLC DBA AUTOBAHN TITLE & TAG
South Side Floral Shop
Stalters Cafe
Steamtown Blueprint & Copy Center, Inc.
Steamtown Yoga LLC
Tammy's Stained Glass Treasures

Tec-Ni Hair Salon
The Blushing Bridal Boutique
The Daisy Collective
The Jeff D'Angelo Design Group LLC
The Minooka Pub Inc
The Spa on Cedar
TRYBE Boutique Fitness Studio
Tunis Bridal Shoppe
Vincenzo's Pizzeria
Vine Cafe
Vintage Kitchen
Whiskey Dick's Inc
Yaracett Beauty Salon
Zummo's Cafe



OFFICE OF THE MAYOR

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JUN 30 2020

June 30, 2020

VIA EMAIL

Mr. Roger Bellas
Waste Management Program Manager
Northeast Regional Office, Pennsylvania Department of Environmental Protection
2 Public Square
Wilkes-Barre, Pennsylvania 18701
rbellas@pa.gov

OFFICE OF CITY
COUNCIL/CITY CLERK

Re: Technical Review of Permit for Keystone Landfill Expansion

Dear Mr. Bellas,

I am Mayor of the City of Scranton and write in strong opposition to Keystone Landfill's permit application to expand ("Permit Application"). I also write with one hand on my keyboard and my other arm holding my six-month-old daughter, whose future depends on the health of the environment in which I am raising her.

Scranton borders the towns in which the Landfill is located and the outcome of this Permit Application will affect the City and the larger Northeastern Pennsylvania Region. If the Pennsylvania Department of Environmental Protection grants the Permit Application, it will impact the future of the City and its citizens for generations and we urge the agency to consider those lasting consequences.

Scranton's future is brighter even than its past, and after some struggles and setbacks, the City is now poised to achieve its full potential. Unfortunately, Scranton has suffered from a negative perception that has caused incalculable economic loss. Some businesses are hesitant to invest in Scranton, potential homebuyers have chosen to move to other communities instead, and some residents have moved out of the area for lack of economic opportunity. Our citizens and community stakeholders have invested greatly to shed this negative perception and it has worked. Now those outside of Scranton are beginning to recognize what Scrantonians have always known – that it is a truly great City.

There are many needs in our community, but none of them is an expansion of the Keystone Landfill. Our community has already suffered through decades of the negative perceptions that come with living next to a landfill. Scranton is on the precipice of entering the next great phase of its history and does not want a toxic landfill to hold it back. The expansion of the Landfill would cause negative economic consequences and deter businesses and people from investing in the City and buying into Scranton's future – not to mention the untold health consequences for residents and future generations.



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Many of our citizens have concerns about potential negative health consequences from a Landfill expansion, particularly its impact on our drinking water. These are serious concerns that we urge you to consider and to listen to carefully. Our residents deserve to have their voices heard as they are the ones who will have to bear the consequences of a landfill expansion.

I join with my colleagues on Scranton City Council, U.S. Senator Casey, U.S. Representative Cartwright, State Senator Blake and State Representative Mullins, and with the many residents in opposition to granting the Permit Application to expand the Keystone Landfill. I hope you will consider this and the deep and valid concerns of our citizens in making your decision.

Sincerely,

Paige Gebhardt Cognetti
Mayor, City of Scranton



BUREAU OF CITY PLANNING

CITY HALL : 340 NORTH WASHINGTON AVENUE : SCRANTON, PENNSYLVANIA 18503 : PHONE 570-348-4280 : FAX 570-

July 1, 2020

Jessica Eskra, Esq.
City Solicitor
City Hall
Scranton, PA 18503

Re: Proposed amendment to the Zoning Ordinance, Floodplain Management Regulations

Dear Atty. Eskra:

Enclosed please find a proposed amendment to our Zoning Ordinance, specifically the Floodplain Management Section.

FEMA has prepared a new Flood Insurance Study and Flood Insurance Rate Maps for Lackawanna County. The new study and maps are set to become effect on August 8, 2020. In order to remain in compliance with the National Flood Insurance Program regulations the City of Scranton must amend its Floodplain Management regulations to reference the revised study and maps as well as some minor changes in regulations themselves.

As our Floodplain Management regulations are contained in our Zoning Ordinance we must follow the regulations regarding Zoning Ordinance amendments contained in the Pennsylvania Municipalities Planning Code at Section 609. As such by copy of this letter I am referring the proposed amendment to both the City Planning Commission and Lackawanna County Regional Planning Commission for their review.

Would you please review this information and forward to City Council the proper legislation for their consideration.

If you have any further questions regarding this matter please call me at 570-348-4280.

Sincerely,

Donald J. King, AICP, CFM
City Planner

cc: Lori Reed, City Clerk ✓
Steve Pitoniak, Transportation Planning Manager
James Thomas, Chairman, City Planning Commission

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JUL 01 2020

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FILE OF THE COUNCIL NO. _____

2020

AN ORDINANCE

AMENDING FILE OF THE COUNCIL NO. 111, 2017 OF THE CITY OF SCRANTON ADOPTING AND IMPLEMENTING THE ACT 47 EXIT PLAN FOR THE CITY OF SCRANTON PURSUANT TO THE FINANCIALLY DISTRESSED MUNICIPALITIES ACT; AND AUTHORIZING THE MAYOR OF THE CITY OF SCRANTON TO ISSUE AN ORDER DIRECTING THE IMPLEMENTATION OF THE ACT 47 EXIT PLAN AMENDMENT WHICH WILL BECOME EFFECTIVE UPON ADOPTION ATTACHED HERETO AS EXHIBIT "A" IN ACCORDANCE WITH THE PROVISIONS OF 53 Pa. C.S.A. §11701.249, THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

WHEREAS, the City of Scranton has been declared a Distressed Municipality by the Secretary of the Department of Community and Economic Development ("DCED") of the Commonwealth of Pennsylvania in accordance with Public Law 246, July 10, 1987, Act 47, the Distressed Municipalities Act, ("Act 47"); and

WHEREAS, pursuant to Ordinance No. 111 of 2017, the City of Scranton approved an Act 47 Exit Plan commissioned and prepared by the by the Pennsylvania Economy League, the City of Scranton's Act 47 Recovery Plan Coordinator, with the assistance of the City of Scranton; and

WHEREAS, the Pennsylvania Economy League, with the assistance of the City of Scranton, have prepared an Act 47 Exit Plan Amendment which will become effective upon adoption of said Act 47 Exit Plan Amendment hereby amending any and all previous Exit Plans, which is hereby submitted; and

WHEREAS, the Municipalities Financial Recovery Act, 53 Pa, C.S.A. §11701.245 and §11701.249 provide that the Chief Executive Officer (the Mayor of Scranton) in a Home Rule Municipality, may issue an Order directing the implementation of the Act 47 Exit Plan Amendment no later than seven (7) days following the enactment of an Ordinance approving the Plan Amendment.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF SCRANTON COUNCIL that the Act 47 Exit Plan Amendment attached hereto as Exhibit "A" submitted by the Pennsylvania Economy League is hereby approved and adopted in accordance with the provisions of the Financially Distressed Municipalities Act, and Exhibit "A" provisions shall supersede and control any conflicts with the prior Exit Plan which it amends and the Mayor and other appropriate

Officials of the City of Scranton are hereby authorized to execute any and all documents necessary to implement the Act 47 Exit Plan Amendment attached hereto as Exhibit "A".

SECTION 1. If any section, clause, provision or portion of this Ordinance shall be held invalid or unconstitutional by any Court of Competent Jurisdiction such decision shall not affect any other section, clause, provision or portion of this Ordinance, so long as it remains legally enforceable, minus the invalid portion. The City reserves the right to amend this Ordinance or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Ordinance, and the effective administration thereof.

SECTION 2. This Ordinance shall become effective immediately upon approval.

SECTION 3. This Ordinance is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Option Plans Law" and any other applicable law arising under the laws of the State of Pennsylvania.



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July 1, 2020

Legislative Cover Sheet

AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 111, 2017 OF THE CITY OF SCRANTON ADOPTING AND IMPLEMENTING THE ACT 47 EXIT PLAN FOR THE CITY OF SCRANTON PURSUANT TO THE FINANCIALLY DISTRESSED MUNICIPALITIES ACT; AND AUTHORIZING THE MAYOR OF THE CITY OF SCRANTON TO ISSUE AN ORDER DIRECTING THE IMPLEMENTATION OF THE ACT 47 EXIT PLAN AMENDMENT WHICH WILL BECOME EFFECTIVE UPON ADOPTION ATTACHED HERETO AS EXHIBIT "A" IN ACCORDANCE WITH THE PROVISIONS OF 53 Pa. C.S.A. §11701.249, THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

Before City Council is a proposed ordinance drafted in coordination with the Pennsylvania Department of Community and Economic Development to amend the City's Act 47 Exit Plan by extending the Plan for 18 months until January 2022. Scranton was designated as a distressed municipality under Act 47 in 1992. Since that time, Scranton has adopted several ordinances approving an Act 47 recovery plan, followed by the adoption of an Exit Plan in 2017. Scranton continues to work with a DCED-appointed recovery coordinator, the Pennsylvania Economy League, who assists in addressing Scranton's financial problems with the goal of allowing Scranton to exit distressed status in 2020. However, the State Legislature has extended the time in which distressed cities exit Act 47 by 18 months because of the ongoing COVID-19 pandemic. DCED has concluded that the newly enacted bill includes Scranton and accordingly amended Scranton's Exit Plan as attached to this draft ordinance.

As more fully discussed at the Act 47 Hearing on exiting distressed status, prior to the State legislature passing the bill, Scranton's projected future revenues and expenditures will not yield a balanced budget; all claims and judgments that imperil Scranton have not been resolved, and Scranton's revenues may be insufficient to fund ongoing expenditures. Mayor Cignetti, President Gaughan, and Gerald Cross, Scranton's Act 47 coordinator, all gave testimony and detailed why Scranton should stay in Act 47 for the time being.

The City was faced with a \$50 million adverse ruling in litigation involving its ability to levy taxes pursuant to Act 511, otherwise known as the Local Tax Enabling Act, followed shortly after by the COVID-19 global pandemic that has impacted public health and the economy across the Commonwealth of Pennsylvania and the City. However, the decisions the City faces in the coming months will have a lasting impact, and exiting distressed status prematurely will only serve to exacerbate the fallout. In addition to a crippling \$50 million order currently pending appeal, the full financial impact of COVID-19 will be devastating—the extent to which is still unknown but could be between 6 and 10 million dollars. Importantly, premature exit would also prohibit the City from being able to convert its Business Privilege and Mercantile Tax to the more efficient Payroll Preparation Tax. It remains a real possibility that if the City were to leave



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distressed status, it may quickly be eligible for reentry based upon the economic impact of COVID-19 and a potential loss of the current Act 511 appeal pending before the Pennsylvania Commonwealth Court. In the meantime, the City will have lost the benefits of Act 47 and will be at square one once again.

Ratifying DCED's amended Exit Plan and remaining in Act 47 is the prudent and right decision for the City. It will enable Scranton to convert to Payroll Preparation Tax and continue receiving guidance through the PEL. It also allows Scranton to exit Act 47 when the uncertainty of Act 511 appeal is over and when there is a clearer picture of the economic impact of COVID-19, which prevents a premature exit that could lead to Scranton entering into distressed status once again.

Attachments:

- _____ Ordinance
- _____ Amended Act 47 Exit Plan
- _____ Act 47 Testimony of Hon. Mayor Paige G. Cagnetti
- _____ Act 47 Testimony of Hon. City Council President William Gaughan
- _____ Act 47 Testimony of Act 47 Coordinator Gerald Cross

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July 1, 2020

**OFFICE OF CITY
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Mayor Paige Gebhardt Cognito
City of Scranton
340 North Washington Avenue
Scranton, PA 18503

Mr. William Gaughan
Council President
City of Scranton
340 North Washington Avenue
Scranton, PA 18503

Mr. Carl Deeley
Business Administrator
City of Scranton
340 North Washington Avenue
Scranton, PA 18503

Dear Mayor Cognito, Council President Gaughan, and Mr. Deeley:

The COVID-19 pandemic is negatively impacting most, if not all, of the commonwealth's municipalities. This includes the City of Scranton. On May 29, 2020, the Governor of Pennsylvania signed into law Fiscal Code-Omnibus Amendments, P.L. 158, No. 23 ("Act 23 of 2020"). Section §2.1 of Act 23 of 2020 added a new Section §1604-D.1 to the Fiscal Code. Section §1604-D.1 provides as follows:

Section 1604-D.1. Emergency plan extension.

A municipality operating pursuant to a recovery plan under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, shall be eligible for an 18-month extension beyond the time limit imposed under section 254 of the Municipalities Financial Recovery Act.

The City adopted its current three-year Act 47 Exit Plan on July 27, 2017 ("2017 Exit Plan"). As you are aware, the three-year time limit of the City's adopted 2017 Exit Plan expires on July 27, 2020. Pursuant to Act 23 of 2020, the City is eligible for an 18-month extension beyond the July 27, 2020, time limit imposed by section 254 of Act 47.

In light of the enactment of Act 23 of 2020, the Pennsylvania Economy League, the City's Act 47 Coordinator ("Coordinator"), in consultation with the PA Department of Community and Economic Development ("DCED"), has prepared the enclosed *Act 47 Exit Plan Amendment for the City of Scranton* ("Exit Plan Amendment"). Section 249 of Act 47 authorizes the Coordinator to initiate an amendment to an adopted plan which must be adopted by City ordinance. The following is a review of the amendments included in the Exit Plan Amendment.

- A. The Coordinator amended the entire Chapter 2 of the 2017 Exit Plan to update the text and baseline general fund projections. The Coordinator has revised the underlying assumptions used in the *Act 47 Coordinator's Recommendation to the Secretary of the Department of Community and Economic Development for the City of Scranton*,

delivered by the Coordinator to DCED on March 31, 2020, and distributed to City officials on the same day. The Coordinator's revision of the underlying assumptions used in this Exit Plan Amendment have significantly increased the City's projected general fund operating fund deficits in the years 2020 – 2023.

As the City begins to receive 2020 second quarter tax revenue from its tax collectors and economic activity resumes in late summer 2020, the Coordinator will commence updating the 2020 – 2023 baseline financial projects included in this Exit Plan Amendment. In this vein, the Coordinator intends to continue its working relationship with the City administration and City Council with the preparation of the City's 2021 budget to project as reasonably as possible the City's general fund revenues and expenditures for 2021.

- B. In Chapter 3, the Coordinator amended the text and tables on pages 3-1 through 3-5. The remainder of Chapter 3 in the 2017 Exit Plan remains unchanged.
- C. The Coordinator amended the entire Chapter 10 of the 2017 Exit Plan to update the text and baseline general fund projection table. The Coordinator also amended the Deficit Abatement Initiatives in Chapter 10.
- D. The Coordinator added a new Chapter 11 to reflect the permitted 18-month extension of the 2017 Exit Plan. The new expiration of the 2017 Exit Plan will be January 27, 2022.

All other terms and conditions of the City's adopted 2017 Exit Plan remain valid and enforceable.

As mentioned previously, the City is required to enact an ordinance adopting the proposed amendments to the City's 2017 Exit Plan prior to the expiration of its three-year time limit—July 27, 2020. The included Exit Plan Amendment is the complete and final document for the City's consideration. The Coordinator is available to discuss with City officials, both executive and legislative, any concerns or issues they may have regarding this letter or the proposed amendments.

Sincerely,



LeeAnne Clayberger
Chief Executive Officer

cc: Members of City Council
DCED

**ACT 47 EXIT PLAN
AMENDMENT
FOR THE
CITY OF SCRANTON**

Prepared For:

The City of Scranton

Date Amendment Filed:

July 1, 2020

Effective Upon Adoption by Ordinance

Prepared By:

Pennsylvania Economy League, Central PA Division, LLC
88 North Franklin Street, Suite 200
Wilkes-Barre, PA 18701

INTRODUCTION

On February 17, 2017, the Pennsylvania Economy League, the City of Scranton's appointed Act 47 Coordinator ("Coordinator"), filed with the City a *Report Stating the Financial Condition of the City of Scranton* ("Financial Condition Report"). The Coordinator's Financial Condition Report recommended, pursuant to §255 of Act 47, that a three-year exit plan be prepared for the City. On June 30, 2017, the Coordinator filed with the City the *Act 47 Exit Plan for the City of Scranton*, as revised ("2017 Exit Plan"). The City subsequently adopted the 2017 Exit Plan on July 27, 2017. The three-year time limit of the City's adopted 2017 Exit Plan expires on July 27, 2020.

On May 29, 2020, the Governor of Pennsylvania signed into law Fiscal Code-Omnibus Amendments, P.L. 158, No. 23 ("Act 23 of 2020"). Section §2.1 of Act 23 of 2020 added a new Section §1604-D.1 to the Fiscal Code. Section §1604-D.1 provides as follows:

Section 1604-D.1. Emergency plan extension.

A municipality operating pursuant to a recovery plan under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, shall be eligible for an 18-month extension beyond the time limit imposed under section 254 of the Municipalities Financial Recovery Act.

Pursuant to Act 23 of 2020, the City is eligible for an 18-month extension beyond the July 27, 2020, time limit imposed by section 254 of Act 47.

The Coordinator, in consultation with the PA Department of Community and Economic Development ("DCED"), has prepared this *Act 47 Exit Plan Amendment for the City of Scranton* ("Exit Plan Amendment"). Section 249 of Act 47 authorizes the Coordinator to initiate an amendment of a plan prepared by the Coordinator. Such plan amendment must be adopted by ordinance by the City to become effective.

The primary purpose of this Exit Plan Amendment is to extend the term of the 2017 Exit Plan by the 18 months authorized by Act 23 of 2020. However, due the fact that the financial projections and cost containment provisions included in the 2017 Exit Plan are only through 2020, the Coordinator is obligated to update the financial projections and cost containment

provisions included in the 2017 Exit Plan. The pages that follow include the terms and provisions of the 2017 Exit Plan that are amended by this Exit Plan Amendment. The remaining chapters, sections, tables and initiatives included in the 2017 Exit Plan shall remain valid and in effect. The terms and provisions included in this Exit Plan Amendment shall become effective immediately upon the adoption by ordinance by the City of Scranton.

Summary of Exit Plan Amendments

| Section of 2017 Exit Plan | Amendment Action |
|------------------------------------|--|
| Chapter 2 | The entire Chapter 2 of the 2017 Exit Plan is hereby replaced by the Chapter 2 included in this Exit Plan Amendment. |
| Chapter 3 pages 3-1 through 3-5 | Pages 3-1 through 3-5 of Chapter 3 of the 2017 Exit Plan are hereby amended. This includes all text and tables in the introduction section of Chapter 3 and all text and tables in the section titled Exit Plan Compliance with Act 133 of 2012. The remainder of Chapter 3 beginning with the section titled Workforce Cost Containment Provisions remains valid and in effect. |
| Chapter 10 | The entire Chapter 10 of the 2017 Exit Plan is hereby replaced by the Chapter 10 included in this Exit Plan Amendment. |
| Chapter 11 | Chapter 11 in the Exit Plan Amendment is a new chapter incorporated into and made a part of the 2017 Exit Plan. |

CHAPTER 2

BASELINE GENERAL FUND PROJECTIONS 2020 - 2023

The 2017 Exit Plan contained baseline projections for the years 2017 - 2020. The extension of the City's Act 47 termination date beyond July 27, 2020, pursuant to Act 23 of 2020 obligates the Coordinator to correspondingly update the City's baseline financial projections. In the Coordinator's March 31, 2020, *Act 47 Coordinator's Recommendation to the Secretary of the Department of Community and Economic Development for the City of Scranton* (2020 Recommendation), the Coordinator provided updated City baseline projections for the years 2021 - 2025.¹ However, the Coordinator noted that the 2020 Recommendation's baseline projections were prepared *before* the outbreak of the COVID-19 pandemic. The Coordinator also cautioned that the baseline projections included in the 2020 Recommendation were subject to revision based on the progression of the pandemic's effect on the U.S. economy. Even though the U.S. and City economy has experienced over 3 months of the effect of the COVID-19 pandemic, the magnitude of the potential loss of revenue to the City in 2020 and beyond still remains uncertain at this time. Thus, the Coordinator realizes that several of the revenue assumptions used to develop the 2017 Exit Plan and 2020 Recommendation baseline projections are now moot until an equilibrium is established in several City revenue line items.

Act 23 of 2020 has placed the Coordinator in the unenviable position of having to make long-term financial projections as the financial ground upon which such projections are made is undergoing a major financial shift. Nonetheless, the Coordinator has reviewed the underlying assumptions used to make past baseline financial projections in the 2017 Exit Plan and the 2020 Recommendation. The Coordinator, in consultation with DCED and City officials, has revised the underlying assumptions of certain City revenue line items that the Coordinator reasonably believes reflects, to the extent possible at this time, adjustments to the underlying assumptions based on events over the past 3 months. It is the Coordinator's hope that over the next 3-6 months that the nadir of some City revenue line items will occur and then the Coordinator, in conjunction with the City, can begin the process of building more reliable baseline financial

¹ See Appendix A, *Act 47 Coordinator's Recommendation to the Secretary of the Department of Community and Economic Development for the City of Scranton*, Table 4, page 13.

projections for the City. In this vein, the Coordinator intends to continue its working relationship with the City administration and City Council with the preparation of the City's 2021 general fund operating budget over the coming months to project as reasonably as possible the City's general fund revenues and expenditures for 2021.

The assumptions below were used by the Coordinator to develop the City's 2020 – 2023 baseline financial projections in this Exit Plan Amendment.

Revenue Assumptions:

- All 2020 tax rates and fees were held constant through 2023.
- The following revenue items were reviewed on a line-by-line basis by the Coordinator and were adjusted accordingly, if necessary.
 - The City's real estate tax revenues will steady decline during the period due mostly to historical trends in assessment as a result of the lack of a countywide reassessment. It is uncertain whether the City's annual property tax collections will experience a decrease in 2020 and beyond due to the COVID-19 pandemic. Thus, the Coordinator has left unchanged the real estate tax revenues assumptions used in the 2020 Recommendation.
 - The City's earned income tax (EIT) revenue is projected to decrease by 7.5 % in 2020. City EIT revenue is thereafter increased annually by 1.0 percent.
 - The City's local services tax (LST) revenue is maintained at the Court approved Act 47 rate through the period. LST revenues are projected to decrease by 5% in 2020. LST revenue is thereafter increased annually by 0.1 percent.
 - Revenue from the City's business privilege and mercantile tax (BPMT) are projected at this time to remain the same as budgeted for 2020. The 2020 BPMT revenue projection is based on 2019 business gross receipts which were pre-COVID-19. However, BPMT revenue is decreased by 5% in 2021 and held at 2021 levels for 2022 and 2023.
 - The City's real estate transfer tax is projected to decrease by 5% in 2020. City real estate transfer tax revenue is held constant at the 2020 decreased projection for the years 2021 - 2023.

- The City's refuse fee revenue is decreased by 5% for 2020. City refuse fee revenue is held constant at the 2020 decreased projection for the years 2021 - 2023.
- Supplemental State Aid for pension was increased 2.0 percent annually.
- Other revenues are held constant over the period based upon the Act 47 Coordinator's historical data and trend analysis.

General Fund Revenue Projections—2020 – 2023

As shown in Table 2-1, the City's General Fund operating revenues are projected to decrease by \$2.6 million or 2.6 percent from \$99.7 million in 2020 to \$97.1 million in 2023.

Tax revenue is anticipated to increase from \$72.7 million in 2020 to \$73.3 million in 2023, an increase of \$589,866 or 0.8 percent.

Table 2-1
General Fund Baseline Revenue Projections
2020 – 2023

| | 2020 | 2021 | 2022 | 2023 | Change | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------|
| Revenue | Estimated | Projected | Projected | Projected | \$ | % |
| Real Estate Taxes | \$35,832,840 | \$35,797,007 | \$35,761,210 | \$35,725,449 | (\$107,391) | (0.3) |
| EIT | 26,711,516 | 26,978,631 | 27,248,418 | 27,520,902 | 809,386 | 3.0 |
| LST | 1,567,500 | 1,569,068 | 1,570,637 | 1,572,207 | 4,707 | 0.3 |
| LST Act 47 | 3,135,000 | 3,138,135 | 3,141,273 | 3,144,414 | 9,414 | 0.3 |
| Merc/BPT/Payroll Prep | 2,575,000 | 2,448,750 | 2,448,750 | 2,448,750 | (126,250) | (4.9) |
| RE Transfer Tax | 2,613,500 | 2,613,500 | 2,613,500 | 2,613,500 | 0 | 0.0 |
| Other Taxes | 295,000 | 295,000 | 295,000 | 295,000 | 0 | 0.0 |
| Total Tax Revenue | \$72,730,357 | \$72,840,091 | \$73,078,788 | \$73,320,223 | \$589,866 | 0.8 |
| Refuse Revenue | 6,456,438 | 6,456,438 | 6,456,438 | 6,456,438 | 0 | 0.0 |
| Licenses & Permits | 2,038,164 | 2,038,164 | 2,038,164 | 2,038,164 | 0 | 0.0 |
| Intergovernmental | 4,459,266 | 4,429,618 | 4,516,758 | 4,605,619 | 146,352 | 3.3 |
| Transfers | 9,398,901 | 8,339,451 | 8,339,451 | 7,539,451 | (1,859,450) | (19.8) |
| Other Non-tax revenue | 4,654,324 | 3,131,726 | 3,130,954 | 3,130,184 | (1,524,140) | (32.7) |
| Non-Tax Revenue | \$27,007,093 | \$24,395,397 | \$24,481,765 | \$23,769,855 | (\$3,237,237) | (12.0) |
| Total Revenue | \$99,737,449 | \$97,235,489 | \$97,560,553 | \$97,090,078 | (\$2,647,371) | (2.7) |

Expenditure Assumptions:

- The number of personnel is held constant at the 2020 general fund operating budget workforce level.
- Current wages have been increased as specified in collective bargaining agreements, interest arbitration awards or court orders. At the conclusion of the current collective bargaining agreements or arbitration awards, wage increases are anticipated at two percent for all bargaining units. Salaries for non-represented City employees are held constant.
- Employee/retiree medical insurance expenditures were increased annually by 5.5 percent from 2020 through 2023 in conformance with recently observed City experience and similar annual increases projected for other local government entities.
- Other major insurance costs have been projected on a line-by-line basis.
- No new or increased capital expenditures are included.
- Municipal pension obligations for 2020 are at the City's budgeted level. For 2021 – 2023 the projected MMO, as provided to the Coordinator by the City's Actuary, is based on a 7.25 percent return rate and the annual retiree COLAs suspended.
- Other expenditures were increased at various levels based on the Coordinator's historical data and trend analysis.
- No further increases in the costs of any other benefits were included.

General Fund Expenditure Projections—2020 - 2023

As illustrated in Table 2-2, the City's total operating expenditures are projected to increase from \$103.3 million in 2020 to \$105.2 million in 2023. Increases are noted in employee expenditures by \$5.2 million or 7.5 percent. Pension and workers compensation expenditures were held constant at the 2020 budget level.

Table 2-2
General Fund Baseline Expenditure Projections
2020 - 2023

| | 2020 | 2021 | 2022 | 2023 | Change | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|------------|
| <u>Expenditures</u> | <u>Estimated</u> | <u>Projected</u> | <u>Projected</u> | <u>Projected</u> | \$ | % |
| Direct Compensation | \$34,509,898 | \$35,179,137 | \$35,832,273 | \$36,467,645 | \$1,957,746 | 5.7 |
| Benefits | 19,580,792 | 20,606,215 | 21,688,037 | 22,829,359 | 3,248,567 | 16.6 |
| Pension | 11,789,532 | 11,789,532 | 11,789,532 | 11,789,532 | 0 | 0.0 |
| Workers Comp | 3,109,811 | 3,109,811 | 3,109,811 | 3,109,811 | 0 | 0.0 |
| Employee Expenditures | \$68,990,033 | \$70,684,695 | \$72,419,653 | \$74,196,347 | \$5,206,314 | 7.5 |
| Capital Expenditures | 3,682,750 | 1,412,750 | 1,412,750 | 1,412,750 | (2,270,000) | (61.6) |
| Other Departmental Expenditures | 8,985,223 | 9,171,898 | 9,354,008 | 9,531,088 | 545,865 | 6.1 |
| Non-Departmental Expenditures | 3,042,420 | 1,342,537 | 1,349,772 | 1,356,807 | (1,685,613) | (55.4) |
| Debt Service | 18,648,096 | 18,702,380 | 18,629,708 | 18,692,754 | 44,658 | 0.2 |
| Total Expenditures | \$103,348,522 | \$101,314,261 | \$103,165,892 | \$105,189,747 | \$1,841,224 | 1.8 |

Other Departmental Expenditures are projected to increase slightly from \$9.0 million in 2020 to \$9.5 million in 2023 or 6.1 percent. Decreases are projected in non-departmental expenses at \$1.7 million or 55.4 percent and in capital expenses, \$2.27 million.

General Fund Projections—2020 – 2023

As based upon the above revenue and expenditure assumptions, Table 2-3 illustrates that the City's projected baseline deficit is expected to grow from \$3.6 million in 2020 to \$8.1 million in 2023.

Table 2-3
Baseline General Fund Projections
2020 – 2023
Excludes TRAN Principal

| | 2020 | 2021 | 2022 | 2023 |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Estimated</u> | <u>Projected</u> | <u>Projected</u> | <u>Projected</u> |
| Revenues | \$99,737,449 | \$97,235,489 | \$97,560,553 | \$97,090,078 |
| Expenditures | \$103,348,522 | \$101,314,261 | \$103,165,892 | \$105,189,747 |
| Surplus/(Deficit) | (\$3,611,073) | (\$4,078,772) | (\$5,605,339) | (\$8,099,669) |

Note: Totals may not add due to rounding.

Conclusion

The baseline projections for the period 2020 – 2023 project that the City will have operating budget deficits throughout the period. The negative impact on several of the City's revenue line items in 2020 will take months and, depending on the strength of the recovery of the U.S. economy, maybe years to return to pre-COVID-19 levels. Meanwhile, the Coordinator stresses that the City's operating expenditures will continue to increase annually being driven by contracted wage increases and increases in employee benefit expenses, in particular employee health care. As the City begins to receive 2020 second quarter tax revenue from its tax collectors and economic activity resumes in late summer 2020, the Coordinator will commence updating the 2020 – 2023 baseline financial projects included in this Exit Plan Amendment. The Coordinator intends to continue its working relationship with the City administration and City Council with the preparation of the City's 2021 budget to project as reasonably as possible the City's general fund revenues and expenditures for 2021. The Coordinator has included initiatives in this Exit Plan Amendment to guide the City through the remainder of fiscal year 2020 and beyond.

CHAPTER 3 WORKFORCE

While the cash compensation and benefits provided to City employees varies greatly by individual, the Coordinator's financial review of City personnel expenditures presented within the 2017 Exit Plan exhibit a very clear conclusion – the City must control its future personnel expenditures (wages, health benefits, workers compensation and pensions) to sustain its long-term operations. Personnel expenditures, for active employees *and* retirees, represent the majority of the City's General Fund operating expenses and rise annually during the review period. In addition to direct compensation, additional opportunities for employee cash compensation and benefits are available to eligible employees through: longevity; overtime compensation; a health plan with a high level of medical coverage and a lower employee cost than found in private or other public sector employers; retiree health care coverage; a taxpayer guaranteed level of retirement benefits through a defined benefit pension plan; increased costs to the pension plan due to excessive awarding of disability pensions historically, and the inability to collect offsets on the foregoing even when the employee obtains other gainful employment. This level of cash compensation and benefits is offered within the context of the City's weak tax base and the stagnation or even reduction of major City revenue sources absent tax increases.

The City's fiscal health cannot be achieved without controlling its future personnel expenses, especially direct compensation, overtime, health care expenses, workers' compensation and pension benefits.

Number of Budgeted Employees by Category and Year

| Category | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administrative | 32 | 22 | 29 | 28 | 28 | 30 | 27 | 29 | 32 | 31 |
| Clerical | 60 | 57 | 59 | 59 | 60 | 59 | 55 | 56 | 57 | 57 |
| Firefighter | 137 | 131 | 134 | 131 | 125 | 125 | 135 | 134 | 137 | 136 |
| Legislative | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Police | 148 | 139 | 141 | 141 | 142 | 142 | 146 | 146 | 146 | 146 |
| Public Works | 93 | 84 | 84 | 84 | 84 | 86 | 93 | 94 | 95 | 96 |
| Single Tax Office | 27 | 19 | 19 | 17 | 17 | 17 | 17 | 17 | 18 | 18 |
| Total | 504 | 459 | 473 | 467 | 463 | 466 | 480 | 483 | 492 | 491 |

Control over personnel expenses is essential to the City's fiscal survival. Without it, the City will eventually have to make dramatic workforce reductions that will limit its ability to provide the most basic municipal services to its residents. In the past, the City has resorted to layoffs or not filling vacant positions because it was unable to reduce or contain other components of compensation. However, complement reductions must also be balanced with the City's need to provide necessary and vital services to its businesses and residents. While reductions in the City's employee complement temporarily reduces City operating expenditures, the City cannot adequately address its structural operating deficits without diligently managing the entire employee compensation package it offers its employees so that the growth in employee compensation and employee benefits more closely tracks the City's revenue growth.

It is the Coordinator's intent to maintain an open and cooperative dialog between the City and its represented employees. Over 90 percent of the City's employees are represented by a collective bargaining unit.

| Employee Group | Description | Term of CBA | Current Covered Positions |
|---|---|----------------------------|---------------------------|
| International Association of Machinists and Aerospace Workers Local 2462 | All non-uniformed, non-management employees (Clerical) | Expiration Date 12/31/2020 | 57 |
| International Association of Machinists and Aerospace Workers Local 2305* | Departments of Public Works, Parks and Recreation | Expiration Date 12/31/2021 | 96 |
| Fraternal Order of Police (FOP), Lodge No. 2 | All sworn Police Officers including all ranking Police Department officers who are covered by the FOP Collective Bargaining Agreement | Expiration Date 12/31/2021 | 146 |
| International Association of Fire Fighters (IAFF), Local Union No. 669 | All Fire Fighters including Fire Department officers who are covered by the IAFF Collective Bargaining Agreement | Expiration Date 12/31/2021 | 136 |
| Management and Non-Collective Bargaining Positions | Management and Non-Collective Bargaining Positions | | 31 |

These employees provide essential services to the City's residents from police and fire protection to the collection of refuse and the maintenance of City streets and parks. The Coordinator encourages the City and its represented employees to be ever mindful of the fact that the ultimate purse from which the funds used to provide these services are the hardworking citizens of the City. A financially insolvent City benefits no one.

Exit Plan Compliance with Act 133 of 2012

As required by Act 133 of 2012 (Act 133), which amended the Act 47, the Coordinator is required to provide an aggregate limit on expenditures for each individual collective bargaining unit for the current fiscal year and the next three years. The Coordinator has updated the aggregate expenditure limits for each individual collective bargaining unit in this Exit Plan Amendment. The expenditure limits were developed to offer each collective bargaining unit and the City an opportunity to actively participate in collective bargaining negotiations that produce an outcome consistent with the purpose of Act 47 and the amendments thereto. With limited exceptions for arbitration settlements rendered pursuant to Act 111 of 1968 (the Policemen and Firemen Collective Bargaining Act), any future collective bargaining agreement or memorandum of understanding or any amendment to any current collective bargaining agreement or memorandum of understanding agreed to by the City and any of its collective bargain units or any future arbitration settlement or adjustment rendered shall not exceed the expenditure limits provided in the 2017 Exit Plan and this Exit Plan Amendment. The expenditure limits contained herein shall become applicable upon the City's adoption of this Exit Plan Amendment.

The expenditure limits include the following assumptions which may be changed through collective bargaining but the total expenditures are not to exceed the total limits for each bargaining unit as provided in this Exit Plan Amendment. The individual expenditure categories are included within the "baseline" total with the following assumptions used to calculate the yearly amounts.

- The number of personnel is held constant at the 2020 Operating Budget workforce level.
- Current wages have been increased as specified in collective bargaining agreements, memorandum of understanding, interest arbitration awards or court orders. At the conclusion of the current collective bargaining agreement, memorandum of

understanding or arbitration award, wages are anticipated to increase two percent annually for all bargaining units.

- Category of “Other Salary” is held constant at the 2020 budget amount.
- Longevity salary has been increased as specified in any current collective bargaining agreement, memorandum of agreement, interest arbitration award or court orders.
- Overtime salary is held constant at the 2020 budget amount.
- Uniform allowances are held at the 2020 budget amount.
- Employee medical insurance expenditures were increased annually by 5.5 percent from 2020 through 2021 in conformance with recently observed City experience and similar annual increases projected for other local government entities.
- Life and short-term disability insurance (non-pension disability benefit) is increased at 3.0 percent annually based on recent premium experience.
- Social Security costs have been increased by the rate of any increase in underlying salaries and wages.

The following maximum expenditure limits for each City collective bargaining unit and group of employees shall be effective upon adoption of this Exit Plan Amendment and shall remain in effect until the 2017 Exit Plan is further amended, is replaced by an emergency action plan pursuant to Chapter 6 of Act 47 or the City’s distress determination is terminated.

Act 133 Aggregate Limits by Collective Bargaining Unit

| International Association of Machinists and Aerospace Workers Local 2305 | 2020 Projected | 2021 Projected | 2022 Projected |
|---|---------------------------|---------------------------|---------------------------|
| Standard Salary | \$4,523,209 | \$4,622,720 | \$4,719,797 |
| Other Salary (Misc) | 185,000 | 185,000 | 185,000 |
| Longevity Salary | 185,843 | 189,932 | 193,920 |
| Overtime Salary | 440,750 | 440,750 | 440,750 |
| Uniform Allowance | 37,020 | 37,020 | 37,020 |
| Health Insurance - DPW Union Active | 2,118,394 | 2,234,906 | 2,357,826 |
| Social Security | <u>408,112</u> | <u>416,038</u> | <u>423,769</u> |
| Total Public Works | \$7,898,329 | \$8,126,365 | \$8,358,082 |

| International Association of Machinists and Aerospace Workers Local 2462 | 2020 Projected | 2021 Projected | 2022 Projected |
|---|---------------------------|---------------------------|---------------------------|
| Clerical | | | |
| Standard Salary | \$2,198,775 | \$2,247,148 | \$2,294,338 |
| Other Salary (Misc) | 13,000 | 13,000 | 13,000 |
| Longevity Salary | 41,084 | 41,988 | 42,869 |
| Overtime Salary | 8,000 | 8,000 | 8,000 |
| Uniform Allowance | 1,500 | 1,500 | 1,500 |
| Health Insurance - Clerical Union Active | 1,608,200 | 1,696,651 | 1,789,966 |
| Social Security | <u>172,956</u> | <u>176,725</u> | <u>180,403</u> |
| Total Clerical | \$4,043,514 | \$4,185,012 | \$4,330,077 |

| | 2020 Projected | 2021 Projected | 2022 Projected |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Police | | | |
| Standard Salary | \$10,188,969 | \$10,413,126 | \$10,631,802 |
| Other Salary (Misc) | 350,000 | 350,000 | 350,000 |
| Longevity Salary | 872,919 | 892,123 | 910,858 |
| Overtime Salary | 700,000 | 700,000 | 700,000 |
| Court Appearance Salary | 174,400 | 174,400 | 174,400 |
| Uniform Allowance | 115,850 | 115,850 | 115,850 |
| Health Ins-Police Union Active | 6,525,933 | 6,884,860 | 7,263,527 |
| Life/Disability Insurance | 150,634 | 150,634 | 150,634 |
| Police Education Allowance | 50,000 | 50,000 | 50,000 |
| Social Security | <u>178,151</u> | <u>181,680</u> | <u>185,122</u> |
| Total Police | \$19,306,856 | \$19,912,673 | \$20,532,193 |

| | 2020 | 2021 | 2022 |
|--------------------------------------|---------------------|---------------------|---------------------|
| Fire | Projected | Projected | Projected |
| Standard Salary | \$10,184,989 | \$10,409,058 | \$10,627,649 |
| Other Salary (Misc) | 205,000 | 205,000 | 205,000 |
| Longevity Salary | 736,942 | 753,155 | 768,971 |
| Overtime Salary | 325,000 | 325,000 | 325,000 |
| Uniform Allowance | 98,550 | 98,550 | 98,550 |
| Health Insurance - Fire Union Active | 5,964,788 | 6,292,852 | 6,638,958 |
| Life/Disability Insurance | 141,521 | 141,521 | 141,521 |
| Social Security | <u>166,053</u> | <u>169,537</u> | <u>172,936</u> |
| Total Fire | \$17,822,843 | \$18,394,673 | \$18,978,585 |

CHAPTER 10 ACHIEVING BALANCED GENERAL FUND BUDGETS 2020 – 2023

The COVID-19 pandemic gripping the United States and the world is negatively impacting the U.S. and global economy in ways not seen since the Great Depression. The negative economic impact of the COVID-19 pandemic is also affecting the economy of the Commonwealth of Pennsylvania and its municipalities. Scranton is no exception. The Coordinator’s baseline projections for the years 2020 – 2023 as outlined in Chapter 2 of this Exit Plan Amendment project the City to incur increasing general fund operating budget deficits during this time period. (See Table 10-1.)

Table 10-1
Baseline General Fund Projections
2020 – 2023
Excludes TRAN Principal

| | 2020 Estimated | 2021 Projected | 2022 Projected | 2023 Projected |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | \$99,737,449 | \$97,235,489 | \$97,560,553 | \$97,090,078 |
| Expenditures | \$103,348,522 | \$101,314,261 | \$103,165,892 | \$105,189,747 |
| Surplus/(Deficit) | (\$3,611,073) | (\$4,078,772) | (\$5,605,339) | (\$8,099,669) |

Deficit Abatement Initiatives

As previously mentioned, the Coordinator will continue to monitor the City’s 2020 operating budget’s performance with special attention on the operating budget’s revenue line items. The Coordinator will update the 2020 – 2023 baseline financial projections and initiatives as warranted. It is the Coordinator’s opinion that the implementation of the following initiatives will assist the City in eliminating the operating budget deficits projected in the years 2020 - 2023 and will help ensure that the City maintains a cash surplus to meet its expenditure obligations as they come due.

- DA1 The Coordinator recommends that City officials pursue any state or federal financial assistance that becomes available for which the City is eligible to help offset the loss of City anticipated revenue due to the COVID-19 pandemic. This includes utilizing any new legislation that will assist the City with revenue enhancements or expenditure controls.
- DA2 The Coordinator recommends that City officials continue to lobby their local state and federal legislative representatives for the introduction and passage of legislation that will be of assistance to the City and other municipalities. The City shall coordinate its

lobbying efforts with other similarly situated commonwealth municipal officials and statewide organizations of which it is a member such as the Pennsylvania Municipal League.

- DA3 The Coordinator recommends that the City continue to monitor its monthly cash flow projections through the end of 2020 and evaluate the necessity of a potential unfunded debt obligation as authorized by the Local Government Unit Debt Act, Act 177 of 1996, in the 4th quarter of 2020 to prevent a cash flow deficit during 2020.
- DA4 The Coordinator recommends that the City not exceed the employee count by department beyond those budgeted in the 2020 general fund budget throughout the term of this Exit Plan Amendment, unless the addition of employees beyond those budgeted in the 2020 general fund budget complies with the Act 133 aggregate limits.
- DA5 The Coordinator recommends that to the extent that the aforementioned deficit abatement initiatives do not entirely reduce the projected operating deficits, the City shall increase the tax rates on property to eliminate yearly operating deficits and/or reduce expenditures. The City may consider increases in other rates of taxation to reduce the impact of relying solely on property taxes for deficit reduction.

CHAPTER 11

EXTENSION OF EXIT PLAN TERMINATION DATE

The COVID-19 pandemic is negatively impacting most, if not all, of the commonwealth's municipalities. This includes the City of Scranton. On May 29, 2020, the Governor of Pennsylvania signed into law Fiscal Code-Omnibus Amendments, P.L. 158, No. 23 ("Act 23 of 2020"). Section §2.1 of Act 23 of 2020 added a new Section §1604-D.1 to the Fiscal Code. Section §1604-D.1 provides as follows:

Section 1604-D.1. Emergency plan extension.

A municipality operating pursuant to a recovery plan under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, shall be eligible for an 18-month extension beyond the time limit imposed under section 254 of the Municipalities Financial Recovery Act.

The City adopted its current three-year Act 47 Exit Plan on July 27, 2017 ("2017 Exit Plan"). The three-year time limit under the City's adopted 2017 Exit Plan expires on July 27, 2020.

Pursuant to Act 23 of 2020, the City is eligible for an 18-month extension beyond the July 27, 2020, time limit imposed by section 254 of Act 47. Section 249 of Act 47 authorizes a coordinator to initiate an amendment to a plan developed by a coordinator. A coordinator's amendment to a plan must be adopted by ordinance. The Coordinator recommends that the City extend the time limit imposed by §254 of Act 47 by 18 months to January 27, 2022. The City's adoption by ordinance of this Exit Plan Amendment will extend the time limit through January 27, 2022.

All other terms and conditions of the City's adopted 2017 Exit Plan remain valid and enforceable. If there is any conflict between any of the terms of this Exit Plan Amendment and the 2017 Exit Plan, the terms of this Exit Plan Amendment shall control.

APPENDIX

A

**ACT 47 COORDINATOR'S RECOMMENDATION TO THE
SECRETARY OF THE
DEPARTMENT OF COMMUNITY AND ECONOMIC
DEVELOPMENT
FOR THE
CITY OF SCRANTON**

Prepared By:

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March 2020

BACKGROUND

Scranton was incorporated as a city on April 23, 1866 with a population of 35,000. The City of Scranton (City) is located in Lackawanna County and is the largest municipality in northeastern Pennsylvania. It became a major commercial city—a center of mining, railroads and industry—and attracted thousands of new immigrants. By the mid-1930s, Scranton's population had swelled beyond 140,000 due to growth in the mining and industry. After World War II coal lost favor to oil and gas as heating fuel and manufacturing moved to lower labor cost areas of the United States and overseas. The City's population began a downward trend to an estimated 2015 population of 77,118.

The City is currently governed by a home rule charter adopted by the City's voters in a referendum on May 21, 1974. The Home Rule Charter of Scranton (Home Rule Charter) became effective on January 5, 1976. Under the Home Rule Charter, the Mayor and Council, jointly, are the governing body of the City. The governing powers are divided between executive and legislative branches. The executive branch is headed by a Mayor elected at large for a four-year term. The Mayor has, among other powers, the power to veto ordinances and resolutions passed by Council, negotiate contracts, and draft and propose to Council an annual operating budget and an annual capital budget. The Mayor appoints a Business Administrator with the advice and consent of Council. The Business Administrator is responsible for supervising the administration of the City's adopted operating budget, and all operating department supervisors report to the Business Administrator.

The legislative branch is a Council that consists of five members elected at large for four-year terms. City Council appoints a City Clerk who is responsible for giving notice of Council meetings and keeping a journal of its proceedings. Council is required to meet once a week in regular session. All official and final action is taken by a majority vote. Ordinances or resolutions only become effective upon being signed by the Mayor or when passed by an extraordinary majority over the Mayor's veto. Council may adopt the Mayor's proposed budgets with or without amendments. If Council does not adopt a budget by December 15th the Mayor's proposed budget becomes the City's official budget for the ensuing year. The City's fiscal year commences on January 1 and ends on December 31.

The voters of the City also elect a City Controller for a four-year term. The City Controller is responsible for maintaining accounting systems for the City government and for examining and approving all contracts, purchase orders and other financial obligations against the City.

Pursuant to the Commonwealth of Pennsylvania's Municipalities Financial Recovery Act, Act 47 of 1987, as amended, (Act 47) the City was declared a financially distressed municipality by a Departmental Order of the Secretary of the then Department of Community Affairs (now Department of Community and Economic Development) (DCED) on January 10, 1992. See Appendix A. The Pennsylvania Economy League, Central PA Division, Wilkes-Barre, Pennsylvania was subsequently appointed the Act 47 Coordinator (Coordinator) for the City. The Coordinator prepared and the City adopted its original Act 47 Recovery Plan in 1992 and adopted subsequent Recovery Plan amendments prepared by the Coordinator in 1995, 2002, 2012 and 2015. The City has been in the Commonwealth's Act 47 program for over twenty-eight years.

Act 199 of 2014 (Act 199) amended Act 47 to provide a timeline and process for municipalities to exit from their distressed determination. For the City, the *Revised and Updated Act 47 Recovery Plan For the City of Scranton*, adopted by Scranton City Council on August 23, 2012, started the Act 199 timeline for the City to exit from the Act 47 program. As part of the Act 199 exit process, the Coordinator was required to prepare and file a report stating the financial condition of the City. On February 17, 2017, the Coordinator filed with the City a *Report Stating the Financial Condition of the City of Scranton* (Financial Condition Report). The Coordinator's finding in the Financial Condition Report noted that although the City had made "noteworthy progress" on a number of fronts, the Coordinator recommended that a three-year exit plan be prepared for the City.

The Coordinator, in conjunction with City officials, prepared a three-year exit plan for the City. On July 27, 2017 the City adopted the *Act 47 Exit Plan for the City of Scranton* (2017 Exit Plan). City officials have cooperated with the Coordinator in implementing many of the initiatives included in the City's 2017 Exit Plan.

Act 199 provides that after a municipality adopts a three-year exit plan the Secretary of DCED may, upon written recommendation from the coordinator, issue an administrative determination to rescind the order declaring the municipality distressed, thereby terminating the

distressed status of the municipality, or request the Governor to make a determination of a fiscal emergency in the municipality. If the coordinator does not provide a written recommendation to the Secretary of DCED and three-years elapse since the adoption of an exit plan, then the Secretary of DCED is required to terminate the distressed status of the municipality. See 53 P.S. §11701.257(b) and (c). The City adopted its Exit Plan on July 27, 2017.

DCED and the Coordinator have concluded that the Coordinator shall issue a written recommendation to the Secretary of DCED of whether to issue a determination to rescind the order declaring the City a distressed municipality or whether to request the Governor to make a determination of fiscal emergency in the City. The remainder of this Act 47 Coordinator's Recommendation will analyze the relevant facts in the City upon which the Coordinator's recommendation will be established.

FACTORS TO CONSIDER TO RESCIND A DISTRESS DETERMINATION

Section 11701.255.1(c) of Act 47 enumerates four factors for the Secretary of DCED to consider in making a determination on whether to rescind the distressed status of a municipality. The full language of §255.1(c) is as follows:

- (c) **Factors to Consider.** — If the secretary concludes that *substantial evidence* supports an affirmative determination for each of the following factors, the determination shall be that the distressed status will be rescinded. The secretary shall consider whether:
- (1) Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures demonstrates a reasonable probability of future balanced budgets absent participation in this act.
 - (2) Obligations issued to finance the municipality's debt have been retired, reduced or reissued in a manner that has adequately refinanced outstanding principle [*sic*] and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.
 - (3) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.
 - (4) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt

obligations and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

53 P.S. §11701.255.1(c). (Emphasis added.)

“Substantial evidence” is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. See *Republic Steel Corporation v. Workmen’s Compensation Appeal Board*, 492 Pa. 1 (Pa. 1980), 421 A.2d. 1060, at 1062. Appellate review is focused on whether there is rational support in the record, when reviewed as a whole, for an agency’s action. *Id.* at 1063. Findings of fact will be overturned only if they are arbitrary and capricious. *Id.* Using the statutory language above as guidance, the Coordinator will examine the relevant facts as they exist in the City for each factor enumerated in §11701.255.1(c).

Factor (1)

Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures demonstrates a reasonable probability of future balanced budgets absent participation in this act.

The City provided the Coordinator with completed annual audits for the years 2016-2018. For 2019, the Coordinator utilized restated financial statements provided by the City. For 2020, the Coordinator will analyze the City’s adopted 2020 operating budget and the Coordinator’s database of City financials to create 2020 estimates.

During the period 2016 – 2019 the City experienced a mix of surpluses and deficits. The City’s audited financial statements show that the City experienced an excess of revenues over expenditures of \$3,972,101 in 2016. In 2016, the City received over \$74,000,000 in proceeds from bonds. The principal 2016 bond financings consisted of \$29,810,000 in bond financing to pay the police and fire judgment resulting from a 2011 Pennsylvania Supreme Court ruling; \$7,720,000 refinancing a letter of credit that backed a 2008 taxable variable rate demand note; and \$32,850,000 in bonds to generate the funds needed to defease the remaining outstanding debt

of the Scranton Parking Authority (SPA) as part of the 2016 monetization of the SPA. The City also received \$66,519,986 in proceeds from the sale of the Scranton Sewer Authority to a third party in December 2016 (2016 Sewer Sale Proceeds). This sale transaction significantly increased the City's fund balance from \$5,050,411 to \$75,542,498.

The City's 2017 audited financial statements evidence that the City experienced an excess of expenditures over revenues resulting in a deficit of (\$42,262,695). However, this deficit occurred during 2017 due to the City's utilization of a portion of the 2016 Sewer Sale Proceeds in the fund balance to defease seven outstanding general obligation bonds and notes. The total long-term debt defeased by the City in 2017 was approximately \$42,411,312. (See **Factor 2** for defeased 2017 debt details). The defeasance of the general obligation bonds and notes reduced the City's long-term debt general obligation notes and notes from \$154,893,540 in 2016 to \$113,463,684 in 2017. After accounting for the unbudgeted defeasance expenditure, the City's deficit in 2017 was (\$148,617). The defeasance of these general obligation bonds and notes decreased the City's fund balance from \$75,542,498 to \$33,279,803.

The City's 2018 audited financial statements evidence that the City experienced an excess of expenditures over revenues resulting in a deficit of (\$1,241,138). In 2018, the City issued a five-year Series of 2018 general obligation note of \$22,990,000. The note was secured by \$22,990,000 of 2016 Sewer Sale Proceeds which were deposited in an account with Webster Bank of Waterbury, Connecticut. The \$22,990,000 general obligation note proceeds received by the City were distributed to partially fund the City's pensions—10% was distributed to the City's non-uniformed pension plans and 45% was distributed to the police pension plan and fire pension plan, respectively. The City's fund balance decreased in 2018 from \$33,279,803 to \$32,038,665.

For 2019, the City's 2019 unaudited financial statements were examined for this analysis. In 2019, the City experienced an excess of revenues over expenditures resulting in a \$1,412,341 surplus. Unlike the prior three years, the City did not undertake any long-term debt obligations nor defease any long-term debt. The City's fund balance increased from \$32,038,665 to \$33,451,006.

Based upon the City's adopted 2020 budget and the Coordinator's financial database, the City is estimated to incur a slight deficit of (\$124,290) in 2020. In 2020, the City will make its first principal payment of \$6,000,000 on the Series of 2018 general obligation note thereby

increasing the City's 2020 debt service payments. The City will transfer \$6.0 million from the Webster Bank account to make this payment in 2020. The estimated 2020 deficit of (\$124,290) will slightly reduce the City's fund balance to \$33,326,716. (See Table 1.)

Table 1
CITY OF SCRANTON
General Fund Revenues and Expenditures
2016 to 2020

| | 2016 Audit | 2017 Audit | 2018 Audit | 2019 Restated | 2020 Estimated |
|--|-------------------|---------------------|---------------------|-------------------|---------------------|
| Taxes | 70,548,681 | 72,648,050 | 72,925,885 | 73,350,942 | 75,584,728 |
| Intergovernmental | 3,768,628 | 4,963,928 | 4,761,305 | 4,419,309 | 4,459,266 |
| Departmental Earnings | 1,410,012 | 281,014 | 554,483 | 307,639 | 447,000 |
| Refuse Disposal Fee | 7,440,667 | 6,637,754 | 6,970,633 | 7,268,069 | 7,111,678 |
| Licenses & Permits | 1,332,642 | 2,295,187 | 2,396,375 | 2,452,580 | 2,105,664 |
| Cable Television Franchise Revenue | 1,016,420 | 1,071,698 | 1,022,958 | 771,904 | 975,000 |
| Payments In Lieu of Taxes | 60,791 | 271,559 | 71,456 | 245,338 | 350,000 |
| Investment Income | 0 | 0 | 0 | 0 | 0 |
| Other Revenues | 904,101 | 3,073,037 | 881,339 | 1,161,203 | 967,300 |
| Rents & Concessions | 6,500 | 5,500 | 5,500 | 5,000 | 5,000 |
| Program Income | 0 | 0 | 432,088 | 0 | 0 |
| Total Revenues | 86,488,442 | 91,247,727 | 90,022,022 | 89,981,984 | 92,005,636 |
| General Government | 13,045,312 | 14,539,547 | 17,687,403 | 15,127,080 | 18,405,585 |
| Public Safety | 48,284,517 | 53,625,673 | 67,310,714 | 47,480,091 | 49,130,303 |
| Public Works | 10,889,714 | 12,384,073 | 13,074,685 | 13,044,460 | 13,601,452 |
| Community Development | 0 | 0 | 0 | 0 | 0 |
| Culture & Recreation | 649,603 | 685,201 | 725,924 | 949,953 | 872,015 |
| Debt Service | 12,420,110 | 8,943,290 | 10,688,041 | 12,212,524 | 18,201,846 |
| Capital Outlay | 0 | 1,975,936 | 3,912,713 | 1,876,768 | 1,893,300 |
| Total Expenditures | 85,289,256 | 92,153,720 | 113,399,480 | 90,690,876 | 102,104,501 |
| Operating Surplus/(Deficit) | 1,199,186 | (905,993) | (23,377,458) | (708,892) | (10,098,865) |
| Transfers | 1,016,976 | 2,930,526 | 169,391 | 2,741,550 | 9,398,901 |
| Sale of Assets | 0 | 2,570,139 | 0 | 0 | 1,520,824 |
| Proceeds from Leases | 0 | 0 | 1,944,539 | 106 | 100 |
| Proceeds from Bonds | 74,018,961 | 24,620,000 | 22,990,000 | 0 | 1,000 |
| Premium of Issuance of Bonds | 0 | 1,539,054 | | | |
| TRAN | 12,750,000 | 12,750,000 | 12,750,000 | 12,700,000 | 12,750,000 |
| Transfers Out | -8,823,003 | -175,000 | -2,132,397 | 0 | 0 |
| TRAN | -13,014,162 | -12,964,896 | -13,101,263 | -12,946,598 | -13,196,250 |
| Payment to escrow Agent for Refunding/Retirements | 0 | -72,437,410 | 0 | 0 | 0 |
| Parking Authority Debt Payments | -31,864,978 | | | | |
| Court Award Payment | -31,310,879 | -189,115 | -483,951 | -373,824 | -500,000 |
| Total Other Financing Sources | 2,772,915 | (41,356,702) | 22,136,320 | 2,121,234 | 9,974,575 |
| Excess of Revenues & Other Financing Sources over Expenditures and Other Financing Uses | 3,972,101 | (42,262,695) | (1,241,138) | 1,412,341 | (124,290) |
| Sale of Sewer Authority | 66,519,986 | | | | |
| Fund Balance Beginning of Year | 5,050,411 | 75,542,498 | 33,279,803 | 32,038,665 | 33,451,006 |
| Fund Balance End of Year | 75,542,498 | 33,279,803 | 32,038,665 | 33,451,006 | 33,326,716 |

Note that the Coordinator will analyze the probability of future City revenues and expenditures producing future balanced budgets absent participation in this act in the **Factor 4** projections of City revenues and expenditures.

Factor (2)

Obligations issued to finance the municipality's debt have been retired, reduced or reissued in a manner that has adequately refinanced outstanding principle [*sic*] and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.

As mentioned in **Factor (1)** above, the City used a large portion of the 2016 Sewer Sale Proceeds to defease a significant amount of long-term, high-interest debt in 2017. As a result, from 2016 to 2017 the City's outstanding long-term debt decreased from \$158,893,540 to \$113,463,684.

In 2018, the City issued a \$22.9 million general obligation note to fund the City's three defined benefit pension plans. As previously mentioned, this note was secured by \$22,990,000 of 2016 Sewer Sale Proceeds which are currently deposited in an account with Webster Bank. The City did not undertake any major issuances of general obligation bonds or notes in 2019.

During the period 2016 – 2019 the City timely made all of its debt service payments. The City's total outstanding debt decreased from \$158,893,540 in 2016 to 117,634, 814 in 2019. (See Table 2.)

Table 2
CITY OF SCRANTON
Outstanding Debt Principal
2016 to 2019
(Outstanding as of December 31st each year)

| | 2016 Audit | 2017 Audit | 2018 Audit | 2019 Estimated | Maturity Date |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
| General Obligation Bonds | | | | | |
| Emmaus General Authority Series 2002 | 4,405,000 | 4,105,000 | 3,795,000 | 3,470,000 | 2028 |
| Series B of 2003 | 25,195,000 | 0 | 0 | 0 | |
| Series C of 2003 | 13,270,000 | 0 | 0 | 0 | |
| Series D of 2003 | 6,135,000 | 0 | 0 | 0 | |
| Series A of 2012 | 6,075,000 | 0 | 0 | 0 | |
| Series C of 2012 | 6,655,000 | 0 | 0 | 0 | |
| Series A and AA of 2016 | 39,278,595 | 37,175,000 | 34,570,000 | 31,815,000 | 2028/2025 |
| Series of 2017 | 0 | 24,620,000 | 22,620,000 | 20,520,000 | 2029 |
| Total GO Bonds | 101,013,595 | 65,900,000 | 60,985,000 | 55,805,000 | |
| General Obligation Notes | | | | | |
| Series B of 2012 | 800,000 | 0 | 0 | | |
| Series A of 2013 | 3,774,025 | 0 | 0 | | |
| Series of 2016 | 35,563,692 | 32,840,000 | 32,605,000 | 32,360,000 | 2032 |
| Series of 2018 | 0 | 0 | 22,620,000 | 22,990,000 | 2023 |
| Total GO Notes | 40,137,717 | 32,840,000 | 55,225,000 | 55,350,000 | |
| Lease Obligations Payable | | | | | |
| 2006 Capitalized Lease Equip Energy System | 700,428 | 0 | 0 | | |
| 2006 Capitalized Buildings | 8,820,000 | 7,705,000 | 0 | | 2024 |
| 2016 Capitalized Lease Equipment | 1,587,346 | 1,017,687 | 0 | | |
| 2016 Street Light Lease | 4,000,000 | 3,678,203 | 3,395,681 | 3,094,979 | 2027 |
| Capitalized Lease Equipment | 0 | 0 | 2,310,712 | 2,310,712 | 2023 |
| Total Lease Obligations | 15,107,774 | 12,400,890 | 5,706,393 | 4,791,109 | |
| Notes Payable | | | | | |
| DCED Act 47 Loan | 600,000 | 500,000 | 400,000 | 300,000 | 2022 |
| PIB Loan | 2,034,454 | 1,822,794 | 1,607,352 | 1,388,705 | 2025 |
| Total Notes Payable | 2,634,454 | 2,322,794 | 2,007,352 | 1,688,705 | |
| Total Outstanding Debt | 158,893,540 | 113,463,684 | 123,923,745 | 117,634,814 | |

The City has not notified the Coordinator nor is the Coordinator aware as of the writing of this Act 47 Coordinator's Recommendation of any new City debt obligations to be incurred in 2020. The City's 2020 debt service is projected to be \$17,858,079, of which \$6,000,000 will be transferred from the Webster Bank account for a principal payment on the 2018 general obligation note. Notwithstanding any borrowing which may be incurred in 2020, the Coordinator projects the City's debt service obligations for the years 2020-2025 as stated in Table 3.

Table 3
CITY OF SCRANTON
Debt Service
2020 to 2025

| | 2020 Debt Service | 2021 Debt Service | 2022 Debt Service | 2023 Debt Service | 2024 Debt Service | 2025 Debt Service |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Obligation Bonds | | | | | | |
| Emmaus General Authority | | | | | | |
| Series 2002 | 456,450 | 454,725 | 457,650 | 455,050 | 457,100 | 457,100 |
| Series A and AA of 2016 | 4,508,513 | 4,531,713 | 4,686,325 | 4,795,350 | 5,170,288 | 5,267,125 |
| Series of 2017 | 3,231,000 | 3,230,750 | 3,225,000 | 3,233,750 | 2,296,000 | 868,750 |
| Total GO Bonds | 8,195,963 | 8,217,188 | 8,368,975 | 8,484,150 | 7,923,388 | 6,592,975 |
| General Obligation Notes | | | | | | |
| Series of 2016 | 1,878,000 | 1,875,000 | 1,876,500 | 1,872,250 | 2,442,500 | 3,783,500 |
| Series of 2018 | 6,559,450 | 6,558,225 | 6,561,050 | 6,556,825 | 0 | 0 |
| Total GO Notes | 8,437,450 | 8,433,225 | 8,437,550 | 8,429,075 | 2,442,500 | 3,783,500 |
| Lease Obligations Payable | | | | | | |
| 2016 Street Light Lease | 429,767 | 438,218 | 446,379 | 455,150 | 464,090 | 473,206 |
| Capitalized Lease Equipment | 449,930 | 464,168 | 464,168 | 464,168 | 102,157 | 102,157 |
| Total Lease Obligations | 879,697 | 902,386 | 910,547 | 919,318 | 566,247 | 575,363 |
| Notes Payable | | | | | | |
| DCED Act 47 Loan | 100,000 | 100,000 | 100,000 | 0 | 0 | 0 |
| PIB Loan | 244,969 | 244,969 | 244,968 | 244,811 | 244,991 | 244,991 |
| Total Notes Payable | 344,969 | 344,969 | 344,968 | 244,811 | 244,991 | 244,991 |
| Total Debt Service | 17,858,079 | 17,897,768 | 18,062,040 | 18,077,354 | 11,177,125 | 11,196,828 |

The Coordinator deems it worthy to note that in 2015 the City appointed a local bank as the City's paying agent for the City's debt service. The paying agent serves as a single point for paying the City's debt service obligations and is required by two City bond issues. The City designates 33% of annually collected real estate taxes to go directly to the paying agent. The paying agent structure created by the City has served the City well in meeting its annual debt service obligations over the past five-years. The Coordinator anticipates that the City will continue this process into the future.

Factor (3)

The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.

Over the past 28 years the City, with a population of over 77,000 people, has had a fair share of litigation. During the 2017 Exit Plan period, the City has settled or fully adjudicated several outstanding lawsuits. However, as of the writing of this Act 47 Coordinator's Recommendation there remains several outstanding lawsuits that the City is defending, with one lawsuit in particular that involves a significant sum of money. The following is a review of the settled and active lawsuits involving the City.

Settled lawsuits:

- 1) In July 2019, the City settled a lawsuit filed by UGI Utilities, Inc., in 2015 that challenged a June 2015 City ordinance imposing new rules and fees on pavement cuts and inspections in the City. The City agreed to reduce the pavement cut and inspection fees to PennDOT standards and to provide UGI with a \$100,000 credit against future pavement cut and inspections fees to be allocated over five years.
- 2) In April 2019, the City agreed to pay \$245,000 to settle a federal lawsuit filed by a building contractor who alleged that the City Director of Licensing, Inspections and Permits improperly revoked his contracting licenses. The settlement will be paid from City general funds because insurance coverage of the claim was denied.
- 3) In March 2019, the City agreed to settle a class-action lawsuit filed in 2015 challenging the City's rental registration program. The City will pay a total of \$71,100 to 544 property owners, lower the rental registration fee from \$150 to \$45 in 2020 and pay plaintiff's legal fees.

Outstanding lawsuits:

- 1) A class action lawsuit filed in December 2016 challenges the City's annual \$300 trash fee as excessive. About 6,000 City property owners signed on as co-plaintiffs in June 2019.

In October 2019, the City appointed the law firm of Fox Rothschild LLP to provide legal services. Litigation is ongoing.

- 2) A potential class-action lawsuit filed in September 2018 alleges that Northeast Revenue Services, the City appointed collector of delinquent trash fees, has charged and collected interest on both delinquent garbage fees and on penalties that were not authorized by City ordinance. The City was ordered to be included as a defendant in the lawsuit. Litigation is ongoing.
- 3) The City is defending a 2017 Action in Mandamus alleging that the City is annually collecting Act 511 tax revenue in excess of the aggregate amount permitted in 53 P.S. §6924.320. The plaintiffs sought a judicial order to have the City modify their Act 511 tax rates to conform with §6924.320 and to escrow any Act 511 tax collection dollars that exceed the statutory limit. The City argued that the §6924.320 aggregate revenue limit does not apply to the City because as a home rule municipality the Home Rule Charter and Optional Plans Law, Act 62 of 1972, as amended, (Home Rule Law) permits the City to exceed the Act 511 tax rate limits and, consequently, the §6924.320 aggregate collection limits.

On December 16, 2019, Judge James Gibbons of the Lackawanna County Court of Common Pleas agreed with the plaintiffs and ordered the City to set aside and sequester excess Act 511 taxes for the years 2015, 2016, 2017 (2019 Lackawanna Common Pleas Order). The 2019 Lackawanna Common Pleas Order also requires the City to determine, set aside and sequester excess Act 511 taxes received for fiscal year 2018 forthwith. Finally, the 2019 Lackawanna Common Pleas Order directs the City to reduce the rates of their Act 511 tax rates so that the total revenues collected for its Act 511 taxes going forward more closely approximate the Act 511 aggregate revenue limit.

The City has informed the Coordinator that the estimated amount of money the City will need to set aside to comply with the 2019 Lackawanna Common Pleas Order is approximately \$50 million. In addition, the City will be required to reduce its Act 511 tax rates to comply with the 2019 Lackawanna Common Pleas Order. To offset the reduced Act 511 tax revenue the City will have to increase its real property tax rates

and/or impose significant expenditure reductions to comply with the 2019 Lackawanna Common Pleas Order.

On January 13, 2020, the City filed a Notice of Appeal of the 2019 Lackawanna Common Pleas Order with the Commonwealth Court of Pennsylvania. The City also filed, on February 25, 2020, a Petition for Extraordinary Jurisdiction or in the Alternative King's Bench Jurisdiction with the Supreme Court of Pennsylvania. The City's appeal filings has, by law, superseded enforcement of the 2019 Lackawanna Common Pleas Order.

The Coordinator understands that the City is currently in the legal process of appealing the 2019 Lackawanna Common Pleas Order and that at this time, the City's exercise of their appellate rights have not been finalized. With the supersedeas in place, it is the Coordinator's opinion that, at the time of the writing of this Act 47 Coordinator's Recommendation, the City's financial condition and public service provisions have not been immediately impacted by the 2019 Lackawanna Common Pleas Order. However, should the City not prevail in its appeal efforts, it is the Coordinator's opinion that, at that time, an evaluation of the City's fiscal condition and the options available would be warranted to determine the City's fiscal capacity to satisfy the 2019 Lackawanna Common Pleas Order or any modification that may be made to the 2019 Lackawanna Common Pleas Order by an appellate court.

Factor (4)

The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

The Coordinator projects that the City will incur operating deficits throughout the 2021-2025 projection period. The lack of inherent growth in the City's real property tax revenue and only slight growth in the City's earned income tax revenue coupled with annual projected

expenditure growth of 2.0% will cause the City to realize operating budget deficits throughout the projection period. (See Table 4.)

Table 4
CITY OF SCRANTON
General Fund Revenue and Expenditure
Baseline Projections
2021 to 2025

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Projected | Projected | Projected | Projected | Projected |
| <u>Revenue</u> | | | | | |
| Real Estate Taxes | \$35,797,007 | \$35,761,210 | \$35,725,449 | \$35,689,724 | \$35,654,034 |
| EIT | 29,408,633 | 29,967,397 | 30,536,778 | 31,116,977 | 31,708,199 |
| LST | 4,954,950 | 4,959,905 | 4,964,865 | 4,969,830 | 4,974,800 |
| Merc/BPT/Payroll Prep | 2,587,875 | 2,600,814 | 2,613,818 | 2,626,888 | 2,640,022 |
| RE Transfer Tax | 2,751,000 | 2,751,000 | 2,751,000 | 2,751,000 | 2,751,000 |
| Other Taxes | 295,000 | 295,000 | 295,000 | 295,000 | 295,000 |
| Refuse Revenue | 7,111,678 | 7,111,678 | 7,111,678 | 7,111,678 | 7,111,678 |
| Licenses & Permits | 2,038,164 | 2,038,164 | 2,038,164 | 2,038,164 | 2,038,164 |
| Intergovernmental Revenues | 4,429,618 | 4,516,758 | 4,605,619 | 4,696,234 | 4,788,640 |
| Transfers | 8,339,451 | 8,339,451 | 7,539,451 | 2,339,451 | 2,339,451 |
| Other Non tax revenue | <u>3,131,726</u> | <u>3,130,954</u> | <u>3,130,184</u> | <u>3,129,416</u> | <u>3,128,649</u> |
| Operating Revenue | \$100,845,103 | \$101,472,332 | \$101,312,006 | \$96,764,360 | \$97,429,636 |
| <u>Expenditures</u> | | | | | |
| Direct Compensation | \$35,213,505 | \$35,900,182 | \$36,568,182 | \$37,249,628 | \$37,944,790 |
| Benefits | 20,606,215 | 21,688,037 | 22,829,359 | 24,033,454 | 25,303,774 |
| Pension | 11,789,532 | 11,789,532 | 11,789,532 | 11,789,532 | 11,789,532 |
| Workers Comp | 3,109,811 | 3,109,811 | 3,109,811 | 3,109,811 | 3,109,811 |
| Capital Expenditures | 1,412,750 | 1,412,750 | 1,412,750 | 1,412,750 | 1,412,750 |
| Departmental Expenditures | 8,671,898 | 8,854,008 | 9,031,088 | 9,211,710 | 9,395,944 |
| Nondepartmental Expenditures | 1,342,537 | 1,349,772 | 1,356,807 | 1,363,983 | 1,371,303 |
| Debt Service exc TRAN | 18,256,130 | 18,183,458 | 18,246,504 | 11,079,357 | 11,130,412 |
| TRAN Interest | 446,250 | 446,250 | 446,250 | 446,250 | 446,250 |
| Court Awards | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> |
| Total Expenditures | \$101,348,628 | \$103,233,801 | \$105,290,284 | \$100,196,476 | \$102,404,567 |
| Operating Surplus/(Deficit) | (\$503,525) | (\$1,761,469) | (\$3,978,278) | (\$3,432,116) | (\$4,974,931) |

As mentioned, the lack of inherent growth in the City's real property tax revenue is the main driver for the projected operating deficits. This lack of inherent grow is the result of annual flat or decreasing City real property assessed values. In nineteen years, the City's real property

assessed values increased from \$375,820,656 in 2000 to \$388,299,190 in 2018 or by 3.3%. By contrast, the City's real property market values increased from \$1,370,292,100 in 2000 to \$2,378,758,636 in 2018 or by 73.6%. The result of flat or decreasing real property assessed values is that the City receives the same or less real property tax revenue year after year even though the City's real property tax rates remain constant. As the largest revenue source for City operations, this lack of inherent growth in the City's real property assessed values will force the City's elected officials to seek additional revenues to maintain pace with the City's expenditure growth. (See Table 5.)

Table 5
CITY OF SCRANTON
Real Property Market Value and Assessed Value
2000 to 2018

| Year | Market Value | MV Change | MV % Change | Assessed Value | AV Change | AV % Change | Ratio of Assessed to Market Value |
|------|---------------|-------------|----------------|-------------------|------------|----------------|--|
| 2000 | 1,370,292,100 | 79,514,000 | 6.2 | 375,820,656 | 3,968,214 | 1.1 | 27.4% |
| 2001 | 1,369,567,700 | -724,400 | -0.1 | 375,864,398 | 43,742 | 0.0 | 27.4% |
| 2002 | 1,465,214,700 | 95,647,000 | 7.0 | 383,853,757 | 7,989,359 | 2.1 | 26.2% |
| 2003 | 1,452,676,700 | -12,538,000 | -0.9 | 380,284,275 | -3,569,482 | -0.9 | 26.2% |
| 2004 | 1,553,485,600 | 100,808,900 | 6.9 | 384,921,429 | 4,637,154 | 1.2 | 24.8% |
| 2005 | 1,559,719,200 | 6,233,600 | 0.4 | 385,911,174 | 989,745 | 0.3 | 24.7% |
| 2006 | 1,779,411,700 | 219,692,500 | 14.1 | 389,095,126 | 3,183,952 | 0.8 | 21.9% |
| 2007 | 1,777,575,800 | -1,835,900 | -0.1 | 388,605,450 | -489,676 | -0.1 | 21.9% |
| 2008 | 1,991,479,725 | 213,903,925 | 12.0 | 384,341,025 | -4,264,425 | -1.1 | 19.3% |
| 2009 | 2,047,335,159 | 55,855,433 | 2.8 | 390,510,794 | 6,169,769 | 1.6 | 19.1% |
| 2010 | 2,211,703,424 | 164,368,265 | 8.0 | 382,752,940 | -7,757,854 | -2.0 | 17.3% |
| 2011 | 2,197,521,550 | -14,181,874 | -0.6 | 380,485,130 | -2,267,810 | -0.6 | 17.3% |
| 2012 | 2,263,828,875 | 66,307,325 | 3.0 | 390,752,934 | 10,267,804 | 2.7 | 17.3% |
| 2013 | 2,265,824,782 | 1,995,907 | 0.1 | 390,860,289 | 107,355 | 0.0 | 17.3% |
| 2014 | 2,282,430,414 | 16,605,632 | 0.7 | 397,321,682 | 6,461,393 | 1.7 | 17.4% |
| 2015 | 2,273,875,550 | -8,554,864 | -0.4 | 395,717,763 | -1,603,919 | -0.4 | 17.4% |
| 2016 | 2,304,080,217 | 30,204,667 | 1.3 | 392,363,291 | -3,354,472 | -0.8 | 17.0% |
| 2017 | 2,286,978,457 | -17,101,760 | -0.7 | 388,299,190 | -4,064,101 | -1.0 | 17.0% |
| 2018 | 2,378,758,636 | -17,101,760 | -0.7 | 388,299,190 | -4,064,101 | -1.0 | 17.0% |

For the City to mitigate the effects of its annual flat or decreasing real property assessed values, the City will have to make incremental property tax rate increases and/or reduce expenditures over the next five years to avoid the projected operating budget deficits. The Coordinator recommends that the City increase its property tax millage rate by 1.4%, 3.5% and

6.2% in the years 2021 – 2023, respectively, to eliminate the projected operating deficits in those years. In 2024, the City’s debt service obligations will be reduced by approximately \$6,000,000 as the City’s Series of 2018 general obligation note is satisfied in 2023. Although the Coordinator projects the City will incur a 2024 operating budget deficit of (\$3,432,116), no tax increase is recommended in 2024. The accruing of City property tax revenue generated by the prior 2021 – 2023 property tax increases will generate \$3,978,278 of additional revenue by 2024 leaving the City with a projected operating budget surplus of \$546,162 in 2024. In 2025, the Coordinator recommends a 2.8% property tax millage increase to eliminate the projected (\$4,974,931) operating budget deficit. The total property tax rate percentage increase over the five-year period of 2021 – 2025 is 13.9%. Any expenditure reductions implemented by the City during this period may reduce the percentage property tax millage rates recommended by the Coordinator in this Act 47 Coordinator’s Recommendation. (See Table 6.)

Table 6
CITY OF SCRANTON
General Fund Revenue and Expenditure
Recommended Property Tax Increases
2021 to 2025

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Projected | Projected | Projected | Projected | Projected |
| Revenues | \$100,845,103 | \$101,472,332 | \$101,312,006 | \$96,764,360 | \$97,429,636 |
| Expenditures | <u>\$101,348,628</u> | <u>\$103,233,801</u> | <u>\$105,290,284</u> | <u>\$100,196,476</u> | <u>\$102,404,567</u> |
| Operating Surplus/(Deficit) | (\$503,525) | (\$1,761,469) | (\$3,978,278) | (\$3,432,116) | (\$4,974,931) |
| RE Tax Revenue Projection | \$35,797,007 | \$35,761,210 | \$35,725,449 | \$35,689,724 | \$35,654,034 |
| Annual RE Tax % Increase | 1.4% | 3.5% | 6.2% | 0.0% | 2.8% |
| Additional RE Tax Revenue | \$503,525 | \$1,257,943 | \$2,216,810 | \$0 | \$996,652 |
| Accrument of RE Tax Revenue | <u>\$503,525</u> | <u>\$1,761,469</u> | <u>\$3,978,278</u> | <u>\$3,978,278</u> | <u>\$4,974,931</u> |
| Operating Surplus/(Deficit) | \$0 | \$0 | \$0 | \$546,162 | \$0 |
| Accrument of RE Tax % Increase | 1.4% | 4.9% | 11.1% | 11.1% | 13.9% |

While real property tax rate increases and expenditure reductions are unpalatable political options, the incremental real property tax increases recommended by the Coordinator will prevent the City from having to make punitive double-digit real estate tax increases in the future. More importantly, the Coordinator’s recommended annual tax increases will ensure that the City

has sufficient cash available throughout a fiscal year to meet its debt obligations and its financial obligations to its employees, vendors and suppliers as they come due.

As previously mentioned in this Act 47 Coordinator's Recommendation, the City is a home rule municipality. Thus, according to §2962(b) of the Home Rule Law, the City is not subject to tax rate limits on real property or Act 511 taxes. If the 2019 Lackawanna Common Pleas Order noted above in **Factor (3)** is upheld as a limit on the aggregate amount of Act 511 revenue the City may collect in a fiscal year, which in turn would force the City to reduce its Act 511 tax rates, primarily its earned income tax rate, as a home rule municipality there is no statutory limit on the real property tax rate the City may impose to offset any reduction in City Act 511 tax rates.

At the time of the writing this Act 47 Coordinator's Recommendation, the City, along with the nation, is in the midst of the Coronavirus (COVID-19) pandemic. The future impact of the COVID-19 pandemic on the City's financial projections as presented by the Coordinator in this Act 47 Coordinator's Recommendation is unknown at this time. The Coordinator will continue to monitor the City's fiscal condition as the City progresses through the COVID-19 pandemic.

FISCAL EMERGENCY

As previously mentioned, DCED has charged the Coordinator with examining the conditions of the City to determine whether a fiscal emergency exists in the City. According to the relevant section of Act 47, the Governor determines a fiscal emergency exists if the distressed municipality:

- (a) **FISCAL EMERGENCY.**—The Governor determines a fiscal emergency exists if the distressed municipality:
 - (1) (i) is insolvent or is projected to be insolvent within 180 days or less; or
 - (ii) is unable to ensure the continued provision of vital and necessary services.

53 P.S. §11701.602(a)(1).

A distressed municipality is “insolvent” if it is unable to meet all financial obligations as they become due, including payment of debt obligations. 53 P.S. §11701.601. “Vital and necessary services” is defined as “basic and fundamental municipal services, including any of the following: (1) Police and fire services (2) Ambulance and rescue services (3) Water supply and distribution (4) Wastewater services (5) Refuse collection and disposal (6) Snow removal (7) Payroll and pension obligations (8) Fulfillment of payment of debt obligations or any other financial obligations.” *Id.*

The Coordinator’s analysis in the Factors to Consider to Rescind a Distress Determination of this Act 47 Coordinator’s Recommendation has determined that the City has been able to meet all of its financial obligations, including debt service, since the City’s adoption of the 2017 Exit Plan. In addition, the Coordinator’s cash flow projections project that the City will remain solvent throughout 2020, enabling the City to meet its financial obligations as they come due, including its 2020 debt service. (See Table 7.)

Table 7
CITY OF SCRANTON
Cash Flow Projections—Quarterly
2020

| | 1st Qtr Budget | 2nd Qtr Budget | 3rd Qtr Budget | 4th Qtr Budget | 2020 Total |
|--|-------------------|-------------------|-------------------|-------------------|---------------|
| Cash Beginning of Quarter | 1,267,530 | 13,672,037 | 13,331,966 | 8,105,933 | |
| Surplus Deficit | 7,987,863 | 3,776,261 | 36,406 | -11,354,279 | |
| Other Financing Sources/(Uses) | 11,416,644 | -4,116,332 | -5,262,439 | -2,484,123 | |
| Increase/(Decrease) in Payables | 0 | 0 | 0 | 0 | |
| (Increase)/Decrease in Other Cash Accounts | -7,000,000 | 0 | 0 | 7,000,000 | |
| Other Balance Sheet Items Affecting Cash | 0 | 0 | 0 | 0 | |
| Cash End of Quarter | 13,672,037 | 13,331,966 | 8,105,933 | 1,267,531 | |
| <hr/> | | | | | |
| Revenues | 29,324,773 | 31,520,223 | 20,795,406 | 21,410,350 | 103,050,751 |
| Total Revenues | 29,324,773 | 31,520,223 | 20,795,406 | 21,410,350 | 103,050,751 |
| Expenditures | 19,742,254 | 19,172,227 | 18,018,121 | 27,470,053 | 84,402,655 |
| Debt Service | 1,594,657 | 8,571,735 | 2,740,879 | 5,294,576 | 18,201,846 |
| Total Expenditures | 21,336,910 | 27,743,962 | 20,759,000 | 32,764,629 | 102,604,501 |
| Surplus/(Deficit) | 7,987,863 | 3,776,261 | 36,406 | (11,354,279) | 446,250 |
| <hr/> | | | | | |
| Other Financing Sources/(Uses) | | | | | |
| TRAN | 11,416,644 | -4,116,332 | -5,262,439 | -2,484,123 | -446,250 |
| Debt Proceeds | 0 | 0 | 0 | 0 | 0 |
| Debt Defeasance | 0 | 0 | 0 | 0 | 0 |
| Net Other Financing Sources/(Uses) | 11,416,644 | (4,116,332) | (5,262,439) | (2,484,123) | (446,250) |

| | | | | |
|----------------------------------|----------|----------|----------|----------|
| AP Current Year at Prior Month | -375,387 | -375,387 | -375,387 | -375,387 |
| AP Current Year at Current Month | -375,387 | -375,387 | -375,387 | -375,387 |
| Change in AP Balance | 0 | 0 | 0 | 0 |

In its adopted 2020 operating budget, the City has appropriated funds to provide many of the vital and necessary services enumerated in §11701.601 such as police and fire services, refuse collection and disposal, snow removal, payroll and pension obligations and the fulfillment of debt and other financial obligations. There is no evidence from the City or otherwise available to the Coordinator that as of the writing of this Act 47 Coordinator's Recommendation that the City is unable to ensure the continued provision of vital and necessary services.

Although the specter of a failed appeal on the City's behalf of the 2019 Lackawanna Common Pleas Order looms sometime in the future, it is not certain at this time whether this Order will be overturned by an appellate court ruling, that the City's exhaustion of its appellate rights will occur within 180 days or if the 2019 Lackawanna Common Pleas Order is upheld on appeal at some future date that it would render the City "insolvent" or "unable to ensure the continued provision of vital and necessary services." As mentioned previously in this Act 47 Coordinator's Recommendation, the Coordinator deems it necessary that a full evaluation of the City's financial condition and the options available to it would be warranted at the time such negative judgement is made final through the City's exhaustion of its appellate rights.

RECOMMENDATION

The Coordinator has reviewed the statutory factors necessary to make a determination of whether to request a rescission of the order declaring the City a distressed municipality and also the statutory criteria of whether to issue a determination of fiscal emergency in the City. It is the recommendation of the Coordinator that based upon a review of the totality of the factors included in §11701.255.1(c), substantial evidence supports an affirmative determination by the Secretary to issue a determination to rescind the order declaring the City of Scranton a distressed municipality. **However, the Coordinator is mindful that the City, along with the nation, is experiencing the effects of confronting the COVID-19 pandemic as of the time of this recommendation. The mutability of the circumstances created by the COVID-19 pandemic makes it impracticable at this time to project the extent of the negative impact on the City's**

future financial condition. Any such projection would be mere conjecture. The Coordinator will continue to monitor the fiscal impact of the COVID-19 pandemic on the City's fiscal condition over the next several weeks and months and provide its findings to DCED. Although not statutorily required, the Coordinator supports the Secretary of DCED's consideration of the extenuating circumstances facing the City as he evaluates the Coordinator's recommendation and the approaching July 27, 2020, statutory deadline for terminating the City's financially distressed status.

Although the City has experienced a mix of operating budget surpluses and deficits over the past four years, the City has achieved many successes that will assist in sustaining the City's financial condition into the future. The City efficiently utilized the \$66.9 million of the 2016 Sewer Sale Proceeds to alleviate two outstanding issues. First, the City defeased over \$42.0 million in high yield, long-term general obligation bonds and notes. By defeasing these long-term debt obligations, the City has reduced the cost of its future debt service. In addition, the City has established a practice of utilizing a paying agent to aid the City in meeting its annual debt service obligations. Under this arrangement, the City escrows approximately 32% of its annual collected real property taxes for debt service obligations. It is the Coordinator's opinion that this arrangement has ensured that the City has sufficient cash available to make its debt obligation payments when due and recommends that the City maintain this arrangement in the future.

Second, the City deposited \$22.9 million of the 2016 Sewer Sale Proceeds into the City's aggregate pension fund. This infusion of cash into the City's pension funds, along with past market performance, has increased the funding ratio of all three City defined benefit pension funds. The aggregate pension fund reached a market value of over \$100 million in November 2019 from a market value of \$43.7 million in 2013.

The Coordinator projects that the City will experience operating deficits in the future as rate of the City's expenditure growth outpaces the rate of the City's revenue growth. As previously mentioned, the main driver for the projected operating deficits is the lack of growth in the City's real property assessed valuations. The real property assessed value decline in the City appears to be part of the systemic application of the state law governing assessment of real property for purposes of taxation. The City's continued participation in the Act 47 program cannot directly reverse this trend. In order to counter this lack of growth in real property

assessed values, the City will have to generate new revenue through tax increases, institute expenditure reductions and/or increase employee productivity. The Coordinator has continuously apprised the City of managing this issue through small annual tax increases for the past fifteen years. This advice has not always been heeded by the City's elected representatives, which in turn left the City with insufficient cash available in a fiscal year to satisfy their financial obligations when they were due and ultimately resulted in unavoidable, punitive, double-digit tax rate increases on City residents. It remains the Coordinator's opinion that the City can manage the projected operating budget deficits and sustain a sufficient cash flow throughout future fiscal years by incrementally increasing City property tax rates as recommended by the Coordinator in this Act 47 Coordinator's Recommendation.

The Coordinator is cognizant of the negative order issued by the Lackawanna County Court of Common Pleas in December 2019. Presently, the City is vigorously exercising its appellate rights seeking a reversal of this order. Hopefully, the City's appointed legal team will be successful. Until the City exhausts its appellate rights concluding the legal process of this litigation, the Coordinator can only conjecture several outcomes that may or may not occur in the future. The impact of this litigation will become much clearer upon the City's exhaustion of its appellate rights.

Act 47 provides specific guidance for the Coordinator to evaluate when making its recommendation to the Secretary of DCED. It does not permit the Coordinator to entertain the evaluation of all potential scenarios the City may encounter in the near or distant future. At this time, it is the Coordinator's opinion that the City of Scranton is able to meet all of its financial obligations as they come due. It is also the Coordinator's opinion that the City is presently able to provide vital and necessary services to its residents. Therefore, for the reasons stated above, it is the recommendation of the Coordinator that the Secretary of DCED may issue a determination to rescind the order declaring the City of Scranton a distressed municipality as defined by Act 47 of 1987, as amended.

APPENDIX

A

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AFFAIRS


IN RE: . PETITION UNDER SECTION 201
CITY OF SCRANTON . AND 203 OF THE FINANCIALLY
DISTRESSED MUNICIPALITIES ACT

CITY OF SCRANTON .
DOCKET NO. FDMA - 12
.
.
.

DEPARTMENTAL ORDER

AND NOW, this 10th day of January 1992, the above-captioned petition is granted.

IT IS ORDERED that the City of Scranton shall be deemed to be a distressed municipality under the Financially Distressed Municipalities Act, Act 47 of 1987.


Karen A. Miller
Secretary
Department of Community Affairs

**ACT 47 COORDINATOR'S TESTIMONY REGARDING THE
RECOMMENDATION TO THE SECRETARY OF THE
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FOR THE
CITY OF SCRANTON**

Prepared By:

Pennsylvania Economy League, Central PA Division, LLC
88 North Franklin Street, Suite 200
Wilkes-Barre, PA 18701

April 2020

I am Gerald Cross of the Pennsylvania Economy League, Central PA. Our principal office is located in Wilkes-Barre, PA. Joining me in these remarks is Matthew Domines of our staff. PEL is the DCED-appointed Act 47 Coordinator for the City of Scranton. Thank you for the opportunity to present our testimony regarding our written *Act 47 Coordinator's Recommendation to the Secretary of the Department of Community and Economic Development for the City of Scranton* (Recommendation to the Secretary), dated March 31, 2020.

As you are aware, Act 199 of 2014 (Act 199) amended Act 47 to provide a timeline and process for municipalities to exit from the Act 47 program. For the City, the *Revised and Updated Act 47 Recovery Plan For the City of Scranton*, adopted by Scranton City Council on August 23, 2012 started the Act 199 five-year timeline for the City to exit from the Act 47 program. As part of the Act 199 exit process, PEL, as the Coordinator, was required to prepare and file a report stating the financial condition of the City. On February 17, 2017, we filed with the City a *Report Stating the Financial Condition of the City of Scranton* (Financial Condition Report). Our findings in the Financial Condition Report recommended a three-year exit plan.

PEL, in conjunction with City officials, prepared a three-year exit plan for the City. On July 27, 2017 the City adopted the *Act 47 Exit Plan for the City of Scranton* (Exit Plan). City officials have implemented many, but not all, of the initiatives included in the City's 2017 Exit Plan.

Act 199 provides that after a municipality adopts a three-year exit plan the Secretary of DCED may, upon written recommendation from the coordinator, (1) issue an administrative determination to rescind the order declaring the municipality distressed, thereby terminating the distressed status of the municipality or (2) request a determination of a fiscal emergency be made by the Governor.

On March 31, 2020, PEL as the Coordinator submitted to DCED the Recommendation to the Secretary. The Recommendation to the Secretary included an evaluation of the Act 199 enumerated four factors for the Secretary of DCED to consider in making a determination on whether to rescind the distressed status of a municipality. The four factors are as follows:

- (1) Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures demonstrates a reasonable probability of future balanced budgets absent participation in this act.
- (2) Obligations issued to finance the municipality's debt have been retired, reduced or reissued in a manner that has adequately refinanced outstanding principle [sic] and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.
- (3) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.
- (4) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax

or fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

Our Recommendation to the Secretary outlined the City's progress and circumstances under each of these statutory factors. For factor 1, we found that the City has experienced a mix of operating budget surpluses and deficits over the past four years. For example, in 2018 the City had an audited \$1.2 million or 1% operating deficit but is showing a restated \$1.4 million operating surplus in 2019. Both the 2018 operating deficit and the 2019 operating surplus are approximately 1% of the City's revenues.

Under factor 2, we determined that the City efficiently utilized a portion of the \$66.9 million of the 2016 Sewer Sale Proceeds over the three-year term of the Exit Plan to defease over \$42.0 million in high yield, long-term general obligation bonds and notes. The City's total outstanding debt decreased from \$158,893,540 in 2016 to \$117,634, 814 in 2019. By defeasing these long-term debt obligations, the City has reduced the cost of its future debt service. During the period 2016 – 2019 the City timely made all of its debt service payments. It is also worth noting that the City also utilized \$22.9 million of the 2016 Sewer Sale Proceeds for a deposit into the City's aggregate pension fund. This infusion of cash into the City's pension funds has increased the funding ratio of all three City defined benefit pension funds.

For factor 3, we found that during the 2017 Exit Plan period, the City settled or fully adjudicated several outstanding lawsuits. However, we also noted that there remains several outstanding lawsuits that the City is defending, with one lawsuit in particular, the Act 511 litigation, involving a significant sum of money and poses some liability in the future for the City. As Coordinator, we concluded that the extent of any liability from this litigation is not possible to know until the

litigation has completed the appellate process which will most likely occur after the July 27, 2020, Act 199 statutory deadline for terminating the City's distressed status.

For factor 4, our baseline projections projected that the City will incur operating deficits throughout the 2021-2025 projection period if no action is taken by the City. The lack of inherent growth in the City's real property tax revenue and only slight growth in the City's earned income tax revenue, coupled with annual projected expenditure growth of 2.0%, will cause the City to realize operating budget deficits throughout the projection period. This lack of inherent growth in the City's largest revenue source is the result of annual flat or decreasing City assessed values of real property, upon which the City's property tax revenue is based. In nineteen years, the City's real property assessed values increased by only 3.3%. By contrast, the City's real property market values increased more than twenty times that amount to 73.6%. The result of flat or decreasing real property assessed values is that the City receives the same or less real property tax revenue year after year even though the City's real property tax rates remain constant.

In order to prevent future budget deficits and to counter this lack of growth in real property assessed values, the City will have to generate new revenue through tax increases, institute expenditure reductions and/or increase employee productivity. As required by Act 199, PEL in its role as Coordinator recommended that the City increase its property tax millage rate by 1.4%, 3.5% and 6.2% in the years 2021 – 2023, respectively, no tax increase in 2024 and a 2.8% increase in 2020 to eliminate the projected operating deficits. The total property tax rate percentage increase over the five-year period of 2021 – 2025 is 13.9%.

Additionally, we also examined the Act 199 factors to determine whether the conditions of a fiscal emergency are present in the City. A fiscal emergency exists if a distressed municipality is: (i) insolvent or is projected to be insolvent within 180

days or less; or (ii) is unable to ensure the continued provision of vital and necessary services—police, fire, ambulance, refuse collection and meet payroll and debt service obligations.

We noted in our report that the City's adopted 2020 operating budget appropriated funds to provide many of the vital and necessary services such as police and fire services, refuse collection and disposal, snow removal, payroll and pension obligations and the fulfillment of debt and other financial obligations. Our analysis also determined that the City was projected to be able to meet all of its financial obligations, including debt service and payroll. Mindful that our cash flow projections were completed and included in the Recommendation to the Secretary prior to the progression of the impact of Covid-19 pandemic, the Coordinator's cash flow projections in March 2020 projected that the City will remain solvent throughout 2020. At the time of the writing of that Recommendation to the Secretary in March 2020, there was no evidence from the City or otherwise that the City was insolvent or would be within 180 days or that the City would be unable to ensure the continued provision of vital and necessary services.

As mentioned previously, the City has implemented most of the initiatives of its 2017 Exit Plan. One initiative that remains outstanding is the implementation of the payroll preparation tax initiative to replace the City's current business privilege and licensing tax. This is an important step to modernize a component of the City's revenue base. Absent this modernization initiative, the City will have to maintain its current business and licensing tax; continuing to levy an inefficient tax that is an impediment to economic development. Separate business privilege and licensing taxes are also levied by the Scranton School District. The School District has indicated that they will adopt a payroll preparation tax concurrent with the City's change.

Since adopting the Exit Plan, the City has reviewed its required steps to implement the payroll preparation tax which include petitioning Lackawanna County Court for approval of the change from business privilege and licensing tax revenue to the payroll preparation tax. Complicating the City's implementation beyond its Act 47 requirements, the City is in the somewhat unique position in that the Scranton School District also has different legal requirements to switch to a payroll preparation tax. The District's ability to levy the payroll tax is the result of legislative action separate from Act 47 statutory language applicable to the City. The District does not have to seek Court approval to enact the payroll tax but is subject to the Department of Education and Act 1 limits on changes to its tax structure. Additionally, the enabling legislation allowing the District to swap taxes requires that the change may only occur while the City is under Act 47. The City therefore has multiple tax implementation hurdles to jump beyond those contained in Act 47.

We recognize these hurdles and also acknowledge the City's continuing efforts toward implementing a payroll tax under the Exit Plan. Those actions include tightening enforcement of delinquent business privilege and licensing taxes and hiring outside agencies to evaluate the tax base to ensure compliance. The City has also studied the impact of implementing the payroll preparation tax on taxpayers and future budgets. In summer of 2019, the City and School District began a joint committee to start the process with implementation before the expected end of distressed status in July 2020.

However, the inherent conflict of different statutory schemes required to implement the payroll tax by the City and District caused significant delays. The Department of Education required a public referendum on the tax question in November 2019. The referendum was overwhelmingly approved by the electorate. The Department of Education also required the District to not implement the

payroll preparation tax prior to January 1, 2021. That requirement would make a School District payroll preparation tax a practical impossibility as the City will have its distressed status rescinded before that. Therefore, the City is faced with a difficult situation and will need extra time beyond July 2020 to fully implement an important part of its Exit Plan.

The COVID-19 situation has suspended many county Court hearings and the City is not assured of a Court Hearing prior to July 2020 through no fault of its own. The School District must also satisfy different laws and different agency mandates again causing the city impediments to implementation through no fault of its own.

PEL has reviewed the statutory factors necessary to make a determination of whether to request a rescission of the order declaring the City a distressed municipality or whether the conditions of a fiscal emergency exists in the City. It *was* the recommendation of the Coordinator that based upon a review of the totality of the factors, substantial evidence supports an affirmative determination by the Secretary to issue a determination to rescind the order declaring the City of Scranton a distressed municipality.

However, COVID-19 presents a global pandemic with wide-ranging, still not fully understood financial impacts. Act 47 and subsequent legislation did not anticipate a global pandemic or the impact of such an event on the City's financial outlook. Also not anticipated in Act 47 is the impact of a governmental suspension of public and private activities that make implementation of actions required by Act 47 a practical impossibility. **The City, along with the nation, is experiencing just such a government ordered shutdown in confronting the COVID-19 pandemic. The pandemic has caused the City to concentrate on providing necessary and vital services while at the same time facing uncertain fiscal impacts on its most important revenue sources. The pandemic has made**

public meetings, including this extraordinary internet only public hearing, and in-depth discussion of important policy issues difficult if not completely impractical. The final scheduling and implementation of an important Exit Plan initiative has been affected by the pandemic response. The volatility of the circumstances created by the COVID-19 pandemic makes it impracticable at this time to project when the City will be able to implement an important component of the Exit Plan and an important modernization of its tax structure. PEL, as Coordinator, recommends that the City's financial circumstances be re-evaluated after the impacts of COVID-19 can be better projected. These circumstances make a pre-ordained statutory date for rescission of the City's distressed status problematic at best.

As of today, any such scheduling projection would be mere conjecture. Although not statutorily required, PEL strongly supports the Secretary of DCED's consideration of the extenuating circumstances regarding the City's implementation of the Exit Plan as he evaluates the schedule for a rescission of distressed status, the Coordinator's recommendation and the approaching July 27, 2020, statutory deadline for terminating the City's financially distressed status.

City of Scranton's Statement in Support of Request to Remain in Act 47 Distressed Status

Background

Scranton was designated as a distressed municipality under Act 47 in 1992. Since that time, Scranton has adopted several ordinances approving an Act 47 recovery plan, followed by the adoption of an Exit Plan in 2017. Scranton continues to work with a DCED-appointed recovery coordinator, the Pennsylvania Economy League, who assists in addressing Scranton's financial problems with the goal of allowing Scranton to exit distressed status in 2020. However, DCED may conclude that Scranton should not exit Act 47 distressed status under any of the following circumstances: Scranton's projected future revenues and expenditures will not yield a balanced budget, 53 P.S. § 11701.255.1(c)(1); all claims and judgments that imperil Scranton have not been resolved, *id.* § 11701.255.1(c)(3); or Scranton's revenues are not sufficient to fund ongoing expenditures. *Id.* § 11701.255.1(c)(4).

The City was faced with a \$50 million adverse ruling in litigation involving its ability to levy taxes pursuant to Act 511, otherwise known as the Local Tax Enabling Act, followed shortly after by the COVID-19 global pandemic that has impacted public health and the economy across the Commonwealth of Pennsylvania and the City. However, the decisions the City faces in the coming weeks and months will have a lasting impact, and exiting distressed status prematurely will only serve to exacerbate the fallout. In addition to a crippling \$50 million order currently pending appeal, the full financial impact of COVID-19 will be devastating—the extent to which is still unknown. Premature exit would also prohibit the City from being able to convert its Business Privilege and Mercantile Tax to the more efficient Payroll Preparation Tax. It

remains a real possibility that if the City were to leave distressed status, it may quickly be eligible for reentry based upon the economic impact of COVID-19 and a potential loss of the current Act 511 appeal pending before the Pennsylvania Commonwealth Court. In the meantime, the City will have lost the benefits of Act 47 and will be at square one once again.

Legal Standard of Review

Following the adoption of an Exit Plan for the City three (3) years ago, the City's Act 47 Coordinator recommended that the Secretary of the Department of Community and Economic Development (DCED) may rescind the order declaring the City of Scranton distressed. Following current law, in making such a determination, the Secretary shall consider the following factors:

- (1) Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures demonstrates a reasonable probability of future balanced budgets absent participation in this act.
- (2) Obligations issued to finance the municipality's debt have been retired, reduced or reissued in a manner that has adequately refinanced outstanding principle *[sic]* and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.
- (3) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.
- (4) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

Application

First, in considering whether operational deficits of the municipality have been eliminated and the financial condition of the municipality, along with the probability of future balanced budgets absent participation in Act 47, the Secretary must consider the devastating economic impacts that the COVID-19 virus will have on the City's financial outlook and operations. It is simply unknown the extent to which the City's finances will suffer because of the ongoing pandemic and nascent economic crisis, which is likely to worsen before it improves. However, some factors indicate that it will be devastatingly negative. Such factors to consider in projecting how this event will disrupt the City's fiscal situation include:

- Over 26 million Americans have filed for unemployment and numbers keep rising each week. This is unprecedented in American history. Wage tax revenue will have significant declines and could continue to worsen as more residents lose their employment and as local businesses face continued shutdowns, curtailed hours, and modified operations;
- Federal, state and local tax deadlines have been pushed out to July 15, impacting cash flow as well as income and business privilege mercantile tax receipts. See the City's Proclamation extending such deadlines, attached hereto as Exhibit "A";
- Decreased employment and sales for 2020 will have a severe impact on tax revenue in 2020, 2021 and potentially beyond;
- Real estate tax collections may suffer as property owners struggle to make ends meet and residential and commercial tenants are unable to keep up on rent;
- Income from licenses and permits is already showing decline due to mandated business closures;
- Already low fee collection rates could decline given household economic circumstances;
- Healthcare costs may increase substantially in the event that City employees contract COVID-19 and require long-term and/or intensive care;
- The losses suffered by the City's pensions are significant, and may impact future funding requirements in later years;
- State funding streams like those from gaming may suffer; and
- Federal relief funds remain theoretical for cities and counties under 500,000 in population.

These conditions are still developing. It is unknown what the impacts of the global pandemic will be overall on the City's finances. Any one of these—and especially all combined—would hinder Scranton's ability to stay on a path of financial improvement.

Coupled with this potential decline in revenue is also the unknown magnitude of additional expenditures that may result from increased public safety overtime and/or PPE equipment. The City will submit documentation for reimbursement of emergency expenditures related to the pandemic and seek all grant funding possible, however, it cannot rely on these reimbursements when analyzing our cash flow in the coming months. To this extent, exit from Act 47 status at this time would be premature.

Furthermore, COVID-19 has not only adversely impacted financial conditions across the country, but it has also disrupted day-to-day life and government operations. Of the Coordinator's recommendations, the City has yet to convert its Business Privilege and Mercantile Taxes to the more efficient Payroll Preparation Tax. Failure to fulfill this conversion before the City exits distressed status means the City loses this benefit permanently. While the City has made strides to undertake this conversion, the current realities have made this impossible. The City still needs to work with the Scranton School District in a concerted effort to simplify and make more efficient the taxing of its businesses. Right now, the City and School District are bombarded with a host of unforeseen challenges as a result of the pandemic that have consumed their time; the focus has had to shift to how to keep personnel on the frontlines safe while still providing public services, how to protect the health, welfare, and safety of the public and children of our community, and how to continue to educate our children without in-person class time. To complicate matters further, the City needs court approval to make this conversion, and court systems have been immensely disrupted, with closures and backlogs that make it impossible to jump over this hurdle in the near future.

Shifting guidance from the Pennsylvania Department of Education is an additional factor which impacts not just the School District but the City as well. The City cannot move forward

with a tax change of this magnitude without the School District following suit. This was true before the pandemic, but it is especially true now during this attempt to modernize our City's tax system, building a foundation for economic growth and attract new business.

Added to this is a major financial initiative that the City hoped to undertake in 2020 which will likely remain unresolved. In its current budget, the City projected revenues from the collection of delinquent refuse fees, either by the adoption of an amnesty program or the potential sale of its receivables. This has now become unlikely in the face of current economic conditions and the timing needed to execute such an endeavor as a result of COVID-19.

Second, the Secretary must consider whether Scranton has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default. On December 16, 2019, Judge James Gibbons of the Lackawanna County Court of Common Pleas granted Plaintiffs' request for Preemptory Judgment in the case of Gary St. Fleur, et al v. the City of Scranton (Lackawanna County Court of Common Pleas Docket No: 2017-01403). In January 2020, the City filed a notice of appeal to the Commonwealth Court from the trial court's adverse ruling. Thereafter, the City filed with the Commonwealth Court a motion for expedited, en banc consideration of the City's appeal. None of these activities were impacted by the shutdown of appellate courts due to the pandemic. However, the Commonwealth Court reached out to advise that arguments have been delayed by COVID-19. As a condition of receiving expedited attention, the Court requested the parties agree to waive oral argument. Such waiver has been agreed to, and the appeal remains pending before the Commonwealth Court. The City will be joined in this appeal by amici participants the Pennsylvania Municipal League (PML), Pennsylvania's Department of Community and Economic Development (DCED), the City of Pittsburgh, and Senators Blake and Costa. Parties have filed their appellate briefs on or before

May 8, the date on which Scranton's principal brief is due to be filed. Besides the errors that Scranton will assert about the improvidence of the trial judge's ruling, we will all focus on the harm to numerous municipalities throughout the Commonwealth if the trial court's order stands. Thereafter, Plaintiffs have an opportunity to file a Brief in support of their position. Any party will thereafter have the opportunity to request an appeal to the PA Supreme Court. During the pendency of this appeal, the trial court's ruling is suspended by an automatic supersedeas in favor of Scranton.

The City also filed an application with the Pennsylvania Supreme Court for Extraordinary/King's Bench jurisdiction, which if granted allows the Supreme Court to leapfrog over the Commonwealth Court to assume appellate jurisdiction. If the Court grants Scranton's application, it can either dispense with the appeal without briefs or it can establish its own briefing deadlines. If the Supreme Court denies the application or does not rule, the City will continue to move ahead with our Commonwealth Court appellate activities. In the event that the Commonwealth Court affirms the trial court's ruling, the City may seek permission to appeal to the Supreme Court, asking it to reverse the Commonwealth Court decision. The timing of all of this is uncertain. Activities before the Supreme Court could last a few more weeks or into 2021 depending upon how the Supreme Court responds to Scranton's application. Scranton will receive appellate support in the Supreme Court from DCED and PML, both with respect to Scranton's Application for Extraordinary/Kings' Bench Jurisdiction and on the merits.

DCED's application to file an amicus brief and its decision to support the City's efforts in our appeal highlights the impact that the appellate court's final decision on this matter will have on the City. Whether the City's efforts on appeal are successful or will not be known until the

appeal process has reached its conclusion; a conclusion that will more than likely occur after July 27, 2020, the Act 199 statutory deadline for terminating the City's distressed status.

Third, the final factor calls for a determination of whether the reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations. Projections of revenues shall include any anticipated tax or fee increases to fund ongoing expenditures for the first five (5) years after a termination of distressed status. As outlined previously herein, the City's ability to meet its projected revenues remains unseen in light of the economic conditions resulting from the COVID-19 virus. Additionally, expenditures may be altered by emergency response necessities, such as additional overtime and PPE equipment. It simply cannot be quantified at this time what revenue shortfalls and expenditure increases the City will experience while the pandemic rages on and the economic fallout that has been developing since its onset continues.

While the sweeping economic effects of the pandemic on the City's overall revenues remain unknown, the near-term impact on its municipal pension fund is evident. While the City endeavored to increase its pension funding over past years, many of the gains have disappeared as the pandemic has hit financial markets. To illustrate, the pension fund was valued at \$106.7 million as of February 1, 2020. Following the economic fallout of state closures across the country and declines in the market, these investments dropped to \$92.8 million; a loss of \$13.9 million in just a two month period. Copies of applicable pension statements for February and March of 2020 are attached hereto as Exhibits "B" and "C," respectively. While this may not have an immediate impact on the City's annual minimum municipal obligation, the effects of such losses will materialize in the near future, as early as 2021. Any increase in the City's minimum municipal obligation will frustrate its ability to ensure that its projected revenues are

sufficient to fund pension obligations and expenditures. Since the overall impact of the pandemic on the City's pension fund remains unknown, any resulting tax or fee increases at this time would be speculative and arbitrary, leading to greater financial uncertainty for the City.

Additional Considerations

Critical outstanding items from the City's Exit Plans that are not addressed in the termination criteria include, but are not limited to: regular, gradual tax increases which past administration and city councils did not enact; stormwater management plans; economic development staff in City government as point persons for pushing forward initiatives and obtaining funding; and crafting debt management policies.

Conclusion

Based upon the foregoing, the City hereby respectfully requests that its designation as a Distressed Municipality pursuant to Act 47 be extended on an ongoing basis through the end of 2020 and on an ongoing basis subject to future evaluation.

The City has had DCED and PEL by its side for decades now, and we ask that we remain in partnership as we face our greatest set of challenges yet.

**TESTIMONY OF THE PRESIDENT OF SCRANTON CITY COUNCIL TO
THE SECRETARY OF THE DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT**

April 30, 2020

Good afternoon. My name is Bill Gaughan and I am currently the President of Scranton City Council. Thank you for the opportunity to provide a written statement regarding the recommendation of the City's ACT 47 Coordinator to rescind the cities distressed determination pursuant to the Municipalities Financial Recovery Act, Act 47 of 1987 as amended. There are several reasons why I do not believe it is appropriate at this time to rescind the cities distressed determination. One of the major recommendations in the city's 3 year exit plan was the transition to a payroll preparation tax and the elimination of the business privilege/mercantile tax. This recommendation was put to referendum in the fall of November, 2019 and the people of Scranton overwhelmingly voted in favor of the measure. The transition to a payroll preparation tax would encourage additional small business development; enable a more predictable efficient collection of taxes; and expand the city's tax base to businesses that are currently exempt from the business privilege and mercantile tax. To be certain, the city's long standing business privilege and mercantile tax has driven existing businesses out of the city and served as a strong deterrent from new business coming into Scranton. This tax has had a completely chilling effect on economic development and private investment in our city. Unfortunately the City and School District have encountered several hurdles in attempting to implement this recommendation. If the city were to have its distressed status rescinded then the conversion to a payroll preparation tax would no longer be an option. Eliminating the city's ability to convert to a payroll preparation tax would negate the votes of the roughly 70 percent of Scranton voters who expressed support for the conversion, and sets up an unnecessary, additional road block on the path to modernizing our tax system.

Secondly, the COVID-19 pandemic may have a negative effect financially on the city hindering our ability to fully realize various sources of revenue. The full extent of the financial

fallout from the pandemic is still unknown. Accordingly, right now seems to be the most inopportune time to make a determination on the long term financial position of the city as we are in the midst of this pandemic and all of its adverse effects. For these reasons I would request that the cities distressed status be re-evaluated at a future date when conditions have stabilized.

Finally, I've stated numerous times in the past the system in which distressed municipalities operate in is broken. If the rescission of the city's distressed status is delayed for the reasons I cited above and others that have been cited here today, I would call on DCED, PEL and our State Legislature to work together to actually repair the system itself. Otherwise it won't really matter whether we or other distressed cities throughout Pennsylvania have emerged from distressed status because we'll still be distressed. ACT 47 as written and amended is and always was inadequate to meet the challenges that cities face in 2020. In a 2017 report issued by the Pennsylvania Economy League titled "Communities in Crisis: The Truth and Consequences of Municipal Fiscal Distress in Pennsylvania, 1970-2014" states that "Of the 14 cities and boroughs that have been in the state's Act 47 distressed municipalities program for at least five years, only **one** had a 2014 tax base that was at least on par with the average for those that had never been in Act 47. This finding occurs despite the **extensive** state assistance that has been given to these municipalities, in some cases for decades." The report goes on to state that "a growing number of municipalities throughout the Commonwealth were falling into fiscal distress as a consequence of state laws that mandate out-of-date and often expensive rules-of-the-road, fail to offer compelling incentives for municipalities to work together as a way to increase efficiency and save money, and provide local governments with revenue streams that are largely inelastic, capped and out of sync with budget needs." All of you on this call today are aware of this, everyone in the State Legislature is aware of this... so what is the solution that was put forward?

– To force municipalities out of distressed status and then claim *Mission Accomplished*. And on the way out, to recommend increased property taxes on our citizens who are already barely getting by living paycheck to paycheck. We all recognize that Pennsylvania cities serve as the regional hubs for county and state government along with healthcare and higher education. As such the burden of saving our cities cannot be placed solely on the backs of the city's residents. It's time for our state officials to step up and actually help our cities. Instead of continually putting band aids on our problems, the state needs to reform the distressed cities program and push for actual systemic change. Until that happens, Scranton and cities like ours will continue to try to repair damage with rusty tools and languish under the flawed systems and structures that failed them in the first place.

While the system is flawed and I feel it's important to call that out, I cannot discount the efforts of our colleagues at DCED and PEL. I want to thank Gerry Cross in particular, and his team at PEL, for assisting the city for all of these years. Some leaders have not had the will to make the changes that PEL has suggested, and we would be in a better place had their recommendations been implemented throughout these years under Act 47. Thank you for your time and attention in this matter.



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

RECEIVED

JUL 01 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

July 1, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

Dear Honorable Council Members:

ATTACHED IS AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 111, 2017 OF THE CITY OF SCRANTON ADOPTING AND IMPLEMENTING THE ACT 47 EXIT PLAN FOR THE CITY OF SCRANTON PURSUANT TO THE FINANCIALLY DISTRESSED MUNICIPALITIES ACT; AND AUTHORIZING THE MAYOR OF THE CITY OF SCRANTON TO ISSUE AN ORDER DIRECTING THE IMPLEMENTATION OF THE ACT 47 EXIT PLAN AMENDMENT WHICH WILL BECOME EFFECTIVE UPON ADOPTION ATTACHED HERETO AS EXHIBIT "A" IN ACCORDANCE WITH THE PROVISIONS OF 53 Pa. C.S.A. §11701.249, THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

Very truly yours,

Joseph O'Brien, Esquire
Acting City Solicitor

JAB/sap

FILE OF THE COUNCIL NO. _____

2020

AN ORDINANCE

AMENDING FILE OF THE COUNCIL NO. 22, 2014, AN ORDINANCE, ENTITLED AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 26, 2013, AN ORDINANCE, ENTITLED AMENDING FILE OF THE COUNCIL NO. 22, 2006, ENTITLED "AUTHORIZING AND APPROVING THE DESIGNATION OF PARKING SPACES FOR CERTAIN CITY OF SCRANTON PERSONNEL IN AND ALONG DIX COURT, THE PARKING AREA IN THE REAR OF CITY OF SCRANTON MUNICIPAL BUILDING AND A PARKING LOT ALONG MULBERRY STREET ADJACENT TO SCRANTON FIRE HEADQUARTERS, AND AUTHORIZING THE CITY OF SCRANTON POLICE DEPARTMENT TO ENFORCE THE PARKING DESIGNATIONS AS REFLECTED IN THE ATTACHED SCHEMATIC" BY RE-DESIGNATING CERTAIN EMPLOYEE PARKING SPACES FROM INDIVIDUAL NAMES TO LETTERS FROM A-Z AS REFLECTED IN THE ATTACHED SCHEMATIC.

WHEREAS, the City of Scranton has previously designated parking spaces along Dix Court, in the rear of the City of Scranton Municipal Building, and behind the Fire Station ("Employee Parking Spaces"); and

WHEREAS, the City wishes to change the previous designation of Employee Parking Spaces from individual names to lettered spaces from A-Z to be assigned individually.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SCRANTON that the Employee Parking Spaces be retitled to A-Z as reflected in the attached schematic attached hereto as Exhibit "A" and made a part hereof.

IT IS FURTHER RESOLVED that the Mayor shall have the discretion, with the advice of Department Heads, to designate individual Employee Parking Spaces to City employees as needed for operations of the City of Scranton Municipal Building.

SECTION 1. In all other respects, File of the Council No. 26, 2013 shall remain in full force and effect.

SECTION 2. If any section, clause, provision or portion of this ordinance shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Ordinance so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this ordinance or any portion thereof from time to time as it shall deem advisable in the best interests of the promotion of the purposes & intent of this ordinance, & the effective administration thereof.

SECTION 3. This Ordinance will take effect immediately upon passage.

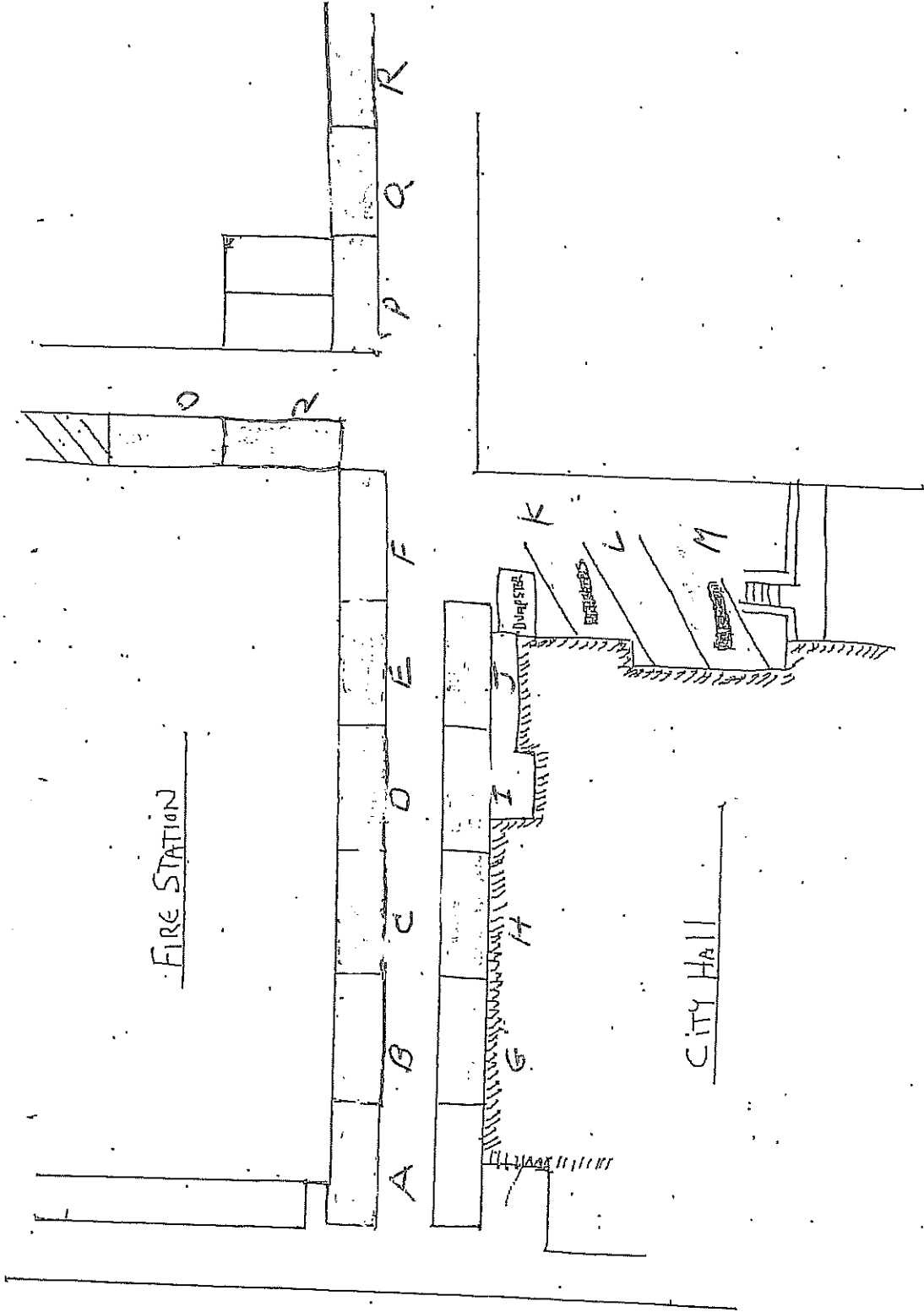


EXHIBIT A PAGE 1.

766152080

PARKING LOT

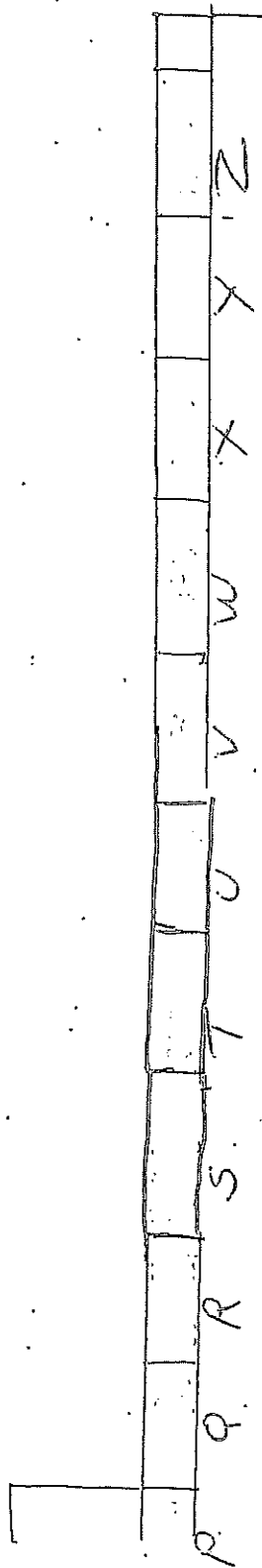


EXHIBIT A



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

July 1, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

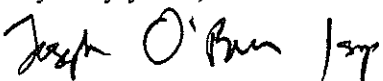
RECEIVED
JUL 01 2020

Dear Honorable Council Members:

OFFICE OF CITY
COUNCIL/CITY CLERK

ATTACHED IS AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 22, 2014, AN ORDINANCE, ENTITLED AN ORDINANCE AMENDING FILE OF THE COUNCIL NO. 26, 2013, AN ORDINANCE, ENTITLED AMENDING FILE OF THE COUNCIL NO. 22, 2006, ENTITLED "AUTHORIZING AND APPROVING THE DESIGNATION OF PARKING SPACES FOR CERTAIN CITY OF SCRANTON PERSONNEL IN AND ALONG DIX COURT, THE PARKING AREA IN THE REAR OF CITY OF SCRANTON MUNICIPAL BUILDING AND A PARKING LOT ALONG MULBERRY STREET ADJACENT TO SCRANTON FIRE HEADQUARTERS, AND AUTHORIZING THE CITY OF SCRANTON POLICE DEPARTMENT TO ENFORCE THE PARKING DESIGNATIONS AS REFLECTED IN THE ATTACHED SCHEMATIC" BY RE-DESIGNATING CERTAIN EMPLOYEE PARKING SPACES FROM INDIVIDUAL NAMES TO LETTERS FROM A-Z AS REFLECTED IN THE ATTACHED SCHEMATIC.

Very truly yours,


Joseph O'Brien, Esquire
Acting City Solicitor

JAB/sap

RESOLUTION NO. _____

2020

CALLING ON THE COMMONWEALTH OF PENNSYLVANIA TO REINSTATE THE FIREWORKS ACT OF 1939

WHEREAS, In October 2017, the PA House and Senate approved and Governor Wolf signed into law Act 43 of 2017 (House Bill 542), which repealed the Fireworks Act of 1939; and

WHEREAS, This action left cities like Scranton vulnerable to the dangers of consumer-grade fireworks; and

WHEREAS, Cities like Scranton do not enjoy the benefits of tax revenue from sales of fireworks but are left to enforce laws around their use and attend to fires and injuries caused by misuse or accidents; and

WHEREAS, City of Scranton resolution restricts the use of fireworks on public property or within 150 feet of an occupied structure, but given the density of the City there are few places where it is legal to set off fireworks; and

WHEREAS, The Scranton Police and Fire Departments have received increased complaints and calls since and the use of fireworks is a danger to the public and a nuisance; and

WHEREAS, The Scranton Police Department does not have the ability to enforce illegal use of fireworks to the extent that they are being used during the summer months in the City; and

WHEREAS, The Commonwealth and PA House and Senate acted in 2017 and must be held accountable for the laws they impose on cities like Scranton; now therefore be it

JOINTLY RESOLVED, BY THE MAYOR AND COUNCIL OF THE CITY OF SCRANTON, that the Mayor and Council do hereby call on local legislators to support legislation to provide relief to city public safety departments, and prevent bodily harm to residents and property, by repealing House Bill 542 to end the sale of consumer-grade fireworks in Pennsylvania.

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction such decision shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Resolution, and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval.

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Optional Plans Law" and any other applicable law arising under the laws of the State of Pennsylvania.



OFFICE OF THE MAYOR

City Hall | 340 North Washington Avenue | Scranton, PA 18503 | 570.348.4101

July 1, 2020

Legislative Cover Sheet

A RESOLUTION CALLING ON THE COMMONWEALTH OF PENNSYLVANIA TO REINSTATE THE FIREWORKS ACT OF 1939

Since October 2017, when the Pennsylvania House and Senate approved and Governor Wolf signed into law Act 43 of 2017 (House Bill 542), which repealed the Fireworks Act of 1939, the use of consumer-grade fireworks has been legal and the effect has been increasing nuisance in the City caused by use of fireworks. Additionally, the use of consumer-grade fireworks within City limits poses serious safety risk to citizens, both users and bystanders. Our Police and Fire Departments have seen increased use of fireworks in the last several years and the complaints about fireworks drain valuable resources responding to calls and attempting to enforce current restrictions.

On June 30, 2020, the Pennsylvania Senate passed Senate Bill 932, which would allow Scranton, along with other municipalities, to ban consumer-grade fireworks. While a positive step, the Mayor and City Council jointly resolve to call on the Pennsylvania Legislature and Governor Wolf to repeal the law in its entirety.

Repealing House Bill 542 would not only ban the use of consumer-grade fireworks, but also decrease the number of professional-grade fireworks being sold in the State and reduce risk of non-professional use. Repeal of House Bill 542 is in the best interest of the safety and welfare of our City residents.

Attachments:

____ Resolution



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

July 1, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

RECEIVED
JUL 01 2020
OFFICE OF CITY
COUNCIL/CITY CLERK

Dear Honorable Council Members:

ATTACHED IS A RESOLUTION CALLING ON THE COMMONWEALTH OF
PENNSYLVANIA TO REINSTATE THE FIREWORKS ACT OF 1939.

Very truly yours,

Joseph O'Brien, Esquire
Acting City Solicitor

JAB/sap

FILE OF THE COUNCIL NO. _____

2020

AN ORDINANCE

APPROVING THE TRANSFER OF A RESTAURANT LIQUOR LICENSE OWNED BY OAK STREET EXPRESS, LLC, 610 NORTH MAIN STREET, TAYLOR, LACKAWANNA COUNTY, PENNSYLVANIA, 18517 RESTAURANT LIQUOR LICENSE NO. R-3114 TO ARADHY BEV BEER, LLC, (THE "MINI MART"), 401 WYOMING AVENUE, SCRANTON, LACKAWANNA COUNTY, PENNSYLVANIA, 18503, AS REQUIRED BY THE PENNSYLVANIA LIQUOR CONTROL BOARD.

WHEREAS, the Pennsylvania Liquor Control Board ("PLCB") requires that the governing body of a municipality pass legislation approving an inter-municipal transfer of a liquor license when a municipality has met its quota of liquor licenses; and

WHEREAS, Aradhy Bev Beer, LLC (the "Mini Mart") wishes to transfer Restaurant Liquor License No. R-3114 owned by Oak Street Express, LLC to the City of Scranton to be used by the Aradhy Bev Beer, LLC (The "Mini Mart") located at 401 Wyoming Avenue, Scranton, Lackawanna County, Pennsylvania. The Mini Mart is scheduled for remodel which will add a sit down restaurant area and would like to sell beer and wine for on premises consumption and to go as permitted under PLCB regulations; and

WHEREAS, the Council of the City of Scranton approves the transfer of this license subject to its authority regarding inter-municipal transfers and subject to public comment on the same.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SCRANTON that the inter-municipal transfer request of Aradhy Bev Beer, LLC (The "Mini Mart") wishes to transfer Restaurant Liquor License No. R-3114 owned by Oak Street Express, LLC, 610 North Main Street, Taylor, Lackawanna County, Pennsylvania to the City of Scranton for use at 401 Wyoming Avenue, Scranton, Pennsylvania is hereby approved.

SECTION 1. If any section, clause, provision or portion of this Ordinance shall be held invalid or unconstitutional by any Court of competent jurisdiction such decision shall not affect any other section, clause, provision or portion of this Ordinance so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Ordinance or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Ordinance, and the effective administration thereof.

SECTION 2. This Ordinance shall become effective immediately upon approval.

SECTION 3. This Ordinance is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Option Plans Law" and any other applicable law arising under the laws of the State of Pennsylvania.



Tressler Law, LLC
220 Penn Avenue
Scranton, PA 18503
Telephone 570.346.1900
Fax 570.346.1909

James M. Tressler, Esquire

jtressler@tresslerlawllc.com

March 26, 2020

Kevin C. Hayes, Esquire
Scanlon, Howley & Doherty
217 Wyoming Avenue
Scranton, PA 18503

**RE: Request by Aradhy Bev Beer, LLC for Approval of Inter-Municipal
Transfer of Restaurant Liquor License**

Dear Kevin:

We represent Aradhy Bev Beer, LLC (the "Mini Mart"). The Mini Mart operates a convenient store at the corner of Wyoming Avenue and Mulberry Street, Scranton, PA. This store is scheduled for remodel which will add a sit down restaurant area for at least 30 customers. As such, the store will qualify for a Restaurant Liquor License pursuant to the Pennsylvania Liquor Code. The Mini Mart would like to sell beer and wine for on premises consumption and to go, as permitted under the PLCB regulations. I believe the mini mart is in a general commercial zone.

In order to open and operate its restaurant in Scranton, the Mini Mart must secure a restaurant liquor license. The Mini Mart entered into an Agreement of Sale with a Liquor License presently located in Taylor. The Mini Mart would like to move the License into the City of Scranton with the approval of the City of Scranton, pursuant to the Inter-Municipal Transfer Provisions of the Liquor Code (47 P.S. §461).

The Mini Mart hereby requests that, pursuant to 47 P.S. §461, the City schedule a hearing as required by the Liquor Code on the issuance of a Resolution approving the

transfer by the Mini Mart of a Restaurant Liquor License from outside the City within the City limits.

Kevin C. Hayes, Esquire
March 16, 2020
Page 2

Pursuant to the Liquor Code, the purpose of the hearing is to allow the Mini Mart to described its proposed business and to allow the residents of the City to voice their opinions on the proposed inter-municipal transfer by the Mini Mart. Pursuant to 47 P.S. §461, the City must approve or deny the request to transfer by way of a Resolution or Ordinance within 45 days of this request.

For your convenience and reference, enclosed is a form Resolution which I am aware other municipalities have used responding to requests for inter-municipal transfers. The Pennsylvania Liquor Control Board requires a Resolution approving inter-municipal transfer include the name of the applicant (Aradhy Bev Beer, LLC), the address to which the License is being transferred (401 Wyoming Avenue, Scranton, PA 18503), the Liquor License No. (R-3114), the name and address of the Seller (Oak Street Express, LLC) and must state that the public hearing is held.

The Liquor Code requires that notice of public hearing must be published once each week for two successive weeks in a newspaper of general circulation within the municipality. Further, such notices must state the time and place of the hearing and the matter to be considered at the hearing. Amended Section 102 also provides that the first publication shall not be more than 30 days and the second publication shall not be less than seven days from the date of the hearing.

At the time of the hearing, we will present complete information on the operation of the Mini Mart and its proposed restaurant and answer any questions the residents our counsel may have. Initially, by way of background, the Mini Mart is owned and operated by a husband and wife and will be expanding their Mini Mart to become a restaurant in a convenience type store setting.

The City's approval of an inter-municipal transfer of the Liquor License, the Mini Mart will permit the operation of the restaurant within the City and will be a positive attribute to the City, its residents and surrounding areas. The Mini Mart endeavors to offer as many product lines as possible to continue servicing residents and visitors while in the City.

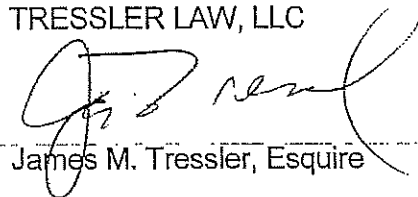
The Mini Mart asks for a public hearing on its request for an inter-municipal transfer to be held as soon as possible. Please advise when this hearing is scheduled.

Kevin C. Hayes, Esquire
March 26, 2020
Page 3

In the event you have any questions or need any additional information, please feel free to call me.

Sincerely yours,

TRESSLER LAW, LLC

A handwritten signature in black ink, appearing to read "J. M. Tressler", is written over a horizontal line.

James M. Tressler, Esquire

JMT/mag
Enclosure



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

June 23, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

Dear Honorable Council Members:

ATTACHED IS AN ORDINANCE APPROVING THE TRANSFER OF A RESTAURANT LIQUOR LICENSE OWNED BY OAK STREET EXPRESS, LLC, 610 NORTH MAIN STREET, TAYLOR, LACKAWANNA COUNTY, PENNSYLVANIA, 18517 RESTAURANT LIQUOR LICENSE NO. R-3114 TO ARADHY BEV BEER, LLC, (THE "MINI MART"), 401 WYOMING AVENUE, SCRANTON, LACKAWANNA COUNTY, PENNSYLVANIA, 18503 AS REQUIRED BY THE PENNSYLVANIA LIQUOR CONTROL BOARD.

RECEIVED

JUN 24 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

JLE/sl

Respectfully,

Jessica Eskra (s)
Jessica L. Eskra, Esquire
City Solicitor

RESOLUTION NO. _____

2020

RATIFYING AND APPROVING THE EXECUTION AND SUBMISSION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE COMMONWEALTH OF PENNSYLVANIA, ACTING THROUGH THE DEPARTMENT OF HEALTH, IN AN AMOUNT OF UP TO \$20,000.00 FOR THE PROJECT TO BE KNOWN AS "ACTIVE TRANSPORTATION PLAN," AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PENNSYLVANIA, TO ACCEPT THE GRANT, IF SUCCESSFUL, AND EXECUTE AND ENTER INTO GRANT CONTRACT AND COMMITMENT LETTER WITH THE COMMONWEALTH OF PENNSYLVANIA AND TO UTILIZE THE GRANT FOR SUCH PROJECT.

WHEREAS, the City of Scranton, through the Office of Economic and Community Development, will submit a grant application to the Commonwealth of Pennsylvania ("the Commonwealth"), acting through the Department of Health, Bureau of Health Promotion and Risk Reduction, Division of Nutrition and Physical Activity (the "Grantor"), for a Development of Plans and Policies to Establish Activity-Friendly Routes that Connect to Everyday Destinations Grant, and for an Active Transportation Plan that identifies and prioritizes infrastructure improvements to encourage walking and biking within the City of Scranton. A copy of said Grant Application and Project detail is attached hereto as Exhibit "A" and incorporated herein as if set forth at length; and

WHEREAS, the City of Scranton recognizes that strategic improvements in the City's walking and biking infrastructure will strengthen residents' physically, socially, and provide overall better health; better connect residents to schools, stores, parks, public transportation, and other everyday destinations; improve the environment; and make the City more "livable" in the tradition of prominent urbanist Jane Jacobs, who was born and raised in Scranton; and

WHEREAS, the City of Scranton intends herein to ratify and approve the execution and submission of the Grant Application; and

WHEREAS, the Commonwealth of Pennsylvania will review the Grant Application for funding for the Development of Plans and Policies to Establish Activity-Friendly Routes that Connect to Everyday Destinations Grant in the amount of \$20,000.00 ("Grant") for the "Project"; and

WHEREAS, if the Grant Application is approved, the City of Scranton intends herein to authorize the execution of the Development of Plans and Policies to Establish Activity-Friendly Routes that Connect to Everyday Destinations Grant Contract and Commitment Letter, and the acceptance, disbursement, and utilization of the Grant for the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SCRANTON that the execution and submission of the "Grant" Application is hereby ratified and if approved, the Mayor and other appropriate City Officials are hereby authorized to enter into and execute and submit any additional related paperwork for this "Grant", and if successful, to accept the grant funds to be used for the "Project" as attached hereto. This approval anticipates and authorizes the execution of any and all related documentation necessary for the "Grant" or to accept, disburse, and utilize the "Grant" for the "Project."

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decisions shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Resolution, and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval.

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of the Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Optional Plans Law", and any other applicable law arising under the laws of the State of Pennsylvania.

Legislative Cover Sheet - Scranton City Council

LEGISLATION RATIFYING AND APPROVING OF THE EXECUTION AND SUBMISSION OF THE GRANT APPLICATION BY THE CITY OF SCRANTON TO THE COMMONWEALTH OF PENNSYLVANIA ACTING THROUGH THE DEPARTMENT OF HEALTH IN THE AMOUNT OF \$20,000.00 FOR THE PROJECT TO BE KNOWN AS "ACTIVE TRANSPORTATION PLAN," AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PA, TO ACCEPT THE GRANT, IF SUCCESSFUL, AND EXECUTE AND ENTER INTO GRANT CONTRACT AND COMMITMENT LETTER WITH THE COMMONWEALTH OF PENNSYLVANIA TO ACCEPT AND UTILIZE THE GRANT IN THE AMOUNT OF \$20,000.00 AWARDED BY THE COMMONWEALTH OF PENNSYLVANIA FOR SUCH PROJECT.

What Department is this legislation originating from? Where did the initiative for this legislation originate?

OECD originated the legislation. The City of Scranton through OECD will submit a grant application to the Commonwealth of Pennsylvania through the Department of Health, Bureau of Health Promotion and Risk Reduction, Division of Nutrition and Physical Activity for a Development of Plans and Policies to Establish Activity-Friendly Routes that Connect to Everyday Destinations for an Active Transportation Plan that identifies and prioritizes infrastructure improvements to encourage walking and biking within the City of Scranton.

Summary and Facts of the legislation

The City of Scranton recognizes that strategic improvements in the City's walking and biking infrastructure will strengthen residents' physically, socially, and provide overall better health and wellness. Additionally, this Transportation plan will better connect residents to schools, stores, parks, public transportation, and other everyday destinations; improve the environment; and make the City more livable.

Purpose – please include the following in the explanation:

What does the legislation do - what are the specific goals/tasks the legislation seek to accomplish?

The Legislation would allow the City to Apply for a Grant of \$20,000.00 and if successful, authorize the Mayor and other City Officials to execute and enter into a Grant Contract with the Commonwealth for an Active Transportation Plan which will better the City Environment and connect City residents to schools, parks, public transportation etc.

What are the benefits of doing this/Down-side of doing this?

Benefit – Helps improve walking and biking infrastructure in the City.

Downside - The downside of this project is that City will miss out on the opportunity to better our community by making our walking and biking infrastructure more accessible to our residents

How does this legislation relate to the City's Vision/Mission/Priorities?

Helps City overall provide a better environment and will allow City to better our walking and biking infrastructure to help residents easily access schools, stores, parks, etc.

Financial Impact - please include the following in the explanation:

Cost (initial and ongoing) - \$20,000.00 grant if awarded

Benefits – Will not cost City anything.

Funding Sources –Commonwealth of PA through the Dept of Health.

Priority Status/Deadlines – High City Would like this Legislation passed as soon as possible.

Why should the Council unanimously support this legislation?

This Grant will improve the City Walking and Biking infrastructure, while providing a better environment and make the City more accessible for transportation purposes.

Include any other pertinent details and/or relevant information that the Council should be aware of:



Via Email Only (pawalkworks@pitt.edu)

May 21, 2020

Carol Reichbaum
University of Pittsburgh
Center for Public Health Practice
130 DeSoto Street, A726
Pittsburgh, PA 15261

Dear Carol:

Please be advised that the City of Scranton, Lackawanna County, Pennsylvania anticipates submitting an

☒ An Active Transportation Plan (e.g., transportation component of comprehensive plan, standalone pedestrian/bicycle plan);

☐ A Complete Streets Policy;

☐ A Vision Zero Policy; or

☐ A combination of the above (please explain _____).

In accordance with the Funding Opportunity Announcement, it is our intent to submit an application to pawalkworks@pitt.edu no later than 5:00pm on July 2, 2020.

Thank you for your time and consideration in this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Mary-Pat Ward".

Mary-Pat Ward
Deputy Director

City of Scranton
Office of Economic and Community Development
Municipal Building
340 North Washington Avenue
Scranton, PA 18503
mpward@scrantonpa.gov

Will your plan and/or policy be a standalone document or a component of a larger plan? Please describe how your proposal addresses or aims to advance relevant plans (e.g., a comprehensive plan, regional transportation plan); the title, year and specific references – if any – should be provided.

The City of Scranton's Active Transportation Plan will be a standalone document that would be incorporated into a Comprehensive Plan that the city is working on in parallel. The city currently uses a regional Scranton-Abingtons Planning Association (SAPA) Comprehensive Plan from 2010. City Planner Donald King confirmed that the Active Transportation Plan would advance and be consistent with the SAPA (see attached).

Please describe the extent to which you anticipate relying on in-house staff and/or consulting services to accomplish your proposed project. If you are confident that you will engage a consultant and are aware of the name of the firm, please provide.

Scranton's Office of Economic and Community Development (OECD) will administer the grant, including overseeing the consulting services of two organizations. Speck & Associates, run by urban planner and noted walkability author Jeff Speck, is currently conducting Walkability Study of downtown Scranton, and would be expected to be a leading candidate in an RFP process the city would use to select a consultant upon grant award.

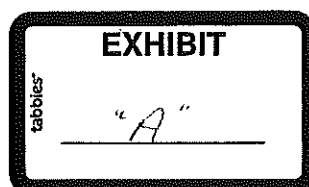
The OECD office would also oversee the consulting services of Valley In Motion, a non-profit that would facilitate community meetings to collect stakeholder input.

The OECD office worked with both Speck & Associates and Valley In Motion to develop the attached budget. [Confirm]

If requesting funds for the development of a Transportation Plan, please justify your proposal, below. At a minimum, the response should address the following:

- The need for and anticipated benefits of the plan, including – though not limited to – demographic characteristics of the community to be served;
- How the plan will enhance the built environment to increase opportunities for physical activity through connectivity;
- Examples of data to be collected;
- The means by which community input will be obtained;
- Broad description of major tasks and estimated duration of each task leading to the accomplishment of the proposed plan within the grant period ending September 2021; and
- Support for the proposal.

See Section 9 of the Funding Opportunity Announcement for elements against which applications will be evaluated and Appendix A for additional guidance.



Pennsylvania's six-largest city, Scranton is bustling with new energy and initiatives to improve the quality of life of its residents. The population of its downtown center is growing rapidly as new residential units fill up quickly with millennials and retirees both attracted to nearby work, recreation, and dining opportunities. Three neighborhoods adjacent to the downtown are undertaking serious revitalization efforts, led by non-profits and supported by national foundations.

The Lackawanna River flows through the center of Scranton, with hills rising up on either side, containing 15 distinct neighborhoods. A paved trail maintained by Lackawanna Heritage Valley runs along the length of the river, is a popular venue for recreation and exercise, and with better neighborhood connections, could serve as a vital avenue for bike commuting to work and school. Scranton's neighborhoods, mostly developed before the age of the automobile, have Walk Scores that range from 13 to 88 (on a 0 - 100 scale), and are ripe for walking and biking improvements that improve access to their business districts and the downtown core.

An Active Transportation Plan would help city planners in Scranton take advantage of the city's strengths, identify and prioritize improvements based on public input, and integrate data from several important efforts intended to make Scranton healthier, more connected, and environmentally friendly.

The timing for an Active Transportation Plan is ripe, as these various efforts by government, private, and non-profit players are currently underway. For instance, the city and county are sponsoring two key studies of Scranton's downtown core, one for walkability and one for biking. Scranton's 70-acre Nay Aug Park is starting a master planning process. The city is pursuing a streetscapes grant to improve bike and pedestrian access to the downtown from the historic Iron Furnaces. Nonprofits are leading two neighborhoods, West Scranton and Pinebrook, through a planning process for a 10-year revitalization effort. Another non-profit is organizing a regional Community Well-Being initiative so that healthcare organizations and employers can invest in programs and infrastructure that reduce hospitalizations and increase productivity. The Center for the Living City, co-founded by legendary urban planner Jane Jacobs, recently moved to Scranton with the intent of using Scranton as a model of how mid-sized cities reinvent themselves to address new urban realities.

The Need

An Active Transportation Plan will benefit a population greatly in need of health and economic assistance. According to the American Community Survey, 24% of Scranton's residents live in poverty. A 2019 Living Wage Report found that a family of three needed an income of \$51,542 to live a humble but dignified existence in Lackawanna County. That's 32% higher than the median household income in Scranton.

The Living Wage Report also documents the high cost of transportation needed to sustain a humble but dignified existence: \$8,341 per year for a working family of three. For a Scranton family to reduce its transportation costs, it needs better walking and biking infrastructure to viably reduce car dependence, so people can better connect work, shopping, public transportation and public services.

According to the 2018-2021 Community Health Needs Survey completed by Allied Services, Scranton is a designated Medically Underserved Area. The survey's Social Determinants of Health Indicators show Scranton zip codes as having the highest Community Need Index scores in the county, with high levels of

households in poverty, without high school diplomas, and lacking health insurance. In a separate "State of American Well-Being" report from 2017, the Scranton area ranked in the bottom third of metro areas in physical well-being, with most residents saying they did not have good health or enough energy to get things done daily.

Seventeen percent of Scranton population is 65 and older. Time and tree roots have upended the many century-old slate sidewalks, so that many elderly, as well as wheelchair and stroller users, traverse on the streets instead of sidewalks, trading one hazard for another. There are virtually no bike lanes within city limits.

The Scranton School District needs better walking and biking infrastructure to reduce its busing contracts. With the district deeply in debt and under a state-organized recovery plan, new social distancing requirements will limit 72-passenger buses to only 12 riders. Every dollar going into busing is one not going into the classroom. Considering that largest high school connects directly to the Lackawanna River trail, safe bike routes to the trail could potentially grow student bike use significantly.

The Benefits

Within this picture of need there is great potential for benefits an Active Transportation Plan could provide. These include:

- Reduced risk prevalence due to heart disease, Type 2 diabetes, depression, and social isolation. Several studies of neighborhood walkability associate it with better population health, both mental and physical. Starting community lifestyle changes can begin a virtuous cycle of healthy attitudes and behaviors.
- Improved health savings and productivity. Even small declines in population risk prevalence can result in millions of dollars of health savings and productivity gains in a community.
- Greater environmental benefits. Increased neighborhood walkability and bike-ability decreases greenhouse gas emissions and vehicle-related air pollution. As Scranton was once a national center of coal production, moving to active transportation changes the narrative about local government stewardship in today's world.
- Coordinated pursuit of grants for programs and infrastructure to improve the quality of life for the greatest number of people. An Active Transportation Plan could also identify modifications in existing programs, such as Beautiful Blocks, to incentivize private sidewalk repair.
- Stronger grant applications for walking, biking, and public transportation infrastructure. State funders like the Department for Community and Economic Development prioritize applications that fit within a community's defined plan.
- Identifying organizations that, with assistance, could potentially expand the number of bikers, walkers, and public transportation riders. For instance, Lackawanna Heritage Valley that runs a free bike share program that could potentially offer power-assisted bikes for those navigating Scranton's hilly neighborhoods.
- Improved public budgets, as travelers move to transportation options that require less maintenance and repair than roads. Greater support of students biking to school would allow the Scranton School District to spend less on busing contracts. Greater walkability can mean high property assessments. One popular study showed that each Walk Score point was worth up to \$3,000 in home values after controlling for other factors.

A diverse range of people would benefit from improving active transportation options in Scranton. Of its 76,653 residents, 73% are White Non-Hispanic, 14% are Hispanic, 6% are Black, and 5% are Asian. Over 10% of Scranton's residents are foreign-born, a three-fold increase since 2000. Studies have shown that foreign-born residents eat healthier than their American-born counterparts, and in Scranton, anecdotally, they also seem more inclined to walk and shop in local neighborhood stores.

Expected infrastructure changes

Scranton's Active Transportation Plan will enhance the built environment to increase opportunities for physical activity through various ways:

- Developed bike lanes. Expand upon an existing draft downtown biking plan by Barry Isett & Associates to include primary bike routes from neighborhoods to the downtown, particularly the bus transit center, Lackawanna River trail, business district, and schools. Identify appropriate bike lane options, including striped, buffered, and protected bike lanes, as well as sharrows, where bikes and cars share a marked road.
- Repaired sidewalks. Encouraging large non-profit entities, like Scranton's five colleges and universities, and hospital systems, to invest in sidewalk repair for adjacent blocks and properties. Incentivize private repair of sidewalks.
- Prioritized public investment in active transportation options for key routes to school, parks, employment centers, and business districts. Bundle sidewalk repair, bike lane construction, and improved bus shelters for multi-modal grants available from the state.
- Developed key connection nodes. Key destinations for walkers, bikers, and public transportation include:
 - Bus transit center
 - Lackawanna River trail
 - Nay Aug Park
 - Historic Iron Furnaces
 - Business parks and neighborhood business districts
 - Schools
 - Three neighborhoods adjacent to the downtown:
 - South Scranton, where neighborhood revitalization efforts are ongoing
 - West Scranton, where planners have drafted a 10-year revitalization plan that includes biking, walking, housing and place-making improvements.
 - Pine Brook, where planning efforts for revitalization are just underway.
 - Scranton Lace Factory, a massive former industrial complex being converted into mixed-use residential complex.

Community Input

Community input for the active transportation will be obtained in the following ways:

1. Convene two city-wide community forums. The first forum featuring city leaders will lay out the plan vision and gather public input. The second forum will gather feedback on the draft Active Transportation Plan.

2. Collect input at five neighborhood level meetings. Conduct presentations at three neighborhood associations. Facilitate discussions in two neighborhoods currently undergoing revitalization planning efforts (West Scranton and Pine Brook).
3. Conduct 15 stakeholder interviews from government, non-profit, private, and community leaders, including those involved with biking, trails, public transportation, senior centers, neighborhood groups, parks, employment, and public services.

Broad description of major tasks and estimated duration of each task leading to the accomplishment of the proposed plan within the grant period ending September 2021;

Presumably need assistance from Jeff Speck

Examples of data to be collected;

Presumably need assistance from Jeff Speck

Proposal support

See attached letters of support from:

- Scranton City Council: Draft resolution expected to be adopted on July 8.
- Center for the Living City
- *Scranton School District (to be obtained)*



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

June 23, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

Dear Honorable Council Members:

ATTACHED IS A RESOLUTION RATIFYING AND APPROVING THE EXECUTION AND SUBMISSION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE COMMONWEALTH OF PENNSYLVANIA, ACTING THROUGH THE DEPARTMENT OF HEALTH, IN AN AMOUNT OF UP TO \$20,000.00 FOR THE PROJECT TO BE KNOWN AS "ACTIVE TRANSPORTATION PLAN," AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PENNSYLVANIA, TO ACCEPT THE GRANT, IF SUCCESSFUL, AND EXECUTE AND ENTER INTO GRANT CONTRACT AND COMMITMENT LETTER WITH THE COMMONWEALTH OF PENNSYLVANIA AND TO UTILIZE THE GRANT FOR SUCH PROJECT.

Respectfully,

Jessica Eskra (s)
Jessica L. Eskra, Esquire
City Solicitor

JLE/sl

RECEIVED

JUN 24 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

RESOLUTION NO. _____

2020

RATIFYING AND APPROVING OF THE SUBMISSION AND EXECUTION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE MAYOR'S INNOVATION PROJECT - HEALTHY BABIES, BRIGHT FUTURES, BRIGHT CITIES FOR A GRANT, IN THE AMOUNT OF \$5,000.00 FOR THE PROJECT TO BE KNOWN AS " SCRANTON PLAYGROUND PALS: KEEPING OUR KIDS SAFE & HEALTHY", AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PA, TO ACCEPT THE GRANT, AND EXECUTE AND ENTER INTO A GRANT AGREEMENT TO ACCEPT AND UTILIZE THE GRANT IN THE AMOUNT OF \$5,000.00 AWARDED BY THE MAYOR'S INNOVATION PROJECT.

WHEREAS, the City of Scranton, through the Office of Economic and Community Development and Department of Parks and Recreation, submitted a grant application through the Mayor's Innovation Project – Healthy Babies, Bright Futures, Bright Cities for a Grant, for sanitization equipment for City playground equipment entitled, "Scranton Playground Pals: Keeping Our Kids Safe & Healthy. A copy of such "Grant Application" details are attached hereto as Exhibit "A" and incorporated herein as if set forth at length; and

WHEREAS, the City of Scranton intends herein to ratify and approve the submission and execution of the Grant Application; and

WHEREAS, the Mayor's Innovation Project awarded a Grant to the City of Scranton in the amount of \$5,000.00 for the "Project", details are attached hereto as Exhibit "B" and incorporated herein as if set forth at length; and

WHEREAS, the City of Scranton authorizes the execution of the Grant and the acceptance, disbursement, and utilization of the Grant for the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SCRANTON that the submission and execution of the "Grant" Application is hereby ratified, the Mayor and other appropriate City Officials are hereby authorized to enter into and execute and submit any additional related paperwork for this "Grant", and to accept the grant funds to be used for the "Project" as attached hereto. This approval anticipates and authorizes the execution of any and all related documentation necessary for the "Grant" or to accept, disburse, and utilize the "Grant" for the "Project."

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decisions shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Resolution, and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval.

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of the Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Optional Plans Law", and any other applicable law arising under the laws of the State of Pennsylvania.

Legislative Cover Sheet - Scranton City Council

LEGISLATION RATIFYING AND APPROVING OF THE SUBMISSION AND EXECUTION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE MAYOR'S INNOVATION PROJECT - HEALTHY BABIES, BRIGHT FUTURES, BRIGHT CITIES FOR A GRANT, IN THE AMOUNT OF \$5,000.00 FOR THE PROJECT TO BE KNOWN AS " SCRANTON PLAYGROUND PALS: KEEPING OUR KIDS SAFE & HEALTHY", AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PA, TO ACCEPT THE GRANT, AND EXECUTE AND ENTER INTO A GRANT AGREEMENT TO ACCEPT AND UTILIZE THE GRANT IN THE AMOUNT OF \$5,000.00 AWARDED BY THE MAYOR'S INNOVATION PROJECT.

What Department is this legislation originating from? Where did the initiative for this legislation originate?

OECD originated the legislation as part of the City of Scranton's process of administering grants. Mayor Cagnetti was made aware of this grant opportunity through her connection with the Mayor's Innovation Project.

Summary and Facts of the legislation

The Mayor's Innovation Project grant supports city efforts to improve children's health and reduce health disparities through small innovations. Examples include ensuring public play spaces use non-toxic cleaners; improving equitable access to active transportation; and public education campaigns around healthy housing. The City submitted a grant proposal that requests funding for playground sanitization equipment.

City Council's Resolution will ratify and authorize execution of documents relevant to the application and acceptance of the \$5,000.00 award.

Purpose – please include the following in the explanation:

What does the legislation do -what are the specific goals/tasks the legislation seek to accomplish

The legislation authorizes city officials to execute necessary documents to secure the funds for the project which will add value to the community especially in the time of Covid-19.

What are the benefits of doing this/Down-side of doing this?

Benefit - Facilitating the use of this grant money enables Parks and Recreation to purchase specialty sanitization equipment for the City's playground equipment.

Downside – None. No City match was needed for this grant.

How does this legislation relate to the City's Vision/Mission/Priorities?

The public health and well-being of our residents, especially our children, is paramount.

Financial Impact - please include the following in the explanation:

Cost (initial and ongoing) - \$5,000.00 will allow for the purchase of the equipment and sanitization solution needed.

Benefits – It will allow the City to collect data regarding usage so that it can be included in next year's budget.

Funding Sources –Mayor's Innovation Project Grant

Priority Status/Deadlines – Medium – Upon approval of this grant, the City will be able to execute the appropriate grant agreements to be funded so the project can move forward.

Why should the Council unanimously support this legislation?

This grant provides an opportunity to fund much needed sanitization equipment, especially in the time of Covid-19, without having to use local taxpayer funds at this time.

Include any other pertinent details and/or relevant information that the Council should be aware of:

Continued collaboration within City government on all levels to seek grants that benefit our residents should be a prioritization.



OFFICE OF THE MAYOR

City Hall | 340 North Washington Avenue | Scranton, PA 18503 | 570.348.4101

Via Email Only (knspear@mayorsinnovation.org)

June 1, 2020

Katya Spear
Co-Managing Director
Mayor's Innovation Project

**RE: Mayor's Innovation Project
Healthy Babies, Bright Futures, Bright Cities
Scranton Playground Pals: Keeping Our Kids Safe & Healthy**

Dear Ms. Spear,

The City of Scranton is pleased to present this proposal for your review. We look forward to partnering with the Mayor's Innovation Project, Healthy Babies-Bright Futures-Bright Cities to create and implement a safe and healthy playground initiative called Scranton Playground Pals! for the City of Scranton. Scranton has a population of 77,182 residents, 21% of this population being children under the age of 18. We believe that all children in Scranton should have access to safe places to play and programming that highlights positive physical well-being.

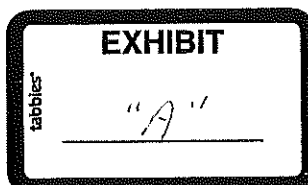
The City of Scranton is in the process of assessing and revitalizing City parks. We believe that a program that provides attention to public health and physical well-being of the City's children will not only provide the necessary tools to make playgrounds safe during the Covid-19 pandemic, but provide a mechanism to "create a less toxic future that is safer for children's health" on multiple fronts and for long term success. Additionally, we believe that this program will be the catalyst for larger parks revitalization by showing residents that investing in our parks is important for ALL ages. Our proposal requests \$7,785.90, in funding to purchase and develop this initiative for Scranton's children.

Data shows that families and children living in poverty often rely on local parks for entertainment and recreation as many impoverished children do not have their own yards, playground equipment, and often do not go on family vacations due to limited income. Scranton believes that ALL children should have access to play areas that are safe, promote positive, physical well-being, and are fun and attractive to families, daycares, and children.

We appreciate the Mayor's Innovation Project for providing an opportunity to help our City develop an initiative that will benefit all Scranton children, especially our most vulnerable and marginalized, and perhaps provide a template for other Cities to implement similar initiatives. Please do not hesitate to contact me at (570) 348-4101, if you require any further information or have any questions concerning this proposal.

Thank you,

Paige Gebhardt-Cognetti
Mayor
City of Scranton,
Pennsylvania



Scranton Playground Pals!

Keeping our Kids Safe & Healthy


Submitted to: The Mayor's Innovation Project

Date: June 1, 2020

Mary-Pat Ward
Deputy Director
City of Scranton Office of Economic and Community Development
mpward@scrantonpa.gov

Brian Fallon
Director
Parks & Recreation
bfallon@scrantonpa.gov

Municipal Building
340 North Washington Avenue
Scranton, PA 18503



Scranton Playground Pals! Keeping Our Kids Safe & Healthy

Project Abstract

The City of Scranton, Pennsylvania, is seeking a grant to create and implement our Scranton Playground Pals! Initiative, with the objective of providing safe and healthy access and programming to our City's playgrounds. By having a simple focus to this initiative with room to grow, we are poised to implement this program upon receipt of this grant. Based on census track data, it is clear that many of the children in Scranton live in poverty and thus need access to areas where they can play while being safe and healthy, without creating an additional financial burden on families during this Covid-19 pandemic and beyond. We are ready to deploy our Parks & Reaction Department as well as our Department of Public Works upon approval of this grant with the Office of Economic and Community Development providing administrative assistance for the success of this program. The City will see this as a success when we can deploy staff to regularly clean the playground equipment and oversee the healthy programming initiative by sharing the program with our local families and daycare centers. Funding in the amount of \$7,785.90 is requested to purchase the necessary tools and equipment.

Statement of Need

The City of Scranton has a population of 77,182 residents, with 21% of the population being children under the age of 18. Further, data shows that 34.6% of Scranton children under the age of six and 37.3% of Scranton children age's six to eleven live in poverty. The City of Scranton's School District is eligible for a free breakfast and lunch program for ALL students due to the high percentage of students living in impoverished households.

Recently, additional risks due to COVID-19 regarding children have been reported. On May 26, 2020, Governor Wolf and the Pennsylvania Department of Health provided information regarding occurrences of Multisystem Inflammatory Syndrome developing as a new complication of Covid-19. As new developments regarding this pandemic are reported, it is imperative that local governments create programming regarding additional safeguards for children as it pertains to parks and play areas.

Program Description

The Scranton Playground Pals! Initiative will enable City staff to regularly clean the playground equipment utilizing mobile equipment and a non-toxic sanitization cleaning formula during this Covid-19 pandemic and in the future, so that the City can continuously mitigate any future risks to the public health of children. By purchasing one mobile heavy duty touch free system for deep weekly cleaning and five mobile backpack sanitization units, along with the non-toxic sanitization cleaning formula,

each Parks & Recreation Staff member will be able to clean and sanitize play areas on a daily basis. Additionally, by creating some simple positive physical health initiatives through signage that allows children to be physically active while playing, we hope to create opportunities for families and daycare centers to improve the physical well-being of our City's children in local play areas that are safe. The signage will help guide children through a series of physical activities during play that will be fun for all ages and easily adaptable for children that may have disabilities. Through a park "treasure hunt", using easily identifiable animals, shapes, and numbers, children of all ages can take part. Although the signage will be simple enough to participate in without further instruction, the Parks & Recreation Department will also provide a digital guide with printables to the signage program on the City's website for additional activities that promote positive, physical well-being and keep children engaged for many return visits. Data shows that families and children living in poverty often rely on local parks for entertainment and recreation as many impoverished children do not have their own yards, playground equipment, and often do not go on family vacations due to limited income. Scranton believes that ALL children should have access to play areas that are safe, promote positive, physical well-being, and are fun and attractive to families, daycares, and children.

Goals & Objectives

The goal of the Scranton Playground Pals! Initiative is to enable all City children, and those most marginalized and vulnerable due to poverty, to have access to safe and healthy play areas and programming.

The main objectives include:

1. Mitigating additional health risks due to Covid-19 and neuro toxic dangers by regularly cleaning playground equipment.
2. Enabling all children, especially those most vulnerable and marginalized due to poverty, access to safe and healthy play areas.
3. Providing families and daycare centers access to free local play areas that are safe and create an environment that encourages positive physical well-being.
4. Provide a catalyst for larger park revitalization with areas that are safe and create an environment that encourages positive physical well-being for all residents.

Timeline

| Activities | Proposed |
|-----------------------------|--------------------|
| Submit Grant Proposal | June 1, 2020 |
| Expected Grant Notification | June 15, 2020 |
| Obtain Tools/Equipment | July – August 2020 |
| Technical Assistance | Through May 2021 |
| Complete Funding Spend-down | July 2021 |
| Final Report | August 2021 |

Budget

The budget

| | Price | Quantity | Total |
|---|------------|----------|-------------------|
| Sanitization Equipment | | | |
| Touch Free Cleaning System (Hi-Yield Cleaning) | \$4,050.00 | 1 | \$4,050 |
| Sanitization Backpacks | \$79.95 | 5 | \$399.95 |
| Non-Toxic Sanitization Formula | | | |
| Disinfectant, Sanitizer, and Cleaner (5 gallon) | \$113.78 | 5 | \$568.90 |
| Signage | | | |
| Large Program Signs (30x36) | \$109.95 | 9 | \$989.55 |
| Medium Activity Signs (18x24) | \$43.95 | 20 | \$879.00 |
| Small Activity Signs (12x18) | \$29.95 | 30 | \$898.50 |
| Digital/Paper Guide | | | |
| | | | Total |
| | | | \$7,785.90 |

*Note: Sample pricing

From: [Katya Spear](#)
To: [Mary-Pat Ward](#)
Cc: [Brian Fallon](#); [Kyra Naumoff](#)
Subject: RE: Mayor's Innovation Project, Scranton Playground Pals! - Keeping Our Kids Healthy and Safe
Date: Monday, June 15, 2020 7:59:05 PM
Attachments: [sfe_th factsheet disinfectant covid everyone_1.pdf](#)

Good afternoon Mary-Pat,

Thank you for submitting your proposal for the Mayors Innovation Project/Healthy Babies Bright Futures (HBBF) small grant program. We received a number of innovative and exciting proposals, and we are pleased to fund your initiative for \$5,000.

Your proposal was strong and responsive to our RFP. We appreciate that this project aims to meet a critically important need to provide infrastructure for children's physical activity, particularly in communities without access to these resources during the pandemic. We hope that you will utilize the connections and resources through HBBF regarding best practices around non-toxic cleaners, which I've attached to this email.

We will announce grant recipients in a press release next Monday, June 22, via our two networks and national partners. We will share the release with you by June 19 so you can tailor it for your local media. If you require press assistance (traditional and/or social), please let us know.

You can expect funds to be disbursed by August 15. Kyra Naumoff Shields will reach out to you shortly with additional information about grant paperwork, including short reporting and communication requirements.

We are here to support your work. Please don't hesitate to reach out to us for technical expertise and/or program material development. We expect to lift up your work and connect you with our resources - including other cities working on similar projects - as your work continues.

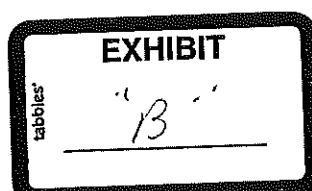
Thank you for leading the way to create a healthier future for pregnant women and babies!

Best,

Katya Spear & Ceri Jenkins
Co-Managing Directors, Mayors Innovation Project

Kyra Naumoff Shields
Bright Cities Program Director at Healthy Babies Bright Futures

From: Mary-Pat Ward <mpward@scrantonpa.gov>
Sent: Monday, June 1, 2020 4:48 PM
To: Katya Spear <knspear@cow.s.org>
Cc: bfallon@scrantonpa.gov



Subject: Mayor's Innovation Project, Scranton Playground Pals! - Keeping Our Kids Healthy and Safe

Good evening,

Attached please find the City of Scranton's Proposal for the Mayor's Innovation Project: Scranton Playground Pals! – Keeping Our Kids Safe & Healthy.

Thank you for your time and consideration in this matter.

Mary-Pat Ward
City of Scranton Office of Economic and Community Development
Municipal Building
340 North Washington Avenue
Scranton, PA 18503
(570) 348-4216
www.scrantonpa.gov

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DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

June 23, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

Dear Honorable Council Members:

ATTACHED IS A RESOLUTION RATIFYING AND APPROVING OF THE SUBMISSION AND EXECUTION OF A GRANT APPLICATION BY THE CITY OF SCRANTON TO THE MAYOR'S INNOVATION PROJECT - HEALTHY BABIES, BRIGHT FUTURES, BRIGHT CITIES FOR A GRANT, IN THE AMOUNT OF \$5,000.00 FOR THE PROJECT TO BE KNOWN AS "SCRANTON PLAYGROUND PALS: KEEPING OUR KIDS SAFE & HEALTHY", AND AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS OF THE CITY OF SCRANTON, PA, TO ACCEPT THE GRANT, AND EXECUTE AND ENTER INTO A GRANT AGREEMENT TO ACCEPT AND UTILIZE THE GRANT IN THE AMOUNT OF \$5,000.00 AWARDED BY THE MAYOR'S INNOVATION PROJECT.

Respectfully,

Jessica Eskra (sl)

Jessica L. Eskra, Esquire
City Solicitor

RECEIVED

JLE/sl

JUN 24 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

RESOLUTION NO. _____

2020

AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO APPLY FOR AND EXECUTE A GRANT FOR THE REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP) THROUGH THE COMMONWEALTH OF PENNSYLVANIA'S OFFICE OF THE BUDGET IN THE AMOUNT OF TWO MILLION (\$2,000,000.00) DOLLARS; ACCEPTING AND DISBURSING THE GRANT IF THE APPLICATION IS SUCCESSFUL; AND COORDINATE THE USE OF THE GRANT FUNDS WITH "LACE BUILDING AFFILIATES, LP", FOR THE PROJECT TO BE NAMED THE "SCRANTON LACE ADAPTIVE USE PROJECT".

WHEREAS, the City of Scranton, in coordination with "LACE BUILDING AFFILIATES", of 1380 Mt. Cobb Road, Lake Ariel, PA 18436, is desirous of obtaining funds from the Commonwealth of Pennsylvania's Office of the Budget in the amount of Two Million \$2,000,000.00 Dollars for the prevention and elimination of blight through the Redevelopment Assistance Capital Program (RACP). These funds are in addition to the \$4,500,000.00 that was approved by Scranton City Council under Resolution No. 3, 2011 to Lace Building Affiliates, LP for the Scranton Lace Complex Redevelopment Project ; and

WHEREAS, a blighting influence continues to exist at the area of the project which is located at 1315 Meylert Avenue Scranton, Pennsylvania; and

WHEREAS, these funds will be used in conjunction with the \$4,500,000.00 from the Scranton Lace Complex Redevelopment project in order to expand said project and for the redevelopment of multiple properties located at the Scranton Lace Complex at 1315 Meylert Avenue Scranton, Pennsylvania; and

WHEREAS, the City will partner with "LACE BUILDING AFFILIATES LP", as the applicant for the grant funds from Commonwealth of Pennsylvania's Office of the Budget and disburse the funds to the City to fund the Project; and

WHEREAS, the City will reimburse the Commonwealth of Pennsylvania's Office of the Budget for any expenditures found by the Commonwealth of Pennsylvania's Office of the Budget to be ineligible.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SCRANTON that the Mayor and other appropriate City Officials are hereby authorized to apply for, execute and submit a grant application to the Pennsylvania Office of the Budget for the

Redevelopment Assistance Capital Program (RACP); substantially in the form attached hereto, and if successful, to accept the grant funds to be used for the Project as detailed in the grant application. This approval anticipates the execution of any and all related documentation which may be necessary to complete the grant application, including but not limited to the grant application.

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interests of the promotion of the purposes and intent of this Resolution and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval.

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Optional Plans Law", and any other applicable law arising under the laws of the State of Pennsylvania.

Legislative Cover Sheet - Scranton City Council

Legislation authorizing the City of Scranton's acceptance of a grant from Commonwealth Financing Authority (CFA) for the Redevelopment Capital Assistance Program (RACP) in the amount of \$2,000,000 for the Scranton Lace Adaptive Re-use Project to include administrative execution of all related documents.

What Department is this legislation originating from? Where did the initiative for this legislation originate?

OECD originated the legislation as part of the City of Scranton's process of administering grants awarded by the Commonwealth Financing Authority (CFA) Redevelopment Capital Assistance Program (RACP) through the Commonwealth of Pennsylvania Office of the Budget's (OB) and Department of Community & Economic Development (DCED). RACP provides funds for or the acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects.

Summary and Facts of the legislation

Lace Building Affiliates pre-applied and was awarded an additional \$2,000,000 RACP grant for the Laceworks Project located at 1315 Meylert Avenue (Scranton Lace Complex) to redevelop multiple properties and eliminate blight. These funds are in addition to the \$4,500,000 that was approved by Scranton City Council in 2011. Matching private funds will be provided by the sub-grantee as required. With the support of DCED, Lace Building Affiliates plans to combine the two RACP awards to complete a major portion of the project while streamlining grant administration.

City Council's Resolution authorizing the execution of documents relevant to the application and acceptance of the \$2,000,000 award which includes a Grantee Agreement or an Amendment to a previously executed agreement with (CFA), a Cooperation Agreement or an Amendment to a previously executed agreement with the named Sub-Grantee (s), and other grant-related documentation as required by CFA and City Administration.

A Local Share Account (LSA) Grant for \$140,000 for abatement of a portion hazardous material was previously awarded through the City. That work was successfully completed and the grant was closed during the course of this project.

Purpose – please include the following in the explanation:

What does the legislation do -what are the specific goals/tasks the legislation seek to accomplish

The legislation authorizes city officials to execute necessary documents to secure the RACP funds for a project that, upon completion, adds significant value to the community. Lace Building Affiliates has completed a challenging demolition of blighted structures, and the project is now in a rebuilding stage.

What are the benefits of doing this/Down-side of doing this?

Benefit - Facilitating the use of this additional grant money enables Lace Building Affiliates to stabilize, reconstruct, and modernize the remaining structures while maintaining their overall form and industrial character. Upon completion the Complex will provide additional diverse housing options and neighborhood commercial retail opportunity. The project creates both temporary construction and permanent jobs, and energizes the community. It also creates new tax revenue opportunity for the City.

Downside - The downside of this project is limited. It will require future City attention to streetscape, road maintenance, and public safety. All are for good purposes.

How does this legislation relate to the City's Vision/Mission/Priorities?

Blight removal, neighborhood revitalization, and job creation are all prioritized within current City plans.

Financial Impact - please include the following in the explanation:

Cost (initial and ongoing) - \$2,000,000 utilizing awarded PA RACP funds in addition to the \$4,500,000, 2011 award, equally matched by private funding.

Benefits – Facilitates business and creates a taxable job and potentially taxable business income

Funding Sources –Redevelopment Assistance Capital Program (RACP) Grant

Priority Status/Deadlines – High - OECD must provide an Authorizing Municipal Resolution supporting the project together with a final application for funding the current \$2 million grant and combining it with the existing \$4.5 million grant.

Why should the Council unanimously support this legislation?

The project remediates blight, addresses environmental concerns, and brings new opportunity for business and housing options to the North Scranton neighborhood. Over \$5,000,000 in private and public funds have already been invested in this project that addresses a 10.3 acre site

Include any other pertinent details and/or relevant information that the Council should be aware of:

Lace Building Affiliates, LP is the sub-grantee and the Partner/Lead Developer is Donald J. Rinaldi who has successfully served in this capacity for completed RACP projects in the City.

| | | | | | | | | |
|--|--------------------|---|--|----------------------|---|--------------------------------|-------------------------|--|
| <h1 style="margin:0;">RDA-300</h1> | | Commonwealth of Pennsylvania REDEVELOPMENT ASSISTANCE CAPITAL PROJECT SOURCES OF FUNDS | | | | | Date Received | |
| | | Version: February 2010 | | | | | ME No. | |
| The latest status of this project is: <input type="checkbox"/> Pre-Award Application <input type="checkbox"/> Post-Award Application <input type="checkbox"/> Grant Agreement | | This RDA filing, as it applies to the project's "status" at left, is a/an: | | | | | State Consultant Firm | |
| | | <input type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION No. <input type="checkbox"/> AMENDMENT | | | | | | |
| PROJECT INFORMATION | | | | | | | | |
| PROJECT NAME | | Scranton Lace Adaptive Reuse Project | | | | PROJECT PHASE | | OF |
| GRANTEE | | City of Scranton | | | | | | |
| SUB-GRANTEE(S) | | Lace Building Affiliates, LP | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| County | | Municipality | | Municipal Population | | Legislative Districts | | RACP Construction Schedule |
| Lackawanna | | City of Scranton | | 2 | | House Senate 113 22 | | Start Date End Date Duration in months 3/1/20 9/30/20 6 |
| OFFICIAL CONTACT PERSONS | | | | | | | | |
| Chief Elected Official or Officer of Grantee | | | | | Contact Person (normally the person from the entity at left that is most familiar with the project; enter "Same" if same person & provide email address) | | | |
| Federal ID No. | | | | | Name & Title | | | |
| Name & Title | | | | | Organization | | | |
| Organization | | | | | Address | | | |
| Address | | | | | Phone | | | |
| Phone | | | | | Email address | | | |
| Email address | | | | | | | | |
| FUNDING SOURCES | | | | | | | | |
| Type | Amount | Description | | | | Secured? | Unsecured? or Other? | |
| REDEVELOPMENT ASSISTANCE FUNDS | \$2,000,000 | | | | | | | |
| MATCHING FUNDS | \$2,000,000 | | | | | | | |
| A. Local Funds | | | | | | | | |
| | | | | | | | | |
| B. Private Funds | \$2,000,000 | | | | | | | |
| | | | | | | | | |
| C. Land | | | | | | | | |
| Attach Appraisal | | | | | | | | |
| D. Federal Funds | | | | | | | | |
| | | | | | | | | |
| E. Other | | | | | | | | |
| | | | | | | | | |
| TOTAL FUNDS | \$4,000,000 | | | | | | | |
| Attach an explanation about any state or federal funds the project has received in the past or will receive in the future that are not being counted as matching funds | | | | | | | | |
| PROJECT ADMINISTRATION | | | | | | | | |
| Will the Applicant administer the project? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | Will the Applicant designate a Project Administrator? <input type="checkbox"/> Yes <input type="checkbox"/> No Other? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | |
| Administrators: Applicant's Staff | | | | | | | | |
| Sub-Applicant's Staff | | | | | Donald Rinaldi | | | |
| Designated Administrator | | | | | | | | |
| Are Cooperation Agreements attached? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | Status: _____ | | | |
| APPLICANT'S AUTHORIZATION | | | | | | | | |
| To the best of my knowledge and belief, data in this application are true and correct and the submission of the application has been duly authorized by the governing body. | | | | | | | | |
| _____ Signature & Title of Authorized Official | | | | | | | 2/4/20 _____ Date | |

| | | | | | |
|--|--|---|--|-----------------------|----|
| <h1 style="margin:0;">RDA-301</h1> | | Commonwealth of Pennsylvania REDEVELOPMENT ASSISTANCE CAPITAL PROJECT USES OF FUNDS | | Date Received | |
| | | Version: February 2018 | | ME No. | |
| The latest status of this project is: <input type="checkbox"/> Pre-Award Application <input type="checkbox"/> Post-Award Application <input type="checkbox"/> Grant Agreement | | This RDA filing, as it applies to the project's "status" at left, is a/an: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION No. <input type="checkbox"/> <input type="checkbox"/> AMENDMENT | | State Consultant Firm | |
| PROJECT NAME | | Scranton Lace Adaptive Reuse Project | | PROJECT PHASE | OF |
| GRANTEE | | City of Scranton | | | |
| SUB-GRANTEE(S) | | Lace Building Affiliates, LP | | | |
| | | | | | |
| LINE ITEM | BUDGET CATEGORY | RACP REIMBURSEMENT | MATCH ONLY | TOTAL | |
| 1 | Operation & Maintenance | Typical Match | \$50,000 | \$50,000 | |
| 2 | Administration | Typical Match | \$295,000 | \$295,000 | |
| 3 | Legal | Typical Match | \$35,000 | \$35,000 | |
| 4 | Financing/Accounting | Typical Match | | | |
| 5 | Interest During Construction | | | | |
| 6 | Architectural/Engineering | Typical Match | \$475,340 | \$475,340 | |
| | A. Feasibility Study | Typical Match | | | |
| | B. Surveys | Typical Match | | | |
| | C. Design | Typical Match | | | |
| | D. Inspection Services | Typical Match | \$50,627 | \$50,627 | |
| | E. Other (Specify) | Typical Match | | | |
| 7 | Permits | | \$64,033 | \$64,033 | |
| 8 | Land (if used, entries A., B., or C. below should reflect the <i>planned</i> ownership at commencement of the RACP project construction) | | | | |
| | A. Grantee owned (value) | | | | |
| | B. Sub-Grantee owned (value) | | | | |
| | C. 3rd Party owned (value) | | | | |
| | D. Easement Cost | | | | |
| | E. Other Land Costs (Specify & Itemize below) | | | | |
| | i. | | | | |
| | ii. | | | | |
| | iii. | | | | |
| 9 | Construction (Attach construction cost breakdown) | \$2,000,000 | | #VALUE! | |
| | A. Contingency (____ % of Construction) | Typical Match | | | |
| 10 | Other (Specify & Itemize below) | | | | |
| | A. Infrastructure Match | | \$1,030,000 | \$1,030,000 | |
| | B. | | | | |
| | C. | | | | |
| | D. | | | | |
| TOTAL PROJECT COST | | \$2,000,000 | \$2,000,000 | \$4,000,000 | |
| APPLICANT'S AUTHORIZATION | | | COMMONWEALTH'S APPROVAL | | |
| Approval of the Project Financing Plan is hereby requested. | | | The Project Financing Plan is hereby granted. | | |
| SEAL | Applicant | | Commonwealth of Pennsylvania Office of the Budget | | |
| | Signature of Authorized Official | | Signature of Authorized Official | | |
| | Title | | Title | | |
| | Typed or Printed Name | | Typed or Printed Name | | |
| | Date | | Date | | |



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

June 23, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

RECEIVED
JUN 24 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

Dear Honorable Council Members:

ATTACHED IS A RESOLUTION AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO APPLY FOR AND EXECUTE A GRANT FOR THE REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP) THROUGH THE COMMONWEALTH OF PENNSYLVANIA'S OFFICE OF THE BUDGET IN THE AMOUNT OF TWO MILLION (\$2,000,000.00) DOLLARS; ACCEPTING AND DISBURSING THE GRANT IF THE APPLICATION IS SUCCESSFUL; AND COORDINATE THE USE OF THE GRANT FUNDS WITH "LACE BUILDING AFFILIATES, LP", FOR THE PROJECT TO BE NAMED THE "SCRANTON LACE ADAPTIVE USE PROJECT".

Respectfully,

Jessica Eskra (s)
Jessica L. Eskra, Esquire
City Solicitor

JLE/sl

RESOLUTION NO. _____

2020

AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO ACCEPT A GRANT FOR THE REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP) THROUGH THE COMMONWEALTH OF PENNSYLVANIA'S OFFICE OF THE BUDGET IN THE AMOUNT OF TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLARS; AND COORDINATE THE USE OF THE GRANT FUNDS WITH "SCRANTON-CHERRY, L.P. OR THEIR DESIGNEE", FOR THE PROJECT TO BE NAMED THE "SCRANTON COUNSELING CENTER PROJECT".

WHEREAS, the City of Scranton, in coordination with **"SCRANTON-CHERRY, L.P. OR THEIR DESIGNEE"**, 2030 Tilghman Street, Allentown, Pennsylvania, 18104, is desirous of obtaining funds from the Commonwealth of Pennsylvania's Office of the Budget in the amount of Two Hundred Fifty Thousand \$250,000.00 Dollars for the prevention and elimination of blight through the Redevelopment Assistance Capital Program (RACP). These funds are in addition to \$2,000,000.00 that was approved by Scranton City Council under Resolution #189-2017; \$1,000,000.00 that was approved by Scranton City Council under Resolution #5-2018 and \$1,000,000.00 that was approved by Scranton City Council under Resolution #57-2018 to **SCRANTON-CHERRY, L.P., OR THEIR DESIGNEE**, for the Scranton Counseling Center Project ;

WHEREAS, a blighting influence continues to exist at the area of the project which is located at 329 Cherry Street Scranton, Pennsylvania; and

WHEREAS, these funds will be used in conjunction with the funds previously awarded set forth above for the redevelopment of the property located at 329 Cherry Street Scranton, Pennsylvania for the Scranton Counseling Center Project; and

WHEREAS, the City will partner with **SCRANTON-CHERRY, L.P., OR THEIR DESIGNEE**, AS RECEIPTENT for the grant funds from Commonwealth of Pennsylvania's Office of the Budget and disburse the funds to the City to fund the Project; and

WHEREAS, the City will reimburse the Commonwealth of Pennsylvania's Office of the Budget for any expenditures found by the Commonwealth of Pennsylvania's Office of the Budget to be ineligible.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SCRANTON that the Mayor and other appropriate City Officials are hereby authorized to

accept the Redevelopment Assistance Capital Program (RACP); substantially in the form attached hereto. This approval anticipates the execution of any and all related documentation which may be necessary to complete the grant application, including but not limited to the grant application.

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interests of the promotion of the purposes and intent of this Resolution and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval.

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Optional Plans Law", and any other applicable law arising under the laws of the State of Pennsylvania.

Legislative Cover Sheet - Scranton City Council

Legislation authorizing the City of Scranton's acceptance of a grant for the Redevelopment Capital Assistance Program (RACP) through Commonwealth of Pennsylvania Office of Budget in the amount of Two Hundred and Fifty Thousand (\$250,000) dollars for the "Scranton Counseling Center Project" including administrative execution of all related documents.

What Department is this legislation originating from? Where did the initiative for this legislation originate?

OECD originated the legislation as part of the City of Scranton's process of administering grants awarded by the Commonwealth Financing Authority (CFA) Redevelopment Capital Assistance Program (RACP) through the Commonwealth of Pennsylvania Office of the Budget's (OB) and Department of Community & Economic Development (DCED). RACP provides funds for or the acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects.

Summary and Facts of the legislation

Scranton-Cherry, LP, or their designee, requested and was awarded an additional \$250,000 RACP grant from the CFA for The Scranton Counseling Center Project located at 329 Cherry Street to redevelop the existing property and eliminate blight. The \$250,000.00 award is in addition to previously approved funding by Scranton City Council including a \$2,000,000 award (Resolution 57 – 2018); \$1,000,000 award (Resolution 5 – 2018); and \$1,000,000 award (Resolution 189-2017). Matching private funds will be provided by the sub-grantee as required.

City Council's Resolution authorizing the execution of documents relevant to the application and acceptance of the \$250,000 award which includes a Grantee Agreement or an Amendment to a previously executed agreement with (CFA), a Cooperation Agreement or an Amendment to a previously executed agreement with the named Sub-Grantee (s), and other grant-related documentation as required by CFA and City Administration.

Purpose – please include the following in the explanation:

What does the legislation do-what are the specific goals/tasks the legislation seek to accomplish

This legislation authorizes city officials to execute necessary documents to secure the RACP funds for a project that, upon completion, adds significant value to the community. The project will serve to refurbish the Cherry Street building and relocate the Scranton Counseling Center from its current Adams Avenue location to the Cherry Street location which will be better suited to assist clients. The Scranton Counseling Center has served the needs of area children, adolescents, adults, and elderly for integrated community behavioral health care since 1947.

What are the benefits of doing this/Down-side of doing this?

Benefit - Facilitating the use of this additional grant money enables Scranton-Cherry, LP or their designee to rehabilitate for re-use an existing structure(s) while maintaining the general character of the surrounding community. City/area residents served by the Center will find easier facility access, complete handicap access, on-site parking, onsite passenger loading and unloading, and the availability of off—street bus service.

A separate future project is planned to transform the current Scranton Counseling Center building on Adams Avenue into, at minimum, commercial retail space to continue the downtown

revitalization effort.

Downside – From an economic perspective, failure to pass this resolution and accept RACP funding would cause the developer to seek replacement funding for the project and could potentially impact the viability of the project.

How does this legislation relate to the City's Vision/Mission/Priorities?

Blight removal, downtown revitalization, and proliferation of delivering human services to residents are all prioritized within current City plans.

Financial Impact - please include the following in the explanation:

Cost (initial and ongoing) - \$250,000 utilizing awarded PA RACP grant funds in addition to the \$4,000,000, previously awarded RACP grants, equally matched by private funding.

Benefits – Project restores blighted property on Cherry Street, provides an outlet for improved human behavioral health service, and an opportunity to restore and repurpose/harmonize downtown real estate.

Funding Sources –Redevelopment Assistance Capital Program (RACP) Grant

Priority Status/Deadlines – High - OECD must provide an Authorizing Municipal Resolution supporting the project.

Why should the Council unanimously support this legislation?

The project continues the positive trend of reclaiming abandoned/underutilized real estate in the City, remediates a blighted circumstance in South Scranton, and allows for the development of downtown property to advance revitalization efforts.

Include any other pertinent details and/or relevant information that the Council should be aware of:

Scranton-Cherry, LP is the sub-grantee and the Partner/Lead Developer is Charles Jefferson of Jefferson-Werner LLC, Allentown, PA, who, through various entities, has successfully served in this capacity for completed RACP projects in the City.

This project has been approved to receive an additional \$250,000. The Office of the Budget (OB) will not be requiring the submission of a formal application and business plan for these additional funds.



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

June 23, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

Dear Honorable Council Members:

ATTACHED IS A RESOLUTION AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO ACCEPT A GRANT FOR THE REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP) THROUGH THE COMMONWEALTH OF PENNSYLVANIA'S OFFICE OF THE BUDGET IN THE AMOUNT OF TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLARS; AND COORDINATE THE USE OF THE GRANT FUNDS WITH "SCRANTON-CHERRY, L.P. OR THEIR DESIGNEE", FOR THE PROJECT TO BE NAMED THE "SCRANTON COUNSELING CENTER PROJECT".

Respectfully,

Jessica Eskra (s)
Jessica L. Eskra, Esquire
City Solicitor

JLE/sl

RECEIVED

JUN 25 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

RESOLUTION NO. _____

2020

AUTHORIZING THE MAYOR AND OTHER APPROPRIATE CITY OFFICIALS TO ACCEPT THE AWARD OF GRANT FUNDS FROM THE WILLARY FOUNDATION IN THE AMOUNT OF \$50,000 TO UNDERTAKE A STUDY TO EVALUATE TAX POLICY, BILLING, AND COLLECTIONS WITH THE GOAL OF INCREASING COLLECTION RATES, STRENGTHENING INTERNAL CONTROLS, ELIMINATING WASTE AND PROVIDING TAX RELIEF FOR SCRANTON RESIDENTS.

WHEREAS, the City of Scranton made application for funds from the Willary Foundation to be used to enlist the services of a firm to provide an evaluation of the tax policy, billing, and collection structure of the City; and

WHEREAS, it is important that this evaluation is undertaken by an independent, qualified firm with experience working with a range of municipalities and government entities; and

WHEREAS, it is intended that this review would allow the City to be more efficient and effective in the processing and collection of taxes, and ultimately improve economic growth and increase fairness for City taxpayers; and

WHEREAS, the Willary Foundation has chosen to award the City of Scranton \$50,000 for the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SCRANTON that the Mayor and other appropriate City officials are authorized to accept the grant funds from the Willary Foundation in the amount of \$50,000.00 to increase collection rates, strengthen internal controls, eliminate waste and provide tax relief for Scranton residents and enhance the City's economic growth/development prospects and to execute any and all documents necessary to receive said grant funding into the City.

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interests of the promotion of the purposes and intent of this Resolution and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Optional Plans Law", and any other applicable law arising under the laws of the State of Pennsylvania.



June 11, 2020

Ms. Rebecca McMullen
City of Scranton
340 North Washington Avenue
Scranton, PA 18503

Dear Rebecca:

We congratulate you on the acceptance of your grant application.

The Board of Directors of The Willary Foundation (the "Foundation") met, and are pleased to award your organization a grant of \$50,000.00. This grant is to be used to increase collection rates, strengthen internal controls, eliminate waste and provide tax relief for Scranton residents and enhance the City's economic growth/development prospects. If this is no longer possible, however, the proceeds of the grant should be returned to the Foundation. The funds were transferred to your account via ACH on June 10th. Please contact me if you have not yet received the funds.

Please recognize that this is a one-time award, and not a pledge of continued support in the future.

To assist us in the monitoring of this award, we do ask that you complete an Impact Report through CyberGrants containing a narrative account of what was accomplished by the expenditure of the grant funds and detailed financial accounting of the use of grant funds. This report is due from you one (1) year from the date that you received the grant and prior to submitting subsequent applications to The Willary Foundation. This Impact Report will be made available to you (3) three weeks from the grant award date and a notification will arrive via e-mail to the address associated with your account.

On behalf of the Directors of The Willary Foundation, please know of their best wishes for your continued success.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Spruill", written over a light blue horizontal line.

Kenneth Spruill
For The Willary Foundation

The Willary Foundation
P.O. Box 283 Scranton, PA 18501
T: 570-614-0088 | F: 570-961-6226

**City of Scranton
City Hall
340 North Washington Avenue
Scranton, PA 18503**

Revenue Cycle Project

Purpose of the Project:

The City of Scranton derives revenue from a variety of sources. It collects taxes in the form of Real Estate Tax, Business Privilege and Mercantile Tax, and Wage Tax. The City also charges fees for services provided such as Trash Removal Fees, Inspection Fees, License and Permit Fees. The City, as most municipalities, also receives some revenue from fines and assessments.

The various revenues the City receives are administered from a variety of departmental functions within and outside of the City Administration. This Project endeavors to evaluate the Taxing Policy, Tax Billing Process, and Tax Collection Process for the City of Scranton and provide recommendations for improvements.

Background:

The City of Scranton is a City of roughly 77,000 citizens. It is located in Northeastern Pennsylvania and was a very thriving city in and around the late nineteenth and up through the mid twentieth century. It is, and has always been, a great city with outstanding citizens. With the decline of the Anthracite Coal and Garment industries, the City of Scranton fell into difficult economic times. For the past two decades, the City of Scranton has been formally listed as a "Distressed City." Like many cities of the Northeastern part of the United States, Scranton struggles to match its revenues with the cost of producing the services required by the citizens. Towards that end, the City of Scranton has adopted a number of funding sources over decades but has also been at times challenged in litigation and publicly as to the legality of the level and type of taxes, fees and other funding sources. Collection rates are lower than optimal and taxes are onerously high for Scranton's residents and property owners. It is vital for the City of Scranton to evaluate the Taxing Structure and Billing and Collection Processes.

Part of the plan for change is an objective review of the various Revenue Cycle Processes for improvement. The plan is to use an organization that has extensive experience in the review of the Municipal Revenue Processes in other communities both big and small. Going beyond the process, it will be part of the project to review the components of Municipal Revenue to determine if there are effective alternatives.

Goal of the Project:

The first goal of the Project is to have an independent, experienced review of the various components of the City's Revenue to recommend potential changes of the type, rate and amount of the Revenue Types. Another goal is to document the current process and provide recommendations for the improvement of the various processes.

Proposal:

To evaluate the above-referenced tax structure, City Administration would like to enlist the services of a qualifying firm to provide an evaluation of the tax structure, tax billing, and collection structure of the City.

It is important this evaluation is undertaken by an independent, qualified firm with experience working with a range of municipalities and government entities, as a comprehensive and high-quality review is needed. It is intended that this review would allow the City to be more efficient and effective in the processing of taxes and lead to better collections, more efficient operations, better controls, and more overall fairness to the citizens.



DEPARTMENT OF LAW

CITY HALL • 340 NORTH WASHINGTON AVENUE • SCRANTON, PENNSYLVANIA 18503 • PHONE: 570-348-4105 • FAX: 570-348-4263

June 23, 2020

To the Honorable Council
Of the City of Scranton
Municipal Building
Scranton, PA 18503

Dear Honorable Council Members:

ATTACHED IS A RESOLUTION AUTHORIZING THE MAYOR AND
OTHER APPROPRIATE CITY OFFICIALS TO ACCEPT THE AWARD OF GRANT
FUNDS FROM THE WILLARY FOUNDATION IN THE AMOUNT OF \$50,000 TO
UNDERTAKE A STUDY TO EVALUATE TAX POLICY, BILLING, AND
COLLECTIONS WITH THE GOAL OF INCREASING COLLECTION RATES,
STRENGTHENING INTERNAL CONTROLS, ELIMINATING WASTE AND
PROVIDING TAX RELIEF FOR SCRANTON RESIDENTS.

Respectfully,

Jessica L. Eskra, Esquire
City Solicitor

JLE/sl

RECEIVED

JUN 25 2020

OFFICE OF CITY
COUNCIL/CITY CLERK

RESOLUTION NO. _____

2020

ENCOURAGING THE UNITED STATES SENATE TO PASS LOCAL GOVERNMENT FISCAL ASSISTANCE AND CALLING ON THE UNITED STATES SENATE TO ADOPT THE FUNDING ENHANCEMENTS TO THE FEDERAL MEDICAL ASSISTANCE PERCENTAGES (FMAP) AS PROVIDED IN THE HEROES ACT HR 6800.

WHEREAS, The COVID-19 pandemic has presented our nation with both an unprecedented public health crisis and an economic crisis; and

WHEREAS, State and local governments have been, and will continue to be, on the forefront of combatting the COVID-19 virus; and

WHEREAS, States and cities are left to meet this economic crisis unlike any since the Great Depression – while the COVID-19 pandemic continues, potentially into 2021 and beyond – and face steep revenue shortfalls; and

WHEREAS, The City of Scranton currently anticipates a 2020 Budget shortfall of 6-10 million dollars; and

WHEREAS, Millions of lives have been upended by this pandemic and the concurrent shutdown has devastated economic activity, causing a wave of job losses and ending the longest economic expansion since World War II. May data shows that the U.S. unemployment rate was at 13.3 percent and the Federal Reserve projects sustained high unemployment; and

WHEREAS, The Congressional Budget Office (CBO) estimates that the unemployment rate will average 15 percent during the second and third quarters of 2020, up from less than 4 percent in the first quarter. CBO expects the unemployment rate to decline somewhat but remain at 9.5 percent by the end of 2021 (about 6 percentage points higher than the rate in CBO's economic projection produced in January 2020); and

WHEREAS, Individuals often lose job-based health insurance coverage when they experience job loss. A recent Kaiser Family Foundation analysis shows that by January 2021, when unemployment insurance benefits cease for most people who lost jobs between March 1 and May 2, 2020, nearly 17 million people could be newly eligible for Medicaid; and

WHEREAS, This crescendo of need coincides with a dramatic drop in state revenues. By way of example, Pennsylvania experienced a 49.7% reduction in revenues in April. Help is desperately needed for the Commonwealth to meet its obligations; and

WHEREAS, In times of economic crises, Federal Medical Assistance Percentages (FMAP) is one of the most useful tools the federal government must provide fiscal relief to states to compensate for revenue losses — while providing much needed health care for the economically displaced. This certainly proved to be the case in 2009 when in response to the Great Recession, Congress passed, and the President signed into law the American Recovery and Reinvestment Act which enhanced FMAP by 12% for over two years; and

WHEREAS, Earlier this year, a different Congress and President, both recognized the important role FMAP has to play in economic recovery when they passed and signed a 6.2% enhancement into law; and

WHEREAS, A 6.2% enhancement is an important first step toward economic recovery, but insufficient given the challenge confronting our nation; and

WHEREAS, Multiple state groups including the National Governors Association and the National Association of State Medicaid Directors have called for a further increase in the FMAP. The HEROES Act Bill passed by the House of Representatives on May 15, would increase the FMAP to 14 percentage points from July 1, 2020 through June 30, 2021. This increase would mean 3.6 billion dollars to the Commonwealth of Pennsylvania; and

WHEREAS, This flexible federal funding must be provided to fill immediate budgetary gaps caused by critical revenue losses, while providing much needed health care for millions as our nation waits for a COVID-19 vaccine; and

WHEREAS, Without this funding, state legislatures may be forced to cut funding for our essential utilities, highways, and other revenue-generating public authorities. The nation is entering into one of the most significant economic downturns of the last century at an unprecedented pace. Budget cuts that prevent any investment in infrastructure will jeopardize both near-term supply chain needs and long-term economic stimulus; and

WHEREAS, Budget shortfalls in cities such as Scranton could force city governments to have to make deep cuts and even curtail critical services to residents, and

WHEREAS, The United States has passed federal assistance packages in the form of the CARES ACT but local governments under 500 thousand residents have been left out to date, but are in most need as they provide direct support to citizens and are responsible for public safety in the form of police, fire, public works, code enforcement, and community development; now, therefore be it

NOW, THEREFORE, BE IT JOINTLY RESOLVED, BY THE MAYOR AND COUNCIL OF THE CITY OF SCRANTON, that the Mayor and Council do hereby call on United States Senate to adopt the funding enhancements to the Federal Medical Assistance Percentages (FMAP) as provided in the HEROES Act HR 6800; and

FURTHER RESOLVED, To call on the United States Senate to pass a local government fiscal assistance bill of at least \$250 billion for the coming year and that these funds go directly to cities like Scranton so that we may have the funding we need to provide essential services for our residents as this crisis continues to impact our communities and our diminishing budgets; and

FURTHER RESOLVED, That a copy of this Resolution be transmitted to the Office of Senator Robert Casey and the Office of Senator Patrick Toomey to express the legislative sentiments of this elected body and add our voices to this call; and

FURTHER RESOLVED, That the Mayor and Council of the City of Scranton encourage residents to lend their voices to this effort by reaching out to these same United States Senators.

SECTION 1. If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any Court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Resolution or any portion thereof from time to time as it shall deem advisable in the best interests of the promotion of the purposes and intent of this Resolution and the effective administration thereof.

SECTION 2. This Resolution shall become effective immediately upon approval.

SECTION 3. This Resolution is enacted by the Council of the City of Scranton under the authority of the Act of the Legislature, April 13, 1972, Act no. 62, known as the "Home Rule Charter and Optional Plans Law", and any other applicable law arising under the laws of the State of Pennsylvania.