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SCRANTON CITY COUNCIL MEETING

HELD:

Thursday, JUNE 14, 2012

LOCATION:

Council Chambers

Scranton City Hall

340 North Washington Avenue

Scranton, Pennsylvania

CATHENE S. NARDOZZI, RPR - OFFICIAL COURT REPORTER

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CITY OF SCRANTON COUNCIL:

JANET EVANS, PRESIDENT

FRANK JOYCE, VICE-PRESIDENT

ROBERT MCGOFF

PAT ROGAN

JOHN LOSCOMBE

NANCY KRAKE, CITY CLERK

KATHY CARRERA, ASSISTANT CITY CLERK

BOYD HUGHES, SOLICITOR

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

3 MS. EVANS: Roll call, please.

4 MS. CARRERA: Mr. McGoff.

5 MR. MCGOFF: Here.

6 MS. CARRERA: Mr. Rogan.

7 MR. ROGAN: Here.

8 MS. CARRERA: Mr. Loscombe.

9 MR. LOSCOMBE: Here.

10 MS. CARRERA: Mr. Joyce.

11 MR. JOYCE: Here.

12 MS. CARRERA: Mrs. Evans.

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

15 MS. KRAKE: THIRD ORDER. 3-A. TAX
16 ASSESSOR'S REPORT, HEARING DATES MAY 30,
17 AND JUNE 27 OF 2012.

18 MS. EVANS: Are there any comments?
19 If not, received and filed.

20 MS. KRAKE: 3-B. CITY OF SCRANTON
21 2012 CASH FLOWS, GENERAL FUND UPDATED MAY
22 17, 2012.

23 MS. EVANS: Are there any comments?
24 If not, received and filed.

25 MS. KRAKE: 3-C. CHECKS RECEIVED

1 FROM THE SINGLE TAX OFFICE ON JUNE 7, 2012
2 ARE AS FOLLOWS: DELINQUENT REAL ESTATE
3 TAXES, CHECK FOR \$20,405.85, LST
4 DISTRIBUTION, CHECK FOR \$319,449.58, EARNED
5 INCOME TAX DISTRIBUTION, CHECK FOR
6 \$231,904.88, REAL ESTATE DISTRIBUTION
7 \$43,061.75, BUSINESS PRIVILEGE DISTRIBUTION,
8 CHECK FOR \$114,767.77.

9 MS. EVANS: Are there any comments?
10 If not, received and filed. Do we have any
11 clerk's notes this evening, Mrs. Krake?

12 MS. KRAKE: No, Mrs. Evans.

13 MS. EVANS: Thank you. Do any
14 council members have announcements at this
15 time?

16 MR. MCGOFF: Just one. The Scranton
17 Tomorrow drive-in downtown movies series
18 will be starting. There are four dates or
19 five dates set for movies set on June 21,
20 the Muppets; June 23, for all of the Notre
21 Dame fans out there, Rudy; July 12, Mama
22 Mia; and July 19 Rocky, with the fifth movie
23 on July 26, that one was has not yet been
24 announced. Last year it met with -- the
25 nights that they were able to actually show

1 the movies met with great success. They
2 unfortunately ran into some inclement
3 weather last year, but great idea. Go
4 downtown, it's on courthouse square, see a
5 movie, grab something to eat in a local
6 restaurant. Great event.

7 MS. EVANS: Thank you.

8 MR. ROGAN: Just a comment, I wanted
9 to mention this before public participation
10 just because it's so important to the city,
11 I am sure everyone else on the council has
12 received this letter, it's from Blue Cross
13 of Northeastern, Pennsylvania, and I'm not
14 going to read the whole thing, but I'll read
15 the most important part.

16 "Please accept this writing as
17 notice of the Blue Cross of Northeastern's
18 PA intent to terminate the administrative
19 service agreements between First Priority
20 Life Insurance and the City of Scranton.
21 Under and pursuant to Article 9,
22 subparagraph D, the agreement will be
23 terminated effective ten days from the date
24 hereof unless the city cures the default."

25 From the e-mails and from speaking

1 to Mr. McGowan, the city owes over \$2
2 million to Blue Cross. I have heard, not
3 officially, but I have heard that this has
4 been extended to the end of the month.

5 MS. EVANS: Yes, that was -- I
6 learned that today as well.

7 MR. ROGAN: That's what I heard as
8 well today, and tonight the only thing on
9 the agenda is the money for the Parking
10 Authority. Personally, I believe that the
11 most important issue facing the city right
12 now is making sure our employees, and
13 especially our retirees, have health care
14 coverage. I know in the past the first TAN
15 that the city received using -- and, Mr.
16 Joyce kept us updated every week, they made
17 an agreement with the bank that all of the
18 real estate revenue that came in was placed
19 into a lockbox where the money couldn't be
20 moved and had to be paid right back to the
21 bank. I would hope that the administration
22 would consider another tax anticipation note
23 to pay at least -- just the to pay Blue
24 Cross, what is owed to our employees and
25 retirees and continue to have health care

1 and for Dunmore Oil so we can keep our
2 police cars on the street and our fire
3 trucks as well.

4 MS. EVANS: If I could interject,
5 the fuel bill has been paid and, in
6 addition, I do agree with what you are
7 saying and I am going to comment on the
8 pursuit of the TAN under motions tonight.

9 MR. ROGAN: I think everyone would
10 be in agreement that we'll do everything we
11 can to make sure that the employees have
12 health care and to make sure everyone is
13 getting paid. I'll talk about it more under
14 motions, but I just wanted to mention this
15 before citizen participation because it's
16 such an important issue. And that is all I
17 have.

18 MS. EVANS: Is there anyone else?

19 MR. LOSCOMBE: Yes. There will be a
20 benefit in honor of our late patrolman
21 canine Grizzly at 2028 Pittston Avenue from
22 6 to 11 p.m. on June 30. And tickets are
23 \$10 for adult, \$5 per child. All donation
24 are greatly appreciated and all proceeds
25 will be donated to the Scranton Police

1 Department canine unit.

2 And just to repeat until the time of
3 the function something I brought up in the
4 past several weeks, there will be a
5 fundraiser "Give Jim Lance a Second Chance,"
6 Jim was in a terrible motorcycle accident
7 and while he was recuperating in the
8 hospital his wife passed away, and they
9 leave behind a daughter.

10 This fundraiser will be July 14,
11 from 5 to 10 p.m. at Holy Rosary Center on
12 West Market Street, and if you have any
13 questions or want to make any donation you
14 can call 575-6752. Thank you.

15 MS. EVANS: Any more announcements?
16 The public caucus with business
17 administrator Ryan McGowan and Mayor Doherty
18 scheduled for this evening was cancelled.
19 Mr. McGowan had a previous family commitment
20 and the mayor failed to respond. However,
21 Mr. McGowan contacted Solicitor Hughes on
22 June 12 to explain his absence and to assure
23 him and city council that the City of
24 Scranton has available funds to remit the
25 SPA bond payment.

1 Flag Day is celebrated today across
2 our nation. This holiday commemorates the
3 adoption of the 13 stripes and 13 stars flag
4 of the second constitutional Congress on
5 June 14, 1777. Over a century later,
6 President Woodrow Wilson established June 14
7 as Flag Day in 1916 and Congress passed
8 legislation in 1949 asking the president to
9 issue an annual proclamation calling for an
10 observance of the holiday. During this
11 national flag week, we are encouraged to
12 proudly to fly our American flags.

13 On behalf of Scranton City Council,
14 I would like to wish all the gentlemen in
15 our community a very happy and blessed
16 Father's Day and to Councilman Loscombe and
17 McGoff and to my husband and son, enjoy your
18 special day and may it bring you are all
19 that you are so deserving of, and that's it.

20 MS. KRAKE: FOURTH ORDER. CITIZENS'
21 PARTICIPATION.

22 MS. EVANS: Our first speaker
23 tonight is Andy Sbaraglia.

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

1 guess Billy turned over to the city last
2 week \$660,518.08, that was a total of all of
3 them figures that you read off that come out
4 to that amount that Billy gave the city.

5 Now, the business administrator said
6 there is money to pay the Scranton Parking
7 Authority. True, there is if we don't pay
8 the other bills, but that's the quirks.
9 You got to learn to play hard ball. You
10 just don't see it, I know we could be sued,
11 but if you give them this money, I have been
12 telling you for awhile, you should request
13 they all resign as a stipulation for that
14 money. The banks tell you that. They have
15 told you if you want the loan you got to
16 give us all the tax money. That's a stick
17 they hit you on the head with. Now you got
18 to hit the stick on the head in the Parking
19 Authority. To give them money will say that
20 you love them. You think they are doing a
21 terrific job and they are doing a terrific
22 job.

23 The board owns the Parking
24 Authority. The board put us where we are
25 with the Parking Authority. No one else.

1 That's the board. Why are you condoning
2 their actions if you pass this? True, you
3 could be sued, but the bank put stipulations
4 on everything. It won't give you the \$16
5 million in the paper, I don't know why they
6 keep pushing it, you know, it's like 28
7 million with that 9.8 million that we had
8 from one deal and the 16 million from the
9 other deal, why they keep printing 16
10 million is beyond me when you know it's 20
11 some million. I don't know why they do
12 that. The paper is great for that. Only
13 half truths and that's not right. People
14 got a right to know what's happening within
15 the city.

16 And you just cannot condone
17 incompetence. There is no way you can
18 condone it. True, we can't do much to do it
19 unless you put the pressure on it, and the
20 only way you can put the pressure on them is
21 with this loan. Without the loan, they got
22 to go. With the loan someone else could be
23 take over their spots. We may lose at the
24 end anyway, but at least you are not
25 condoning their actions.

1 I watched members of council that
2 voted for a lot of this garbage get pensions
3 from the city. They weren't entitled to
4 pensions from the city, but where we are
5 today is because of their voting record.

6 You look at the mayor, sell the golf
7 course. That money is gone. The South Side
8 Complex I guess it just went through, that's
9 gone, and then you have the \$198 -- that 198
10 year lease for the old DPW site for a \$1 a
11 year, I guess they are putting it up. I
12 don't know how much money we got for that
13 now. We are supposed to get building
14 permits on that land over there that they
15 building -- I think they are building the
16 station there for -- they were talking about
17 Turkey Hill, I don't know if that's going
18 through or somewhere else, but there is a
19 garage -- there is a gas station going in
20 there of some form anyway.

21 Now, we were told we can't get real
22 estate on it because we leased it for a buck
23 a year, we own that land, but we are
24 supposed to get the tax on the improvements.
25 Did anybody ever check to see if we got some

1 taxes on that improvement over there?

2 That's a must, too. You cannot let
3 anything slip by anymore. We are in
4 trouble. We are in a deep, deep hole. We
5 sinking into the mine voids. There is no
6 question about it, and there is no way out.
7 You can opt for Chapter 11, Chapter 9 or
8 whatever the chapter, you don't want to go
9 into default, but believe me we are close to
10 default. We do not have the money to pay
11 our bills and we don't have money to throw
12 away. That's for certain. I mean, priority
13 has to be made. If you think the parking
14 garage is a terrific priority by all means
15 go with it, but you should get something for
16 that burden we are going to put on the
17 taxpayers because something else ain't being
18 paid.

19 You should ask for their resignation
20 as a condition. That you should have done a
21 long time ago. To give them a blank check
22 for something they did is -- well, you got
23 to complete disregard for the taxpayers of
24 Scranton. Them people should have resigned
25 already. They should have at least had that

1 gumption to resign, knowing that what they
2 did and if they don't have enough gumption
3 to do that then you should make them do
4 that. Thank you.

5 MS. EVANS: Thank you. Bill
6 Jackowitz.

7 MR. JACKOWITZ: Good evening,
8 Scranton City Council. Bill Jackowitz,
9 South Scranton resident and member of the
10 Taxpayers' Association, proud founder of the
11 Legion of Doom with the help of the Scranton
12 Times-Tribune, Chris Kelly, and also
13 co-chairperson for the Kids Swim Free.
14 Looks like all the pools are going to be
15 closed this year with the exception of the
16 Nay Aug Park, but you are going to have to
17 spend \$4 to spend up there. What a shame.

18 But anyway, "Just Do it. You know,
19 I don't care anymore." Those are direct
20 quotes from our mayor. "Restore the Pride".
21 Those words right there restore a lot of
22 pride in me. Just do it and I don't care
23 anymore.

24 Well, in my opinion the mayor has
25 not cared for 15 years. Four years as a

1 city councilman and 11 years as the mayor of
2 this city, okay? Now, he says, "You think I
3 want to raise taxes 78 percent?"

4 Yes, Mr. Mayor. Yes, Mr. Doherty.
5 Yes, I do believe you wanted to raise the
6 taxes. You raised them 26 percent with the
7 help of your rubber stampers, the Doherty
8 three, McGoff, Fanucci and Gatelli. You got
9 Mr. McGoff to change his vote and he voted
10 not to -- on your veto, not to override your
11 veto, so Mr. McGoff voted for Mayor
12 Doherty's budget and Mayor Doherty's budget
13 called for closing of the fire stations and
14 laying off firefighters and police officers.
15 So, last week Mr. McGoff tried to spin that
16 he did not vote for laying off firefighters
17 and police officers, he most certainly did
18 with his vote.

19 I see fire stations are still closed
20 and from what I understand the Mulberry
21 station was closed again today. So, you
22 know, here we are. How can the Parking
23 Authority get to be -- if this is true how
24 did the Parking Authority get to be \$100
25 million in debt? I see Boris is here today,

1 maybe he can investigate that and find out
2 and let the citizens of Scranton know how,
3 how the Parking Authority in Scranton
4 Pennsylvania is possibly \$100 million in
5 debt. Think about that. They've got what,
6 four garages and they are \$100 million in
7 debt? I think an investigation needs to be
8 done and I would like to see the Scranton
9 Times-Tribune assist and also WNEP TV and
10 WBRE.

11 The time has come. We can no longer
12 continue on the road we are on. This is
13 disastrous. You know, it shouldn't be "City
14 in Crisis," the article is titled, it should
15 be "City in Ruins" because that's where we
16 are at. We are not in crisis anymore, we
17 are in ruins. So I would like to see them
18 change that. It should be "The City is in
19 ruins. The City of Scranton is ruined."

20 And it's all because -- well, it's
21 not all because of Mayor Doherty, he had a
22 lot of help, but it actually didn't start
23 with Mayor Doherty, it actually started in
24 my opinion with Mayor Peters, but I can go
25 all the way back to Mayor Hanlon if you want

1 me to. The city has been in distress and in
2 ruin for a long, long, long time and now it
3 all is coming, the melting pot, and all
4 melted right into the pot and here we are.

5 You know, \$100,000 in revenue,
6 \$200,000 in revenue, I'm sorry, but that's
7 not going to do it. That is not going to
8 get the City of Scranton -- that's not going
9 to help, you know. Now, I see the mayor was
10 quoted again in today's paper saying, well,
11 he is only to get a couple of hundred
12 thousands dollars from the tax exempts.
13 Baloney. He can get millions if he really
14 wanted to, the problem is he doesn't want
15 to. Like he said today very appropriately,
16 "I don't care anymore."

17 Well, he never cared. You know, we
18 lost the South Side Complex now for good.
19 Where is our softball field that he promised
20 us when he sold that? Can anybody tell me
21 where it's at? Maybe the Times-Tribune can
22 look into that, too, and investigate what
23 happened to Mayor Doherty's softball field.
24 I don't see it. The University of Scranton
25 is going to have a real nice field. It's

1 going to be beautiful. You know what, and
2 they are probably going to pave the roads
3 because if they have NCAA tournaments they
4 are going to pave the roads. The rest of
5 the city, no, we ain't going to get the
6 roads paved. If we do, a few of them. But
7 anyway, can someone during motions, someone
8 want to answer my question how did the
9 Parking Authority be allowed to go \$100
10 million in debt? I don't understand that.
11 I have asked a lot of people. A lot of
12 people from outside of this area in
13 different states and different cities and
14 they laugh. They say, "A hundred million
15 dollars?"

16 So this is a city in ruins not a
17 city in crises. I can't wait to read
18 tomorrow's article.

19 MS. EVANS: Thank you. Ozzie Quinn.

20 MR. QUINN: Good evening. Ozzie,
21 Scranton Taxpayers' Association.

22 MS. EVANS: Good evening.

23 MR. QUINN: This \$16 million really
24 befalls me because of the fact that \$9
25 million -- over \$9 million is going to be

1 paid for funding the pensions in 2011 funds.
2 Wow. That's a lot of money and, you know,
3 basically what the mayor's plan and PEL it's
4 academic because of the fact that they want
5 to raise the taxes 78 percent.

6 If you recall just recently you saw
7 in the paper page after pages of people in
8 the city under the treasurer's sale that
9 were going to lose their home. Now, if you
10 raise the taxes over the coming years you
11 are just paying the Times more money to
12 publish more homes in there because, you
13 know, I strongly support the supermajority
14 against this here PEL and the mayor's
15 Recovery Plan.

16 You know, the mayor, you know, he
17 wasn't prepared to be the mayor, and I said
18 that before and now we are going to be --
19 the debt service throughout years,
20 expenditures through the years, we are not
21 going to be able to make it. We are not
22 going to be able to make it. He wasn't
23 prepared and the problem was that for ten
24 years he was left, as I said, with unbridled
25 spending. Scranton Times sat by. The

1 Scranton Times are financial contributors to
2 the mayor's campaign. That's a fact.
3 Thousands of dollars went into his campaign.
4 It's the only newspaper -- well, daily
5 newspaper in the City of Scranton. Where
6 were the investigative reporters for the
7 default of the Scranton Parking Authority,
8 the problems with everything else that went
9 on? Nobody, nobody ever questioned any of
10 this money being spent. The only one that
11 questioned it through the years was
12 Mrs. Evans and, of course, she was
13 criticized and every time they would write
14 another caricature of her, you know.

15 It's really disturbing and it just
16 the only way I can see it, and I'm not a
17 what's it, a CPA or anything like that, but
18 is bankruptcy. I cannot see us taxing
19 people when we know how many people out
20 there cannot pay the taxes, now declining
21 population, what else do we have in the
22 city? But, you know, and to see John Blake,
23 you know, he is putting his two cents in,
24 well, he should be saying, "I'm going to try
25 to get you some money. I'm going to get you

1 some money," you know, instead he runs to
2 the Scranton Times and gives them a speech
3 and they print it, you know, it's the same
4 old story, you know.

5 But I would say, you know, that the
6 Scranton Times, you know, this might be a
7 spin that's a little bit differently, and
8 funny but the fact is that I think that they
9 are responsible for a lot of the debt, you
10 know. And, you know, I would think that
11 they would backup -- they should back up
12 their corporation, you know, and anything
13 that to the bankers if they have so much
14 faith in Mr. Doherty if they have a bank
15 that they will back their corporation, their
16 building, the one up in Waverly that they
17 built, to pay off any loans. Thank you very
18 much.

19 MS. EVANS: Thank you.

20 MR. LOSCOMBE: Thank you.

21 MS. EVANS: Kevin Young.

22 MR. YOUNG: Kevin Young, Scranton
23 resident. Recently May 17 my wife and I
24 refinanced our house. Upon closing of our
25 house, we learned that the title insurance

1 company found us in default for a 2011
2 garbage fee and default for the first half
3 of 2012 garbage fee. May 17, 2012, that fee
4 isn't even due until the 31st of May. The
5 mortgage company -- we told the mortgage
6 company we paid this tax, this garbage fee,
7 so they said would look into it.

8 In the mean time, we are married, we
9 just got married in May, and we joined all
10 our accounts as one. Our checking account
11 is different now and the -- what do you call
12 it, the mortgage company informs us that
13 Scranton has told them there is no record of
14 us paying this and that they will have to
15 keep the money because they paid it. They
16 won't refund us what we paid on our closing
17 fee for the garbage fee of 2011 and the
18 garbage fee of 2012.

19 So I called the tax office today and
20 I talked to the Treasurer's Office. I was
21 informed that the company who was collecting
22 this tax -- this garbage fee in 2011 has
23 left the city and no longer is doing it and
24 they have no records of any of us Scranton
25 residents who have paid the 2011 garbage

1 fee, that why I am now considered in default
2 by the title search company. They can't get
3 or produce a receipt of payment, even though
4 we have our checks that we wrote out to the
5 city and cashed and, let me tell you, on May
6 24 our check for \$89 was cashed by the city
7 even though May 17 or previously they felt
8 that was still we in default that payment
9 wasn't due until the 31st.

10 My question to you, Mrs. President,
11 is if I did not ask for a full explanation
12 of every fee that I had to pay on the
13 closing my house I would not have known that
14 I was assessed \$268 in my closing fee to
15 cover Scranton's garbage fee that I was
16 claimed in default of. This is our treasury
17 department for the city who told me, the
18 clerk told me is complete chaos, it's a
19 mess. This isn't going to get resolved any
20 time soon. We can't get a garbage fee taken
21 care of, how are we supposed to get
22 multi-millions and millions of dollars taken
23 care of it?

24 How many residents in this city has
25 closed or sold their house or bought a house

1 or refinanced a house and is not aware that
2 they may be paying a fee again. That they
3 were found to be in default? This is
4 ridiculous. People need to know these
5 problems. This is the Treasurer's Office of
6 the City of Scranton and we have this
7 problem?

8 I'm a life -- I was born and raised
9 in Scranton. I work for the Scranton Post
10 Office, we are fighting to keep that office
11 open right now, okay? I came back and I'm
12 living in Scranton now for over a year. I
13 have been in Scranton a year. They have
14 already changed, made a street one-way, the
15 mayor has made a street off of Davis Street
16 one-way, I talked to Mr. Rogan about this
17 last year, council tells me that was
18 illegal, there has to be an ordinance passed
19 to change the direction of a street, that
20 was a year ago I brought it to council's
21 attention. That street still is one-way, an
22 illegal one-way. I watched so many people
23 get a ticket for an illegal one-way street
24 that the mayor instructed traffic to make
25 without passing the ordinance through

1 council.

2 You know what that did? That now
3 created everybody going and turning into
4 Penny's Credit Union and the Waffle House
5 parking lot. That made be even a bigger
6 safety issue because now the people who are
7 turning into Main Source to go shopping are
8 right directly at the people in the same
9 turning lane to turn into the credit union
10 parking lot to get through the neighborhood.

11 Do you realize that street being
12 closed puts ten minutes on all of the people
13 who live in that neighborhood? Thank you.

14 MS. EVANS: Mr. Young, if you would
15 leave, please, your name, address and
16 telephone number with Ms. Carrera, we can
17 look into the garbage fee situation for you
18 and contact the company, NRS, who is
19 currently handling delinquent refuse fees
20 and hopefully, you know, we can get this
21 straightened out for you, we will certainly
22 do our best, so if you can provide that to
23 information, please.

24 Our next speaker is Ron Ellman.

25 MR. ELLMAN: Hello, Council.

1 MR. LOSCOMBE: Good evening.

2 MR. ELLMAN: Mrs. Janet, it was
3 Mr. Young?

4 MS. EVANS: Yes.

5 MR. ELLMAN: You remember a couple
6 of years ago I complained I paid my taxes
7 twice. I got copies of the checks that went
8 through the bank, there is nothing on the
9 records from the city, then I went when they
10 were at the other office. We lost \$2,400
11 someplace, you know. Good luck to you
12 trying to collect anything out of this
13 place.

14 Oh, God, I tell you. You know, I
15 implore you five people up there, we put you
16 up there and your allegiance is to us, not
17 Mr. Scopelliti and that bunch of fools that
18 have been just absolutely messed up one
19 thing after another in this city. We are
20 going to get sued, our taxes are going to
21 double, pay off the debts with this million
22 dollars and forget that bunch down there at
23 the Scranton Parking Authority. That's just
24 throwing away a million dollars. It's a
25 lost cause.

1 You know, like I said, everybody
2 knows it's coming because of the
3 mismanagement from Chris Doherty and the
4 graph and corruption that's going on it's
5 never going to stop. It's just, I don't
6 know.

7 Next year I'm not paying the taxes
8 on my house. I'm going to put it up for
9 sale at the end of the year and if it hasn't
10 sold I'm gone, you know? I cannot afford --
11 there is no way I am going to pay \$2,500
12 taxes. I just don't have it, you know?
13 They have gone up. When I bought my house
14 20 years ago it was \$740. You know,
15 Mr. Doherty taxes are \$8,300 or \$8,400, I'd
16 like to see him write it the day his taxes
17 are doubled like everyone else's because I
18 don't believe -- I think it will end up like
19 the \$19 building permit for Austin Burke.

20 Mr. Rogan, you are so bent on going
21 to Harrisburg, go to Harrisburg and get
22 somebody's ear to do something about the
23 nonprofits. That's the cause of everything.
24 That's the cause of why our taxes are a
25 third more because of a bunch of the guys

1 like over at the University of Scranton, ten
2 years ago today is when the dorm opened.
3 What's religious about that dorm? It's made
4 them a fortune. What's religious about that
5 lousy sign welcoming people? That building
6 paid -- that sign cost the taxpayers' \$100
7 week and it was \$5,000 of taxes lost to put
8 a sign up.

9 You know, I saw in the paper last
10 week 25 years ago Mr. Wenzel, Mayor Wenzel
11 asked -- did any of you see this? He asked
12 the tax exempt people in town to make a --
13 if they could help make some payments 25
14 years ago and we were in debt then for
15 \$1,200,000. You know, they didn't give
16 nothing then and they won't do nothing now.
17 You need to get something done and get a
18 program like they have in Wyoming County.
19 There is no sense in us losing everything in
20 the city.

21 Last week I said Marywood took the
22 second \$200,000 house off the tax rolls this
23 year. This week the Polish National
24 Catholic Church bought a house so that's
25 gone, and yesterday of all things that

1 Lackawanna Neighbors, which is absolutely
2 nothing, it's just as phoney as they come,
3 they bought a house.

4 This man just runs a real estate
5 business, and I was reminded there's not one
6 thing -- I was talking to a guy at the
7 grocery store today, he said he wasn't seen
8 one activity at the high school. They are
9 supposed to do this and that and everything
10 else. That building shouldn't have been
11 taken away and put on the tax rolls ten
12 years ago. That's what's wrong, because
13 nothing is ever done for the taxpayers.

14 But, like I said, I will put my
15 house up for sale, if it sells good and if
16 doesn't I am not paying taxes next year.
17 That's just -- I am not going to -- you
18 know, I'm not going to just sacrifice
19 everything for a bunch of incompetents that
20 run the city, the trouble is that Chris
21 Doherty and Mr. Scopelliti and the rest of
22 those spendthrifts they have never had to
23 give up anything, they always say the
24 taxpayers got to give it up. Well, I'm not
25 giving it up. You people need me more than

1 I need the city. You need a whole bunch of
2 me's. Thousands of me's are gone from here.
3 You know, you got to get them back somehow.
4 Thank you.

5 MS. EVANS: Thank you. Doug Miller.

6 MR. MILLER: Good evening, Council.
7 Doug Miller, Scranton. I'd just like to
8 begin this evening by briefly reiterating my
9 thoughts on the Scranton Parking Authority.
10 As I did state last week, I do believe at
11 this time it's in the city's best interest
12 to transfer the necessary funding from the
13 contingency to the Bank of New York Mellon
14 Bank Trust Company for payment of the SPA's
15 June 1 bond payment. This is Item 6-A on
16 this evening's agenda for those who are
17 looking to be informed.

18 However, I will once again state
19 that my thoughts on the SPA haven't changed
20 nor do I believe that this is a back peddle
21 move by council as the Scranton Times and
22 others in the community may want to portray
23 it as. The reality of the situation is very
24 simple. The SPA has been mismanaged for ten
25 years and it has incompetent leadership.

1 This is an authority that according to a
2 2001 audit was \$8 million in debt, and this
3 didn't include the interest. We now learn
4 to this point in the 2010 audit that the
5 authority is nearly \$100 million in
6 long-term debt.

7 As I have stated in the past, my
8 hope is that ultimately the Scranton Parking
9 Authority will fail, and I do believe it
10 will. When this does occur, we can then
11 begin the process of selling or leasing our
12 parking garages, therefore, taking those
13 matters into our hands, which I believe we
14 should have done a long time ago.

15 Moving onto the Recovery Plan, for
16 several weeks now we have had some
17 discussion on the mayor's proposed Recovery
18 Plan and we have debated whether or not it's
19 in the city's best interest moving forward.
20 As a concerned citizen tonight, I'm looking
21 out for Scrantonians in the city, it is my
22 opinion that that plan is not in the best
23 interest of the residents of this city. As
24 we take a look at some of the highlights of
25 the mayor's plan, he calls for a 78 percent

1 tax increase over the next three years. I
2 find that be to totally unrealistic to
3 expect the taxpayers of this city to take a
4 tax increase like that on. He also proposes
5 an increase in the garbage fee by \$22 over
6 the next two years. This is a fee that I
7 have said in the past I find this to be
8 taxation without representation. I have
9 never supported the garbage fee, I believe
10 that's why we pay our taxes and that's one
11 of the services that should be provided
12 along with public safety.

13 For the last ten years the only
14 solutions brought forward by this
15 administration have been borrowing and
16 increases in fees placing heavy burdens on
17 the residents of this city. This just seems
18 to be, as the mayor was quoted in today's
19 paper, the "Just Do It" mentality that we
20 have had to deal with for the last ten
21 years.

22 Last week we were told by Councilman
23 McGoff that it was "irresponsible" for us to
24 reject an invitation to meet with DCED in
25 Harrisburg to discuss the mayor's Recovery

1 Plan, but I think we need to take a step
2 back and remember this is an entity, that
3 along with PEL for the last ten years -- for
4 the last 19 years, I should say, has caused
5 more financial problems and headaches for
6 our city. I believe that this so-called
7 mediation session is nothing more than a
8 ploy to get council and the mayor to sit
9 down and for DCED to just jam this mayor's
10 Recovery Plan down our throats.

11 If we want to talk about
12 irresponsible, let's take a look at the last
13 ten years worth of irresponsibility. Let's
14 take a look at the fiscal mismanagement.
15 Well, Councilman McGoff stated that council
16 majority needs to come up with it's own
17 plan. Well, they have. We have offered
18 many solutions, but they have been ignored,
19 and at the same time I find it amusing how I
20 haven't heard anything from Councilman
21 McGoff regarding solutions for the Recovery
22 Plan, yet we want to play the finger
23 pointing game. What else is new.

24 Let's look at the borrowing and the
25 spending, the tax increases, no bid

1 contracts, the millions of dollars we have
2 squandered in legal fees to individuals such
3 as Carl Greco, and we go on and on and on
4 here tonight, but that's irresponsible
5 behavior, but we seem to want to just sweep
6 that away.

7 I do agree we need a Recovery Plan
8 in this city. However, we need a plan that
9 is a joint effort between the council and
10 mayor. Unfortunately, the mayor sees things
11 another way and that's his way. He has
12 failed to include many of council's
13 proposals such as an enforcement of a 15
14 percent parking tax on private and nonprofit
15 parking lots and garages throughout the
16 city. He has also failed to include an
17 alternative parking meter program, such as
18 the StreetSmart program, which we have been
19 discussing for several months now that at
20 this point I believe we could have generated
21 thousands of dollars and perhaps we wouldn't
22 be standing here tonight talking about the
23 SPA.

24 He has also failed to aggressively
25 pursue payments in lieu of taxes, or PILOTS

1 as you like to call them, from nonprofits
2 throughout the city.

3 The mayor has also failed to address
4 the Supreme Court ruling in his proposed
5 Recovery Plan dealing with the unions. How
6 can we in good faith adopt a Recovery Plan,
7 an adequate Recovery Plan, without this
8 vital information. I find that be
9 irresponsible to do so without that.

10 It's time for the administration to
11 come forward publically and explain its plan
12 for recovery and not place all of this on
13 council's shoulders. This financial
14 nightmare has been caused by this
15 administration and this administration along
16 with his past rubber stamp councils. It's
17 time they come forward and they're held
18 accountable once and for all. Thank you.

19 MS. EVANS: Thank you. Les
20 Spindler.

21 MR. HUGHES: Madam President, just
22 as a point of information, it is correct
23 that the city has guaranteed the Parking
24 Authority bonds close to \$100 million.
25 However, it's not total principal. What it

1 is \$51,931, 38 -- \$51,931,381 of principal
2 and \$47,975,646 in interest for a total of
3 \$99,906,027, so it is correct to put -- to
4 combine the interest and the principal
5 because that would be the total amount
6 that's guaranteed until maturity.

7 However, if any of the parking
8 garages were sold and all those bonds paid
9 down then the interest would not be paid.

10 MS. EVANS: Yes.

11 MR. HUGHES: So that that would
12 reduce the city's liability, but the actual
13 principal is \$51 million. The actual
14 interest to maturity is like \$48 million,
15 combined value is \$100 million so it is
16 correct to say \$100 million.

17 MS. EVANS: Thank you very much,
18 Solicitor Hughes, and I hope that
19 information is helpful to I believe it was
20 Mr. Jackowitz who asked the question -- or
21 it was Mr. Sbaraglia regarding the SPA and
22 the \$100 million in long-term debt.

23 MR. HUGHES: I was looking at my
24 file, I thought I had something for this
25 current payment of \$1,039,000, that around

1 \$300,000 was principal and \$800,000 is
2 interest, so you can see what happens with
3 the amount of the interest.

4 MS. EVANS: Yes.

5 MR. HUGHES: And, you know, what's
6 going on now is that very little of the
7 principal is being paid down on the bond.
8 It's mostly interest. I couldn't find it,
9 but I know I did have a figure in there and
10 it's stuck in my mind as to what of the
11 current payment how much is principal and
12 how much is interest. I believe from my
13 memory that that's like \$300,000 principal
14 and \$800,000 in interest.

15 MS. EVANS: And I believe that would
16 make sense since the bond, the most recent
17 bond issue, I believe, it was incurred in
18 2007 and it's probably for a period of 25
19 years I'm guessing and so, of course, we are
20 all aware that in the initial years the
21 interest payments far exceed the principal.

22 MR. HUGHES: Yes.

23 MS. EVANS: And, Mr. Spindler, I'm
24 sorry.

25 MR. SPINDLER: That's okay, Mrs.

1 Evans. Les Spindler, city resident and home
2 owner and taxpayer. Mayor Doherty didn't
3 respond about the caucus. Boy, that's a
4 real shocker. I hope nobody really expected
5 him to show up here tonight. In ten and a
6 half years he showed up here three times,
7 twice was to beg for money and the other
8 time was to put his rubber stamper,
9 Mr. McGoff, up there, so you will never see
10 him in this chamber again.

11 Lately, reading the Doherty
12 newsletter if you want to believe everything
13 that you read in there it paints a pretty
14 bleak picture, just gloom and doom. They
15 make like the city is on it's death bed.
16 Well, payless paydays, no fuel to put in our
17 emergency vehicles. They said we used to
18 use scare tactics coming to these meetings,
19 well, I think it's the Doherty newsletter
20 that's using scare tactics now. We are
21 really not as bad as they make it out to be.

22 As Councilman Joyce said last week,
23 we received over \$600,000 from the tax
24 office. At the end of this month we will be
25 receiving more tax money from Berkheimer,

1 so, I mean, we are not rolling in money, but
2 it's not as bad as the Doherty newsletter
3 makes it out to be.

4 There was a story on Channel 16 news
5 the other night and it was also in the
6 paper, up in Jessup there is an office park
7 and Austin Burke was blowing his own horn
8 about two buildings they are putting up
9 there, putting up two buildings, but they
10 have nobody to go in there, so they are
11 putting up two empty buildings. We have a
12 perfectly beautiful building in downtown
13 Scranton here, the Southern Union building,
14 which I think is almost empty, I think there
15 is one company in there, I'm not sure about
16 that. That's a beautiful building. Why
17 doesn't Austin Burke market that building to
18 different companies instead of putting two
19 empty buildings up without having anybody
20 ready to move in. I think it's the most
21 ridiculous thing I ever heard of and Austin
22 Burke is doing a terrible job.

23 The Southern Union building is
24 perfect for somebody to move in, it has off
25 the street parking and it's just a brand new

1 building and nobody has ever been in there
2 except one or two people.

3 Moving on, the story on Tuesday's
4 Doherty newsletter, "No settlement in police
5 suit."

6 I spoke about this years ago about
7 two city residents that were pulled over and
8 the city is being sued for assault and
9 battery, false imprisonment and intentional
10 infliction of emotional distress, and I will
11 mention the names since it was in the paper
12 anyway, Edward Newcomb and JennyLynn
13 Magistro. These people were treated so
14 terribly and, you know, this city can't
15 afford to lose anymore money. This lawsuit
16 will be lost. The judge has given 60 days
17 to make a settlement. I hope the Newcombes
18 don't make a settlement because Chief Duffy
19 was mainly responsible for this.

20 He was Sergeant Duffy at the time
21 and he goes onto say, "Given the
22 circumstances of this case, if went back in
23 time we do the exact same thing."

24 Well, that's just proves what an
25 incompetent police chief he is because these

1 people are illegally strip searched,
2 embarrassed, you cannot be strip searched I
3 know for a fact if you are not arrested.
4 These people were never arrested, and it
5 says they were illegally imprisoned. Strip
6 searched illegally.

7 The city, we have \$30 million in the
8 firefighters, we are going to owe money for
9 this, I don't know when it's going to end,
10 but it just shows more incompetence of this
11 whole administration.

12 Lastly, I have a question,
13 Mr. Loscombe we got the SAFER grant and I
14 did hear on the news that the firefighters
15 were supposed to be hired back within a few
16 days, do you know if anybody was hired back
17 yet?

18 MR. LOSCOMBE: I'll be making some
19 comments on that in motions, if you would
20 allow me.

21 MR. SPINDLER: Because I know the
22 Main Avenue firehouse that's closed many
23 days and it's closed in right in our back
24 yard.

25 MR. LOSCOMBE: I'll address that.

1 MR. SPINDLER: We got that money, so
2 I'll be interested in listening to what you
3 have to say. Thank you for your time, and I
4 just want to wish all the fathers Happy
5 Father's Day. Thank you.

6 MR. LOSCOMBE: Thank you.

7 MS. EVANS: Carl Kupchunas.

8 MR. KUPCHUNAS: Good evening. My
9 name is Carl Kupchunas, I'm a lifelong
10 resident of lower Greenridge. First of all,
11 I'd like to express my deepest condolences
12 to Mrs. Evans on your recent loss of your
13 mother.

14 One of the reasons I'm here this
15 evening is to invite everyone here and
16 everyone watching to our annual block party.
17 The Meriweather of God Parish, formerly Holy
18 Rosary Parish, will be conducting our annual
19 block party next weekend, June 21, 22 and 23
20 at our parish on West Market Street by Coal
21 Muffler. The block party is between 6 and
22 11 p.m. on Thursday and Friday, and between
23 5 and 11 p.m. on Saturday.

24 The block party will include the
25 following live entertainment: On Thursday

1 the "Wannabees" will be featured; on Friday
2 "Picture Perfect" which is one of the best
3 bands in the Scranton area will be featured;
4 and on Saturday Jim Cerminaro will be
5 between 5 and 7 p.m.; later "Sweet Pepper
6 and the Longhots" will take the stage
7 between 7 and 11 p.m. This year's
8 entertainment should be enjoyable for
9 everyone.

10 We have a variety of games for
11 adults and children, such as the Big 6, the
12 Money Wheel, Over/Under and Irish poker for
13 the adults, as well as our annual raffle we
14 can win a lot of money.

15 For the children we have plush
16 animals, lollipop tree and the kids corner,
17 which will include spray painting and many
18 more games and fun. New this year in our
19 children's games will be the wiggle wire.
20 We can't forget about our annual diaper
21 derby which we run Friday, June 22, at 7
22 p.m. all children up to three years of age
23 are warmly invited to run for the roses.
24 Ribbons and prizes will be awarded at the
25 medal stand.

1 Other features of our block party
2 are the Treasurer Cove, Dining Around,
3 Baskets Galore, Book Nook, an ice cream
4 truck bingo and many more. Also, water
5 balloons will be back this year where you
6 can launch water balloons at your friends.

7 We also have some of the best food
8 around. In addition to usual burgers,
9 hotdogs, fries, pizza, potato pancakes and
10 other block party food, and beverages. We
11 will be feature at St. Joseph's stand
12 homemade Ausuki, which is a Lithuanian
13 cookie, a Lithuanian deep fried cookies, and
14 they are delicious. Also, a stand for our
15 neighbors and friends at Shilo Baptist
16 Church will feature the best chicken and
17 ribs you've ever had.

18 If you miss our block party, you'll
19 miss the best food and entertainment of the
20 summer season. As you can see, our block
21 party has something for everyone. We hope
22 to see you there next weekend rain or shine
23 and sincerely thank everyone who comes.

24 In other matter, in last month's
25 sewer bill it said their rates will be going

1 up in the next bill. American Water and PPL
2 just got a rate increase to be approved by
3 the Public Utility Commission. Now
4 according to the Scranton's Times' biased
5 newspaper, the Doherty Gazette, the
6 Honorable Mayor Doherty has now proposed a
7 local sales tax? More and more businesses
8 are leaving Scranton in record numbers,
9 Verrastro Beer Distributors is a perfect
10 example right there. If this tax gets
11 passed, the businesses in Scranton will be
12 nonexistent. I strongly oppose this newly
13 proposed tax and encourage them to go after
14 some of the supposed nonprofits, such as the
15 University, which has had a free ride long
16 enough.

17 It was proven by several speakers at
18 last week's council meeting the many ways
19 that the University of Scranton is making a
20 large, profit not a nonprofit in parking
21 fees along. I encourage council to keep up
22 the good work and stay their course on
23 bringing the city back to financial
24 responsibility.

25 Also, I hope the citizens of

1 Scranton will finally see what harm Doherty
2 is doing to the city. The mayoral election
3 really is not that far off. Let the people
4 of Scranton voices be heard in the primary
5 by casting a vote for change in the
6 administration and start the city back to
7 financial responsibility before it's too
8 late and Scranton becomes a ghost town.

9 Thank you your time this evening and
10 I hope everyone has a great summer and Happy
11 Father's Day to all of the fathers out
12 there.

13 MR. LOSCOMBE: Thank you.

14 MR. JOYCE: Our next speaker is Gary
15 Lewis.

16 MR. LEWIS: Good evening. My name
17 is Gary Lewis, I'm a resident of downtown,
18 I'm also a consultant specializing in
19 distressed debt. I'm joined tonight by Mark
20 Schwartz, an attorney who specializes in
21 Chapter 9 bankruptcy as well as Paul Burton,
22 who is a reporter for the bond buyer.

23 I'm here tonight to talk about the
24 sorry state of Scranton city's finances.
25 There are have been a lot of discussion

1 these days about the revised Recovery Plan
2 for the city, the mayor's plan which
3 includes new revenue sources and one-time
4 revenue items and substantial tax increases
5 has been roundly rejected by council. Both
6 parties, however, seem to agree that a
7 revised plan is key to obtaining the
8 financing the city needs to make it through
9 2012.

10 I see many problems with the
11 Recovery Plan offered by the mayor. I do
12 not agree with the massive tax hikes, the
13 one-time revenue items, and the addition of
14 the commuter tax, which requires state
15 intervention. Beyond those concerns,
16 though, I also question the numbers put
17 forth by the administration.

18 The city's historical budgets are
19 ripe with inflated revenue items. For
20 example, the 2012 budget includes
21 approximately \$2.7 million for licenses and
22 permits. This amount is in line with prior
23 year budgets, however, we have historically
24 collected approximately 70 percent of the
25 budgeted amount.

1 It's the same story for departmental
2 earnings. Budgeted is \$1.8 million, but
3 with a historical collection rate of only 45
4 percent.

5 The city also fails to realize about
6 61 percent of the budget revenue for the
7 landfill and refuse fees line item which is
8 also slated to increase under the revised
9 Recovery Plan, and the city has never
10 collected more than 55 percent much the
11 budgeted amount for fines, forfeitures and
12 violations. Altogether, these line items
13 account for nearly \$10.8 in revenue, but in
14 2012 the city will be lucky to see \$7.5 for
15 these items, a shortfall in excess of \$3
16 million.

17 I'm concerned that the amusement tax
18 is yet another fake revenue item designed to
19 balance a budget on paper, but not in
20 practice. Simply creating new revenue
21 stream either from rental registration,
22 amusement taxes or some other source, does
23 not mean the city will be able to collect
24 that money in a timely effective and
25 efficient manner.

1 By rejecting the administration's
2 Recovery Plan, you have put yourself in a
3 position of needing to come up with your
4 own. I sincerely hope that as you tackle
5 this project you do so with an eye on the
6 actual recovery. Please do not create a
7 plan which is as meaningless, useless and
8 baseless as our existing Recovery Plan, the
9 proposed Recovery Plan and our prior year
10 budgets. Thank you.

11 MR. LOSCOMBE: Thank you.

12 MR. JOYCE: Our next speaker is Mark
13 Schwartz.

14 MR. SCHWARTZ: Thank you, Council.
15 My name is Mark Schwartz, and I basically
16 want to make you an offer. For better or
17 worst, I represent a body very much like
18 yours called the Council of the City of
19 Harrisburg. It's been nine months since we
20 have been fighting with DCED, which did
21 nothing for Harrisburg. It's been nine
22 months since we attempted to put Harrisburg
23 into bankruptcy and were opposed by a
24 governor and opposed by a receiver who then
25 turned around and agreed that bankruptcy was

1 the best place for the City of Harrisburg to
2 serve basic fundamental interests and see
3 the employees and fire were paid as opposed
4 to special interests.

5 And it's been nine months since
6 receiver who basically appointed somebody
7 who I and council opposed, it came to light
8 only he quit because of the corruption that
9 was attendant to the process.

10 So what I have done is I have done
11 some reading with respect to your situation
12 and in some ways it's similar to
13 Harrisburg's, in some ways it's dissimilar
14 to Harrisburg. I mean, Harrisburg's plight
15 was really brought on by \$300 million worth
16 of bond issues for an incinerator that I
17 just see from the background as somebody who
18 used to be an investment banker as well as a
19 bond lawyer as a Ponzi scheme. I don't see
20 that here. You have an awful lot of debt.
21 There are questions about where proceeds may
22 have gone, but, I think it's a somewhat
23 different situation.

24 The thing that bothers me is the
25 fact that, and the reason that I came up

1 from Philadelphia, and I'm happy that you
2 have allowed me to testify, is that you're
3 engaged in a pivotal point at this point,
4 okay? Whether you make the payment on the
5 bond or not is immaterial, you are in
6 default and you have been in default with
7 respect to some other matters involving
8 continuous disclosure requirements with
9 respect to outstanding debt and that's
10 something that Harrisburg has had a problem
11 with for a long time, too. But let's just
12 focus on the fact that, you know, in using
13 the debt service reserve payment or in not
14 having made the payment you are in default,
15 okay?

16 It is delusional for you to think
17 that you are going to be able to finance
18 your way out of this, okay? You are not
19 going to be able to do tax anticipation
20 notes, okay? I have had this experience
21 with the City of Philadelphia when I did
22 investment banking, you get to a point where
23 the cash is so tight and it's so encumbered
24 that you can't go forward, okay?

25 The other thing, and this is truly

1 not your fault, I used to be very active in
2 state politics and although I was a Democrat
3 I conferred with Bob Casey, the governor, on
4 a bunch of things, but the one thing that I
5 have to give him a tremendous amount of
6 credit for was the fact that he tried to
7 convene a special session of the legislature
8 to deal with the local government taxes.

9 There are in excess of 20
10 governments like yours in the Distressed
11 Municipalities Program. You have been there
12 for 20 years. That alone is testimony to
13 the fact that that plan is a failure, okay?
14 The answer and the reason the governor
15 didn't have any money for Harrisburg and
16 doesn't have any money for you, he has
17 plenty of money for consultants and lawyers,
18 however, okay, but he doesn't have any money
19 for you because he doesn't have the appetite
20 to bite the bullet. The reason he opposed
21 Harrisburg's bankruptcy was because if
22 Harrisburg were allowed to have filed it
23 would have had the company of 20 other
24 municipalities.

25 So you are at a critical point here.

1 You are dealing with DCED, I have dealt with
2 them, I'm happy -- I have called our
3 solicitor, I have called your city clerk,
4 I'll leave my card, I'm happy to talk to you
5 and give you the benefit of what our
6 experience has been.

7 But I want you to know something,
8 that you are at a critical point, both you
9 and the mayor, because if you go down this
10 point where there is a receiver involved and
11 not only are you going to -- you are not
12 going to have any more resources, the
13 city -- the state is not going to give you
14 any money, okay, so you are not getting
15 anything for the privilege of being in this
16 Distressed Municipalities Program, you have
17 already learned that, you are not going to
18 get anything, and once you have a receiver
19 you are going to find that you have no
20 powers to do anything.

21 The one thing that the receiver
22 can't require the council and the Mayor of
23 Harrisburg to do is to levy taxes, okay?
24 That's going to be it. So I just caution
25 you as you get into this program, the

1 reason, you know, bankruptcy -- and I'm
2 reading it about up here, there is a lot of
3 misunderstanding about bankruptcy and it's
4 understood because there have been very few
5 municipal bankruptcies. I mean, if I'm on
6 the authority of it because of Harrisburg
7 that shows you scary the whole process is.
8 There just hadn't been anything, but what
9 the reason we did that -- and I'll just
10 finish, if I may, is that it's very
11 different than corporate or individual
12 bankruptcy. Judges don't levy taxes. What
13 happens is you get a stay of execution from
14 Blue Cross or from the fuel companies or for
15 other special interests that are interested
16 in getting paid ahead of police and fire and
17 you would work out your own plan. There is
18 no state, the bankruptcy judge can't levy
19 taxes, she can't impose a plan on you, so it
20 really gets down to this question of whether
21 you want to be the master of your own fate
22 or to go through what Harrisburg was gone
23 through.

24 So for whatever it's worth, nine
25 months of in some respects my beating my

1 head against the wall, but representing a
2 courageous group of the people. I represent
3 the council, I represent the city
4 controller, I represent the city treasurer,
5 they to some degree are as fractured as you
6 are with the mayor, but, you know, there is
7 a role for everybody and if my experience
8 can be of any help to you I'll be happy to
9 meet with you and or your solicitor.
10 Thanks.

11 MR. ROGAN: Thank you.

12 MR. LOSCOMBE: Thank you.

13 MR. JOYCE: Our next speaker is
14 Gerard Hetman.

15 MR. HETMAN: Good evening, Council.
16 Gerard Hetman from the Lackawanna County
17 Department of Community Relations. First,
18 I'd just like to announce that our summer
19 concert series, which I have detailed in the
20 previous weeks, is well underway on
21 courthouse square. Tomorrow the featured
22 act is a harmonic play and musician Drew
23 Kelly starting at 12:00 noon in Courthouse
24 Square in downtown Scranton. I actually saw
25 Mr. Kelly perform as part of a concert this

1 last weekend in the Tripp House and
2 fantastic, great young talent and Lackawanna
3 County resident. If you are in downtown
4 tomorrow afternoon at 12:00 feel free to
5 stop over and enjoy the weather, I hear it's
6 going to be good, and that will be a great
7 event and showcase our downtown, and hope to
8 see you there.

9 Second, I provided some details this
10 week regarding the upcoming Lackawanna
11 County municipal equipment auction to
12 Mrs. Krake and also Mr. Rogan, which we have
13 had spoken about that previously, I also
14 e-mailed details to the mayor's office just
15 to make sure everyone had the proper
16 information and the appropriate departments
17 of the city government.

18 To give you some or insight on the
19 date for the Lackawanna County municipal
20 equipment auction, it will be Saturday,
21 August 18, at 10:00 a.m. at the Lackawanna
22 County DPW building in Jessup, which is a
23 next to the County's Center for Public
24 Safety, the 911 Center. Items that can be
25 auctioned off include vehicles such as cars

1 and trucks, as well as the equipment that
2 including bulldozer, tractors, riding
3 mowers, trailers, any type of large
4 maintenance equipment, backhoes, snow plows,
5 anything of that nature. Participants are
6 asked to have all items at the sale location
7 one day before the sale and to have all
8 titles ready for the day of the sale.

9 Participants will also need to have
10 items photo ready no later than three weeks
11 prior to the auction date and also provided
12 information about each item including
13 mileage, condition, working ability, and any
14 other related issues.

15 A representative will also need to
16 be present from the municipality on the day
17 of the auction to answer any questions of
18 the items up for auction. The county
19 auctioneer will provide a notary public at
20 the site for transfer of sale as well as
21 provide website photos and publication
22 advertising, auctioneers, clerks and a
23 cashier.

24 For more information, contact David
25 Petinatto, Lackawanna County Deputy Director

1 of purchasing, and I can get Mr. Petinatto's
2 information, you have it here, and that was
3 e-mailed and he can contact you further and
4 can get in touch with him.

5 And last, but not least, I would
6 like to remind everyone that this Saturday
7 is the Lackawanna County Heritage Valley's
8 Bike tour from 8 a.m. to 4 p.m. at Mellow
9 Park in Peckville, the bike trial and the
10 bike tour. There is a also a picnic, food,
11 fun, entertainment, vendors, and a variety
12 of the other events going on, and again,
13 this is event that stretches through several
14 parts of the county, we would like to see it
15 grow and expand and hopefully everyone comes
16 out and has a good time.

17 That's all I have for this evening.
18 If there is any questions, feel free to
19 contact me and thank you.

20 MS. EVANS: Robert Fountain.

21 MR. FOUNTAIN: Good evening,
22 everyone. My name is Robert Fountain, I
23 represent my company, IDM Consulting
24 Services, and what I do is consult small
25 groups and large groups for their group

1 health benefits. Normally, when someone
2 comes and makes a presentation to a prospect
3 or a client and tells them ways they can
4 reduce costs of health insurance it's
5 usually to sell another company or to change
6 their plan of insurance, change their
7 carrier, maybe do something radical that
8 maybe unions won't approve of or maybe that
9 the group or the owner of the company won't
10 approve it.

11 But I'm really here today to ask her
12 permission to council to do research for the
13 city to see if there a different way of
14 managing the existing plan that the city has
15 now for its employees. This would not
16 involve changing the carriers that you
17 currently have, which I believe is Blue
18 Cross, as was mentioned earlier. The
19 benefits for the employees and knowing that
20 there are collective bargaining agreements,
21 of course, this would not change the
22 benefits for the employees.

23 What I do, I have been doing this
24 for the last 17 years, I used to work for a
25 rather large managing underwriter from

1 Philadelphia up until 2004, and since then I
2 have been doing this on my own. I have
3 municipal clients, although, they are small,
4 not the size of the city, the city here, but
5 the average savings with all my clients has
6 been between 12 on 16 percent doing this
7 strategy. Again, it's not changing the
8 carrier or the benefits, so we can rule that
9 out entirely.

10 So I'm here to really ask permission
11 to get some demographic information from the
12 city to see if these numbers would work, and
13 I know it's only a small part of the money
14 that's up there in the Recovery Plan that
15 you all after, but every little bit helps,
16 and 16 percent or 10 percent of your health
17 budget would be several million dollars that
18 may be the city could use, and I am willing
19 to do that at no charge to the city.

20 I don't know if an RFP would be
21 needed for that, but it's just doing the
22 research I'm willing to do and I'm at your
23 disposal, so if somebody would contact me in
24 the future I would be happy to do that for
25 you.

1 MS. EVANS: If you would leave your
2 name and phone number.

3 MR. FOUNTAIN: Yes, I would. Thank
4 you.

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

7 MR. DOBRZYN: Good evening, Council.
8 Dave Dobrzyn.

9 MS. EVANS: Good evening.

10 MR. DOBRZYN: Resident of Scranton,
11 taxes paid. I would like to welcome you
12 back, and sympathize for you with the
13 sympathy for losing your mother.

14 Now, one of the reasons I come up
15 here is preaching to the choir, I trust in
16 you people to do always working the best
17 interest and I was very interested in what
18 Mr. Schwartz had to say because personally I
19 believe if we declare bankruptcy we are just
20 advocating our -- advocating our position
21 and throwing it in the hands of someone else
22 and you would lose your authority to deal
23 with a lot of these situations.

24 And a lot of the things I say are
25 actually for people out in TV land, and I

1 would like to remind everybody out in TV
2 land and newspaper the 2011 audit is past
3 due; right?

4 MS. EVANS: Yes.

5 MR. DOBRZYN: Okay, and one of the
6 most damaging things I heard about the
7 Parking Authority the last two weeks, and I
8 watched twice the caucus, and on 6-A, is
9 that the counsel instructed them not to talk
10 to city council and that's shameful. That's
11 shameful, and it's obvious that a lot of the
12 freebies 300 spaces here, 100 spaces there,
13 we are building these parking garages
14 without any customers. They are not --
15 there was no plan to have a paying customers
16 and it's shameful. We probably could get
17 promises from a governor or something and
18 then he leaves office and the next guy he
19 leaves office and the next guy sales what do
20 you want me to do?

21 And I'd also like to talk about
22 privatizing. I'd like to be careful there
23 with the Sewer Authority and the DPW and I
24 think we need a lot more research before we
25 ever really go into that because if anything

1 I trust corporations less than the
2 government, a whole lot less. So, I mean,
3 what they might charge us down the road
4 could be ten times more than what we
5 actually pay extra in taxes, provided that
6 it's done responsibly.

7 And I also like to note out there
8 for TV land that we had a five-month
9 withholding that hasn't been turned over,
10 probably just starting to be turned over, of
11 wage taxes. And I would also like them to
12 note that although wages are down and
13 unemployment is rampant, we are still
14 collecting more than what we have in two
15 years, so a lot more people had jobs and
16 they made a lot more money, and I'm
17 scratching my head as to how much money was
18 actually lost between 2000 and 2008 or '9
19 when somebody left office and Mr.
20 Courtright took over.

21 And I don't see any point in the
22 Recovery Plan that doesn't cover these Court
23 awards and it's totally necessary for us to
24 know what the firemen and police award is
25 going to cost before we ever come up with

1 the Recovery Plan, so what's the secret? I
2 mean, I would say no to the Recovery Plan
3 until we know what the Court awards are
4 because we just can't do it. What are we
5 going to do, find out after authorizing the
6 Recovery Plan and all of these tax increases
7 that we are going to owe again some more,
8 and we could have another 20 percent or 30
9 percent tax increase.

10 And I also I have to get in touch
11 with somebody from the Hill Section, they
12 were before the Taxpayers' a couple of years
13 ago, and he lead the taxpayers to understand
14 that nonprofits could be box zoned, and we
15 need to do that as soon as possible. In
16 other words, once they start drifting
17 outside the zone, they pay taxes on the
18 whole enchilada, buildings and all, and we
19 cannot go on with 35 percent and have it
20 turn into 40 and 45 percent, 50 percent.
21 That's impossible. So it just can't be done
22 and we have to stand our ground and say no
23 more and that's it and then if the state
24 wants to come in and compensate us for it
25 grand, but then they have to put their sign

1 on the dotted line.

2 And I'll just make it quick, we have
3 a fast and furious investigation in Congress
4 which was passing firearms to Mexican drug
5 cartels and they got loose and they don't
6 know where the guns got to, like, thousands
7 of assault rifles and something like that,
8 and some how when Eric Colder was being
9 grilled about this, he put a stop to this,
10 and it started with the previous
11 administration and the Florida voting came
12 up again, well, now, Mr. Scott is kicking
13 World War II veterans off the list and
14 decorated veterans and old people and so
15 forth --

16 MS. EVANS: Thank you, Mr. Dobrzyn.

17 MR. DOBRZYN: He has the golden
18 parrot again. Thank you and have a good
19 night.

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

22 MR. ANCHERANI: Good evening.
23 Nelson Ancherani, resident and taxpayer,
24 coming up and exercising my Fifth Amendment
25 Rights.

1 MS. EVANS: Good evening.

2 MR. ANCHERANI: Just in answer
3 to Bill Jackowitz when you said the Parking
4 Authority is 100 million in debt, could this
5 be in part because they borrowed \$35 million
6 in 2008, \$59 million going towards interest?
7 This comes out to a \$94 million payback.
8 That's utterly ridiculous over interest, but
9 94 million, so could that be part of it?

10 DCED, who backed the city all the
11 way to the Supreme Court, left the city
12 taxpayers out in the cold. It basically
13 told the mayor and the taxpayers of this
14 city there is a bus leaving in five minutes,
15 be under it. DCED threw the mayor and the
16 city taxpayers under the bus. Now Allen
17 Walker, secretary of the state DCED, told
18 us, the mayor and city taxpayers, "There is
19 going to be no manna from heaven. It's up
20 to the community to solve the fiscal
21 problems with the resources it has."

22 DCED wants council to step up to the
23 plate and pass a Recovery Plan. Most of
24 this council was here only approximately two
25 and a half years. DCED and PEL have been

1 near 20 years. As I said, most of this
2 council was here only two and a half years,
3 the mayor was been here ten and a half
4 years. Again, DCED and PEL have been here
5 20 years and now the sky is falling.

6 It seems the main issue here is
7 forgotten. Council, well, most of this
8 council did not put us 300 million plus in
9 long-term debt, we all know who did. Where
10 was DCED and PEL when we went into that
11 debt? And don't forget, when Connors left
12 office he left us a surplus, so ten and a
13 half years ago we had a surplus for this
14 administration.

15 We, the speakers, the Legion of
16 Doom, started by Bill Jackowitz, will
17 inform. It's up to you all to decide who
18 did this, the 300 million plus. Good luck
19 because it's being forced on you to fix it.
20 Dammed if you do, dammed if you don't.
21 Thank you.

22 MS. EVANS: Thank you.

23 MR. LOSCOMBE: Thank you.

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

1 MS. KRAKE: FIFTH ORDER. 5-A.
2 MOTIONS.

3 MR. LOSCOMBE: Excuse me, if I may
4 make a request of my colleagues, would it be
5 possible to let Mrs. Evans speak first since
6 she hasn't been here in awhile, I think she
7 has some information.

8 MS. EVANS: Well, thank you for
9 giving me that unique opportunity,
10 Councilman Loscombe.

11 Good evening.

12 MR. MCGOFF: You used to speak
13 first.

14 MS. EVANS: Yes, I did, prior to
15 2010 that was my seat. Good evening. To
16 begin, I wish to apologize to the good
17 people of Scranton for my absence from city
18 council meetings during the last four weeks.
19 As you know, my sweet, dear mother, Marion
20 Tomko, passed away last week. Long ago I
21 made promises to her which I fulfilled
22 throughout the last month of her life.

23 I wish to express my deepest
24 gratitude to all who sent cards, e-mails,
25 mass cards, floral arrangements, plants and

1 food to my family and me during this most
2 difficult time. Your generosity and sincere
3 concern are a great comfort and will see us
4 through our tremendous loss and grief.

5 Although, absent from these
6 meetings, I was aware of the significant
7 issues facing our city and remained in
8 contact with our council solicitor, whom I
9 sincerely thank for his continual, diligent
10 work and assistance.

11 Tonight, I would like to address
12 these issues and my decisions with the good
13 citizens of Scranton.

14 First, the financial mismanagement
15 of the Scranton Parking Authority is clear.
16 The taxpayers are on the hook for roughly
17 100 million in debt. The Authority's annual
18 expenditures exceed their revenues. The
19 Authority is not an asset, rather it is an
20 all albatross. Thus, the city council sent
21 the Parking Authority a message: We do not
22 endorse business as usually. Council's
23 goals are to ensure that professional
24 management assumes the operations of the SPA
25 and sells or leases parking garages to pay

1 down the SPA debt.

2 Council's refusal to approve the SPA
3 bond payment two weeks ago gained the full
4 attention of the trustees and bond insurers.
5 As a result, they were alerted for the first
6 time of the financial mismanagement of the
7 SPA, the dire financial straights of the
8 City of Scranton, the guarantor of the bond
9 payment, the significant conflict of
10 interest of Attorney Paul Kelly who serves
11 as solicitor to both the SPA and the City of
12 Scranton, and the absence of the 2012
13 budget.

14 There is now an event of default.
15 If the city fails to make the bond payment,
16 the trustee can bring a lawsuit for mandamus
17 relief to compel the city to satisfy it's
18 obligations by seizing tax revenues
19 immediately or even seeking a Court-ordered
20 tax increase to provide for payments.

21 Consequently, the council can now
22 reverse course and make the bond payment in
23 order to protect the taxpayers. I don't
24 want Scranton residents taxed to pay for the
25 gross mismanagement and egregious politics

1 of the Scranton Parking Authority.

2 Nevertheless, my goal is firm,
3 professional management of the authority by
4 either the trustee or bond insurer Radian
5 ASAP.

6 Second, despite Mayor Doherty's
7 frequent references to a council budget, he
8 must be reminded of the accurate
9 terminology, the 2012 operating budget of
10 the City of Scranton. In response to calls
11 for cooperation, the mayor, his
12 administration and city council jointly
13 drafted the city budget. In his November 15
14 proposed budget, the mayor included \$5
15 million in refinancing. At his request and
16 at the business administrator's
17 recommendation for an additional 1.4
18 million, city council agreed to increase the
19 dollar figure to 6.4 million.

20 The mayor and business administrator
21 also insisted on unfunded debt borrowing to
22 pay 2011 administration bills, but this
23 occurred after November 15, so it was not
24 included in their proposed budget. Since
25 the mayor's proposed budget could not be

1 amended, city council in a spirit of
2 cooperation agreed to include both the
3 adjusted figure for refinancing and unfunded
4 debt borrowing within its own amendments.

5 Business administrator Ryan McGowan
6 has recently stated that the administration
7 wished to keep the unfunded borrowing and
8 the budget separate, but this isn't what
9 happened at all. The administration
10 presented an imbalanced proposed budget on
11 November 15 and made a request afterwards
12 for unfunded borrowing to pay bills. Ladies
13 and gentlemen, should I then refer to the
14 budget as the mayor's? I prefer accuracy
15 and I hope Mayor Doherty will do so as well.

16 Third, Mayor Doherty submitted
17 legislation to the Office of City Council
18 for a revised Recovery Plan on May 24, 2012,
19 which largely reflected his own plans and
20 those of the Pennsylvania Economy League.
21 Despite numerous meetings and negotiations
22 with council members, a May 14, 2012,
23 written correspondence from council that
24 again outlined it's requirements for the
25 revised Recovery Plan.

1 Although, verbally agreeing to these
2 requirements, Mayor Doherty produced a
3 document that omitted many of them. He now
4 asks what is council's plan is. Mayor
5 Doherty knows council's plan very well. PEL
6 and DCED know council's plan. They don't
7 agree and are attempting to bully city
8 council into approval of their poorly
9 conceived plan which will financially crush
10 taxpayers.

11 Following six months of
12 negotiations, in which I participated in
13 good faith, I have learned that Mayor
14 Doherty doesn't want council's input, rather
15 he only need it's rubber stamp. He has
16 chosen a incredulous path since Mayor
17 Doherty is fully aware that this council
18 rubber stamps no legislation. His plan is
19 borrowing and raising taxes over 100 percent
20 for city and authority debts and payment of
21 the Supreme Court award to public safety
22 unions. Take it or leave.

23 He has obstructed nearly every new
24 revenue generator that council has presented
25 since 2010. He has guarded his municipal

1 authorities to the financial detriment of
2 the taxpayers because those authorities are
3 his sacred cows. The Scranton Parking
4 Authority alone has the City of Scranton on
5 the verge of Chapter 9 bankruptcy.

6 City council members wish to
7 mitigate tax increases by first implementing
8 and exhausting all sources of revenue
9 possible and negotiating a settlement with
10 police and fire to decrease the Supreme
11 Court award and provide stability to the
12 city, its people, and its public safety
13 employees.

14 Council will not approve the revised
15 Recovery Plan as submitted and council will
16 not consider placing it on it's agenda for
17 this and other reasons as this time.

18 I know defer to Attorney Boyd Hughes
19 for his comments on the revised Recovery
20 Plan process. Attorney Hughes?

21 MR. HUGHES: Yes. Thank you, Madam
22 President. After last week I reviewed the
23 Municipalities Financial Recovery Act to
24 determine if the legislation can be put on
25 council's agenda. It is my opinion in

1 reviewing the Act, the mandatory procedures
2 as required by law have not been complied
3 with and until they are complied with any
4 submission of this plan on council's agenda
5 would violate the Recovery Act.

6 So, therefore, it's my opinion until
7 the requirements are met and the Act is
8 properly complied with, that the mayor's --
9 that any the PEL, DCED and mayor Recovery
10 Plan has not met the procedural requirements
11 of the law and cannot be put on council's
12 agenda.

13 MS. EVANS: Thank you, Attorney
14 Hughes. Now, if the mayors wants a revised
15 Recovery Plan let him fully incorporate
16 council's recommendations into his plan and
17 sign off on it.

18 Further, the majority of city
19 council chose not to meet in Harrisburg with
20 DCED and a state appointed mediator to
21 discuss the revised Recovery Plan. At my
22 direction, Solicitor Hughes informed Mayor
23 Doherty of our decision a day after the
24 mayor invited council members to attend the
25 mediation session.

1 DCED, PEL, and the mayor have been
2 closely allied for over 12 years and all
3 three are fully responsible for the dire
4 financial straights of our city. Mayor
5 Doherty just admitted in the newspaper that
6 DCED used Scranton taxpayers as guinea pigs
7 for their Act 47 legal battle.

8 DCED is the root cause of the over
9 \$30 million Supreme Court award to Scranton
10 police and fire. PEL has a demonstrated
11 record of 20 years of the failed leadership
12 in Scranton and the mayor exercised
13 unbridled borrowing and spending throughout
14 three terms in office resulting in historic
15 debt while PEL and DCED provided their
16 blessings.

17 Scranton City Council is fighting
18 for fairness and protecting you, the people
19 of Scranton. As the late president John
20 Fitzgerald Kennedy stated, "You cannot
21 negotiate with people who say what's mine is
22 mine and what's yours is negotiable."

23 Fourth, while our city continues to
24 burn financially, Mayor Doherty has filed to
25 pursue Court ordered -- or, excuse me, Court

1 approved and council approved unfunded debt
2 borrowing which is guaranteed by a Court
3 order tax increase. He laments that he
4 cannot pay bills for health insurance and
5 fuel for public safety vehicles, among
6 others. At the same time, however, it seems
7 he has continuously paid overtime to the DPW
8 and the city's contribution to the Everhart
9 Museum, and payments to CECCO, and payments
10 for salt, although, certainly that leaves us
11 wondering since we had such a mild winter
12 and so little need of salt, among many other
13 expenses.

14 Now, the time to prioritize is long
15 overdue. The mayor must cut expenses to
16 fund essentials and he must communicate with
17 banks, both local and nonlocal to
18 immediately secure unfunded debt borrowing
19 that is guaranteed by a Court ordered tax
20 increase.

21 In addition, he should consider
22 seeking a TAN-B in the amount of
23 approximately \$5 million strictly allocated
24 for the funding of the city's daily
25 operations and offer a monthly portion of

1 the earned income tax revenue as payment for
2 the TAN from July through November 2012.
3 This is short-term borrowing that does not
4 require a revised Recovery Plan since it
5 would be guaranteed through a monthly
6 portion of the earned income tax revenue.
7 2011 monthly revenue data from the Single
8 Tax Office support the ability of the city
9 to make payment.

10 Fifth, Mayor Doherty announced that
11 he may close all neighborhood swimming pools
12 in summer with the exception of the Nay Aug
13 Park where a \$4 swimming fee is charged and
14 received by the Scranton Recreation
15 Authority. This comes as no surprise since
16 Mayor Doherty has a demonstrated record of
17 pool closings. For example, the Capouse
18 Avenue Pool was closed in 2010 and 2011 and
19 the Novembrino pools were closed in 2011.
20 It was city council that attempted to open
21 the Novembrino pools using RE-RE money last
22 summer, but the mayor thwarted council's
23 effort to the detriment of the West Scranton
24 taxpayers.

25 Clearly, he has been heading in this

1 direction prior to the city's current
2 financial crisis, but he is going to try to
3 blame city council.

4 At te same time, DPW Director Mark
5 Dougher assures residents that the Fourth of
6 July fireworks display will occur as
7 scheduled. Because numerous similar events
8 are conducted throughout Lackawanna County
9 for the enjoyment of all, I question the
10 mayor's priorities.

11 Since he intends to fund a
12 fireworks' display, might the funds better
13 be used to open a pool in a neighborhood
14 where children lack swimming fees and
15 transportation to Nay Aug Park? At the end
16 of the day, however, the decision belongs to
17 the mayor.

18 Sixth, the 2012 budget was approved
19 by four council persons and later four
20 council persons overrode the mayor's veto of
21 the budget in order for it to be become law.
22 In this budget, council provided funding in
23 the professional services account in the
24 city council office in order to compensate
25 Attorney Hughes his additional work. In

1 accordance with the city's established
2 procedure for paying bills, Attorney Hughes
3 provided an itemized invoice detailing the
4 scope of his work on a particular issue. At
5 council's direction, this invoice was
6 entered on a voucher and submitted to the
7 appropriate department for approval and
8 payment.

9 Each time Attorney Hughes did
10 additional work for council, an itemized
11 bill was to be submitted in order to allow
12 for complete transparency. The city
13 controller would not approve payment of the
14 voucher from the professional services
15 account from which the funding for the
16 additional work was allocated. The tabled
17 legislation, which would transfer money from
18 the professional services account into
19 Attorney Hughes' salary, is not an
20 additional expense for the city, it is only
21 the transfer of the fund from one account to
22 another within the same department.

23 This council fully intends to
24 revisit this legislation as soon as
25 possible. We need Attorney Hughes. His

1 unparalleled professionalism and knowledge
2 are steering us through this financial
3 crisis. He stands with city council in
4 protecting the residents and taxpayers of
5 this city.

6 Next, all nonemergency city-owned
7 vehicles should be returned to the city
8 immediately in order to be sold or
9 auctioned, beginning with Mayor Doherty's
10 vehicle.

11 And finally, I do have citizens'
12 request this evening. I do apologize, I
13 have fallen behind on my e-mails, however, I
14 fully intend throughout the forthcoming week
15 to attend to those e-mails and submit them
16 to the proper department heads as well as
17 the mayor, and that's it.

18 MR. HUGHES: Madam President, if I
19 could take one minute, it's really not
20 council's function and my function on behalf
21 of the council to call Brian Kozelanski, who
22 is the bond counsel for the City of Scranton
23 on the bond issues, he is also bond counsel
24 for the Parking Authority, it should be up
25 to the administration and up to Solicitor

1 Kelly, however, based on what you said
2 tonight I will call Brian tomorrow and see
3 if he can bifurcate or separate out the
4 proposed bond issue, the 9.85 million and
5 see if they can place that immediately since
6 that's not based on the Recovery Plan at all
7 and, you know, I'll give him a call first
8 thing in the morning and see if we can get
9 at least that separated from the 16.6
10 million bond issue and see if the city can
11 get funding on that.

12 I'm surprised that within the last
13 two weeks the administration hasn't done
14 anything on that to see if this can be
15 floated. I don't see why it couldn't be
16 floated as guaranteed, there is a Court
17 order to raise real estate taxes, council
18 has passed the legislation, everything is in
19 place for that. It was combined with
20 another portion that is not included by
21 Court order for an increase in taxes so,
22 that you know, I think it needs to be
23 separated out, let the two issues go on
24 their own.

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

1 if we can please notify the mayor's office
2 tomorrow morning of council's interest in
3 the administration seeking TAN-B, and our
4 proposal to fund repayment of the TAN-B and
5 we are hoping or rather we are urging the
6 mayor to contact local and nonlocal banks to
7 make this happen. Thank you. Mr. McGoff,
8 do you have any motions or comments this
9 evening?

10 MR. MCGOFF: Yes. Thank you. First
11 of all, I reminded to thank you for the
12 reminder that today was Flag Day. I'm just
13 hoping that whoever stole my flag and my
14 flag pole from my house is proudly
15 displaying it today since I did not have the
16 opportunity to do so. It just disappeared
17 one night. I don't know how, but it did.

18 Just a couple of brief comments. I
19 guess, first of all, on the unfunded debt,
20 this has been tireless pursued by the
21 business administrator since January. The
22 only bank or institution that was even
23 interested in it backed away from it. I
24 don't know where -- if council has an idea
25 for a bank to, you know, for someone to

1 pursue for this I'm sure that Mr. McGowan
2 and the administration would be more than
3 happy to pursue it, but I just don't know.
4 After the original SPA vote, the one
5 institution that was interested backed away
6 and I don't if there any are any options
7 available. Perhaps there are, and the same
8 thing with the pursuing the TAN. We had an
9 opportunity to float a TAN and that was
10 rejected, and I know that there were reasons
11 why we rejected it and was rejected, and
12 again, I don't know what banks are willing
13 to pursue a TAN. It seems as though there
14 are no local banks that are willing to do
15 that.

16 Again, if council has an idea for
17 where to go to get that financing. Again, I
18 am sure that the administration and I'm sure
19 Ryan McGowan will be more than happy to take
20 that lead and pursue it.

21 As far as the Recovery Plan is
22 concerned, no matter what the -- whatever
23 plan is put forward it's going to need to be
24 approved through DCED, and my thought was
25 that an opportunity to sit down with DCED,

1 with the administration, would produce --
2 not -- to me mediation suggests a compromise
3 and not somebody forcing something down your
4 throat. My motion to place the mayor's plan
5 on the agenda was just an attempt to get
6 discussion started. We need to pursue
7 something.

8 To state that the administration and
9 PEL know what council wants in the Recovery
10 Plan, and I'm not sure that that's true, if
11 it's the list of the required revisions we
12 have never spoken about those. At the
13 request of Mr. Joyce those were not to be
14 made public. Is that what it is that we are
15 assuming the administration and PEL know
16 that are requests for the Recovery Plan?

17 MS. EVANS: Yes, that was given to
18 them.

19 MR. MCGOFF: I understand, but I
20 think there is some things in there that
21 need to be discussed rather than just made
22 as requirements for a plan.

23 There has been talk of, you know,
24 moving towards bankruptcy and Chapter 9.
25 I'm not sure there are a lot of

1 misconceptions about it that -- a couple of
2 things that at least I'm aware of, first of
3 all, we are in a cash flow crisis, we need
4 money. Going to Chapter 9 doesn't provide
5 revenue. Chapter 9 doesn't pay the bills.
6 It may stop payment on some things, but it
7 doesn't pay the bills. It doesn't solve the
8 revenue problems that we have. And the
9 other thing it may abrogate all of the union
10 contracts. I don't know that we want to --
11 I don't know that we want to do that, you
12 know, we have worked long and hard to get
13 contracts for the firemen and policemen and
14 the DPW and all and now we are going to
15 dismiss those. And, yes, it may eliminate
16 the Court awards. You know, maybe that is a
17 good thing for the city, I don't know that
18 it's a good thing for the people that have
19 fought for ten years to get that award and
20 are expecting that award.

21 I just don't see it at this point in
22 time as being an option. Right now we have
23 control over where the city is going. We
24 may need to work together a little bit more
25 to exercise that control, but I don't want

1 to turn -- I don't want to turn the City of
2 Scranton over to a receiver or anyone else.
3 We were elected with the responsibility to
4 take care of the City of Scranton, as was
5 the mayor, and I think that, you know, we
6 need to take that responsibility seriously
7 and not even consider, you know, going
8 forward with a bankruptcy, at least I don't
9 think we should, and I'll just save some
10 comments on the Parking Authority for Sixth
11 Order, and thank you.

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

14 MR. ROGAN: Yes, thank you. We must
15 have read each others mind on the idea of a
16 second TAN today, and I'm glad you agree as
17 well to what I mentioned before the meeting
18 started, and going back what Mr. McGoff said
19 that the banks wouldn't be interest in a
20 second tax anticipation note for the city,
21 in that situation there really is no risk to
22 the bank. When the first TAN was setup,
23 money coming into the Single Tax Office was
24 placed into a lockbox, turned right over to
25 the pay short-term borrowing. Do it the

1 same way. There would be absolutely no risk
2 for the bank. They know what money is
3 coming in. We have a great tax collector
4 who is collecting the money and turning it
5 over and it worked perfectly last time,
6 there weren't any stumbling blocks between
7 the mayor and the council and the tax office
8 and --

9 MS. EVANS: Actually, I'm sorry to
10 interrupt, but I don't believe
11 Mr. Courtright is collecting that any more,
12 that would be Berkheimer, but the same
13 principle applies that you discussed.

14 MR. ROGAN: Yeah, it could be done
15 through the Single Tax Office for the
16 property taxes or through the wage tax,
17 either one could be --

18 MS. EVANS: The wage tax appears to
19 have the strongest revenue flow from now
20 through November, stronger than the real
21 estate taxes, and that's why we are be able
22 to designate a portion of that monthly to
23 the repayment of the TAN and still retain
24 funds that can be used for daily operations.

25 MR. ROGAN: Absolutely. Whatever

1 option is more appealing to the banks I
2 think would be agreeable to everyone whether
3 it be, you know, the property tax that comes
4 in or whether it be the earned income. The
5 bottom line is, and I have talked to
6 numerous city employees who are extremely
7 concerned about their health care. And I
8 said it before and I'll say it again,
9 payless paydays would be bad, but the loss
10 of the health care for employees and
11 retirees would be catastrophic. There are
12 employees and retirees that have surgeries
13 scheduled, pregnancies, emergencies come up,
14 it is our obligation to provide health care
15 to these employees and retirees. Whatever
16 we have to do to pay the bill for the Blue
17 Cross we have to do.

18 Personally, I believe instead of
19 transferring the fund from the contingency
20 for the bailout of the Parking Authority,
21 that legislation should be shot down this
22 week, alternative legislation transferring
23 over \$1 million to Blue Cross should be
24 introduced, that will be a partial payment
25 of approximately half of what is owed to

1 Blue Cross for our employees' health care.

2 I think when you look at the two
3 issues which one is more important right
4 now, health care for hundreds of people who
5 have been promised it by the city or bailing
6 out an authority that has been completely
7 incompetent, we still have not been provided
8 the information we requested from Mr.
9 Scopelliti, I think the choice is very
10 clear.

11 Moving on to the Parking Authority
12 and the authorities in general, I spoke to a
13 couple of residents who many residents
14 actually who were very upset about expense
15 accounts for the authority members. I did
16 have Mrs. Krake send two Right-to-Know
17 requests, one to the Parking Authority,
18 which is the one I'm most interested in now,
19 and also one to the Sewer Authority, that
20 that was brought up as well, asking for all
21 expenditures and receipts made from any
22 expense accounts since 2001. I think it is
23 very important for council to know and for
24 the taxpayers to know what we are paying
25 for. How many stake dinners did we pay for

1 for authority members at meetings? That's
2 what I want to know? I hope the answer is
3 zero, I have a feeling it's not though.
4 Hopefully they will comply and getting these
5 back to us sooner than the time required by
6 law and in an effort of good faith and
7 cooperation, but it will be interesting to
8 see those figures when they come in and I
9 will be sure to report those.

10 Next, I have a few questions that
11 came from residents, some from myself, still
12 regarding the Parking Authority. And,
13 Mrs. Krake, I have these written out, I'll
14 give these to you at the end of the meeting.
15 Solicitor Kelly claims there is no conflict
16 of interest in being solicitor for the city
17 and the SPA. Of all people involved he
18 should be most aware of the status of the
19 both the city and the Parking Authority.
20 How can he remotely be concerned of what is
21 being proposed?

22 The second question is did Attorney
23 Kelly take part in the loan granted by
24 Landmark to the SPA without going through
25 council knowing that the city would have

1 eventually be responsible anyways for the
2 debt?

3 Next, excuse me, I lost my train of
4 thought.

5 MS. EVANS: We are not responsible
6 for the Landmark at this time.

7 MR. ROGAN: Okay, we'll scratch that
8 one then, which is --

9 MS. EVANS: It was never, because as
10 you said, it never came before council then,
11 it never received the guarantee of the city,
12 no full faith and credit was pledged, so
13 they are out there on their own on that one.

14 MR. ROGAN: And with them having
15 that one loan on their own and the rest
16 backed by the city, they are going to pay
17 their obligations. They know with all of
18 the other debt the city is here to pick up
19 the tab, at least they think so.

20 MS. EVANS: And that could well have
21 happened and that's why they don't have the
22 money.

23 MR. ROGAN: And that's the next
24 question would be, what payments have been
25 made on that debt and did that cause

1 payments not to be made on the city-backed
2 debt? I think that may be very possible.

3 Next, the budget, the so-called
4 budget that was provided by Mr. Scopelliti
5 to council, as Attorney Hughes brought out,
6 that it was nearly off by \$2 million. My
7 question is why wasn't Attorney Hughes that
8 had to discover that and not Attorney Kelly?
9 Attorney Kelly is the city solicitor and the
10 solicitor for the Parking Authority. He
11 should have intimate knowledge of both sides
12 of the transaction and firmly understand
13 what's going on.

14 Next, there was an article in the
15 November 2000 edition -- 2010 edition of the
16 Scranton Times, the headline that read,
17 "Scranton Parking Authority passed their
18 budget, withholds details."

19 It goes onto state that at Attorney
20 Kelly's advice Mr. Scopelliti would not say
21 anything about the 2011 budget revenues.
22 Expenses or debt. Melissa Melewsy, a media
23 law consultant for the PA Newspaper
24 Association, claims the secrecy could be a
25 violation of the Sunshine Law and calls the

1 refusal to provide answers problematic and a
2 little outrageous. Anyone at the SPA should
3 realize that Attorney Kelly has not been
4 doing them a service or the people of this
5 city.

6 Additionally, when Attorney Hughes
7 was asked questions to Mr. Scopelliti,
8 Attorney Kelly interrupted numerous times
9 stating that it was a legal question, don't
10 answer it. Well, if it was a legal
11 question, Attorney Kelly, the legal counsel
12 should have answered it. Mr. Kelly needs to
13 make a choice. He needs to either become
14 city solicitor or solicitor for the Parking
15 Authority. You cannot be on both sides ends
16 of a transaction. Even to somebody who is
17 not an attorney, it's a blatant conflict.

18 So I have these requests written up,
19 I will give those to you and we'll see if we
20 get answers.

21 Next, a few comments on things that
22 were in the paper, some things that were
23 mentioned from the podium tonight. I was
24 disturbed when I read the comment the mayor
25 made in the paper, "I don't care."

1 Maybe the 15 years that Mayor
2 Doherty of running the city and running it
3 into the ground has finally caught up to him
4 and he came to a realization that it was his
5 doing. I have incorrectly stated at council
6 meetings that the mayor has run the city
7 through budgets for almost ten years. That
8 was incorrect. When Mayor Connors was
9 mayor, Mayor Doherty was Finance Chair. It
10 was council's budget under Mayor Doherty
11 that were enacted into law, so he was
12 writing budgets for the city before he was
13 even mayor, and today he is trying to blame
14 city council, PEL, and DCED. And I agree on
15 some of those points, the previous city
16 councils enabled him and the mayor who now
17 is blaming DCED for many of these problems,
18 he walked hand and hand with them through
19 this whole Act 47 process. The mayor is
20 using them as a scapegoat now.

21 DCED didn't force the city to fight
22 the city unions, the mayor made that choice.
23 Chris Doherty chose it. His council chose
24 it, three members that voted for it, only
25 Mr. Reap and Mr. DiBileo had the foresight

1 to vote against that plan. If they had
2 their way we would be in much better shape
3 today.

4 The idea of a 1 percent sales tax
5 for Lackawanna County is ludicrous. If you
6 are going to purchase something such as a
7 car, which is a very expensive purchase,
8 where are you going to purchase it, in
9 Lackawanna County or you are going to drive
10 to Wyoming County, drive down to Luzerne
11 County and purchase it? It makes sense to
12 me. For that much money I'm going to take
13 the drive.

14 It would destroy business in this
15 county, not only in the city but in the
16 county as well, so I am glad that that was
17 shot down. I don't think that's a viable
18 solution.

19 It's the same thing we went through
20 with the smoking ban when it was citywide,
21 you know, whether you support it or oppose
22 it the fact is it hurt the businesses
23 because when you could drive five minutes
24 away, ten minutes away, you could easily
25 move to a bar in another town. The same

1 thing with this, you go make your purchases
2 in Wyoming County or Luzerne County. They
3 will have more jobs there and we won't.

4 Finally, and this really surprises
5 me, I say shouldn't surprise me, Mrs. Evans
6 mentioned that the mayor is planning on
7 still spending money on fireworks this year.
8 If he is truly concerned about the financial
9 state of this city, we need to focus on
10 health care for city employees, pay for the
11 city employees, gas for the vehicles.
12 That's the nuts and bolts of the city. A
13 firework display is nice if you have money.
14 If you don't have money for it, nix it.
15 They have many other fireworks displays, as
16 Mrs. Evans mentioned, across the county.

17 Stop using -- normally I support
18 cleaning the streets with the street
19 sweepers, stop running the street sweepers
20 seven days a week and paying overtime. Many
21 people have seen the street sweepers out on
22 Saturdays. How much are we paying in
23 overtime for the DPW for street sweeping?
24 Yes, the streets need to be cleaned, but
25 it's not the top priority right now. The

1 top priority for this administration is
2 starting tomorrow morning should be insuring
3 that the health care for the city employees
4 is paid, whether that be through an
5 additional TAN, whether it be through a
6 transfer from the contingency funds if the
7 bailout for the Parking authority is shot
8 down, however it's done it has to get done.
9 You can't leave hundreds of families in the
10 cold without health coverage. And I will
11 comment more on other issues.

12 I do have a few citizens' requests.
13 There is quite a few properties in the Hill
14 Section that have blight issues, Mrs. Krake,
15 I'll give this to you, please send this to
16 both Chief Duffy and to LIPS, and that is it
17 for now. Thank you.

18 MS. EVANS: Thank you. Councilman
19 Loscombe, do you have any comments or
20 motions.

21 MR. LOSCOMBE: Thank you. First, I
22 would like to make two motions. Pursuant to
23 the Administrative Code, Article II, Section
24 6-4, I'd like to make a motion to reappoint
25 Kathy Carrera, executive assistant, in the

1 city council office.

2 MS. EVANS: We have a motion on the
3 floor --

4 MR. MCGOFF: Second.

5 MS. EVANS: There is a second. On
6 the question? All those in favor signify by
7 saying aye.

8 MR. MCGOFF: Aye.

9 MR. ROGAN: Aye.

10 MR. LOSCOMBE: Aye.

11 MR. JOYCE: Aye.

12 MS. EVANS: Aye. Opposed? The ayes
13 have it and so moved.

14 MR. LOSCOMBE: I'd also like to make
15 a motion pursuant to the Administrative
16 Code, Article II, Section 6-4, a motion to
17 reappoint Jamie Marciano, confidential
18 secretary, in the city council office.

19 MR. MCGOFF: Second.

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

22 MR. MCGOFF: Aye.

23 MR. ROGAN: Aye.

24 MR. LOSCOMBE: Aye.

25 MR. JOYCE: Aye.

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

3 MR. LOSCOMBE: I just have, you
4 know, a couple of quick comments from some
5 of the speakers here. We had some very
6 interesting speakers, Mr. Schwartz brought
7 some information to the table, like I said,
8 we are open to anything here. We want to
9 save our city. But again, we have to make
10 some hard decisions along the road and
11 what's going to be in the best interest of
12 everyone, so I do appreciate your being here
13 tonight.

14 MR. SCHWARTZ: Thank you for having
15 me.

16 MR. LOSCOMBE: And, you know,
17 Mr. Sbaraglia spoke first and, you know,
18 like Mr. Sbaraglia I don't condone
19 incompetence, I don't think the board here
20 condones incompetence, in fact, I have
21 already asked for resignations of the
22 director of the board from the Parking
23 Authority. I believe everyone here knows
24 how we feel about the Parking Authority and
25 the condition of it. We are not bailing

1 them out if we approve this, we are just
2 giving them enough more slack to hang
3 themselves without hanging the taxpayers on
4 the hook.

5 MS. EVANS: If I could, I agree with
6 you, Mr. Loscombe, if anything this isn't a
7 bailout of the SPA, this is bailout for the
8 taxpayers of Scranton because we don't want
9 you saddled with the debt for their
10 mismanagement, and that's what's going to
11 happen here. Because in the meantime the
12 city won't have the money to make that
13 payment and then it's going to be charged to
14 you and that's what we want to stop.

15 MR. ROGAN: Mrs. Evans, it's charged
16 to the taxpayers anyways because of the
17 mismanagement. That's what the vote is, to
18 give them a million dollars of taxpayers'
19 money. Correct?

20 MS. EVANS: The money is available
21 now. What we can do if we do not make the
22 payment, the Court will order a tax increase
23 on the people to make that payment and very
24 likely successive payments.

25 MR. ROGAN: If the money isn't

1 transferred now until it's placed in
2 receivership, if they did go to the Courts
3 to petition the city to pay, if it wasn't
4 paid for, you would use it for other bills,
5 the city could just write a check. I would
6 have no problem paying the -- we are going
7 to have to pay the bill eventually, everyone
8 understands that. I don't want to give them
9 a dime until it's placed in receivership. I
10 think that's at least four of us up here
11 that's what we want.

12 MS. EVANS: Yes, it is what he want,
13 but because of all of the hard work of
14 Attorney Hughes and his discussions with the
15 attorney for Radian and an additional
16 attorney for another bond issuer, there are
17 now these requirements that have been set on
18 the Parking Authority and they have a 30-day
19 period in which to comply, and frankly, I
20 don't see how that will be possible,
21 particularly in terms of their budget. How
22 will they now produce a balanced budget?

23 MR. ROGAN: I agree with that as
24 well.

25 MS. EVANS: And be approved by this

1 council?

2 MR. ROGAN: I do agree with that. I
3 understand the track record of Mr.
4 Scopelliti and the authorities, they are
5 snakes. You don't want to give them an
6 inch. When it's placed into receivership,
7 they can come to us for the money I would
8 have no problem transferring it, but under
9 the current leadership of Scopelliti, Renda,
10 the same crew that's been there, I'm just --
11 I apologize, Mr. Loscombe, we'll debate this
12 more later.

13 MR. LOSCOMBE: No, we are discussing
14 this.

15 MS. EVANS: I understand what are
16 you saying, but according to the agreements,
17 the legal agreements, they have the right to
18 do this immediately, and regardless of
19 whether they take over the garages or not
20 they have the right in the agreement to
21 immediately seek mandamus relief and, of
22 course, a judge is going to rule in their
23 favor because they are due the payment, and
24 just as in the case of the unfunded debt
25 borrowing, we are going to see yet another

1 tax increase put on the people that I think
2 we should be working to avoid.

3 MR. ROGAN: But if the money is
4 never spent there wouldn't be a tax
5 increase. The money would still be in
6 contingency. If it wasn't transferred
7 today, if it was shot down today and the
8 money was kept in contingency, if they went
9 to petition the Courts the city could cut a
10 check that day. There would not be a tax
11 increase.

12 MS. EVANS: Actually, we don't know
13 that the money will be in contingency.
14 Right now I believe the city has \$1,174,000s
15 cash as of today, according to the BA, so
16 you can take that with a grain of salt, but
17 postponement doesn't insure that the money
18 is there. What's going --

19 MR. ROGAN: It can be -- the money
20 in contingency can be transferred out
21 without council's approval. Now the
22 business administrator could use it to pay
23 other bills and it's if it's health care for
24 the employees I wouldn't have a problem with
25 that, you know, that bill would absolutely

1 need paid.

2 MS. EVANS: I agree that health care
3 is very important, but I would rather at
4 this juncture take care of the taxpayers of
5 the city. Mr. Loscombe?

6 MR. HUGHES: Madam Chairwoman, if I
7 could just to clear up one thing. Right now
8 there is an event of default on behalf of
9 the City and the Scranton Parking Authority,
10 it's an event of default. As of Saturday if
11 the money is not paid there will be a
12 default, the City of Scranton will be in
13 default. I do not know on all the other
14 bond issues what happens if the City of
15 Scranton goes into default, if that will
16 default other bond issues. That's -- I
17 don't have time to read every bond that the
18 city is, you know, has. If the money is
19 paid it will cure that event of default so
20 now the event of default is gone, there is
21 no more default. It's still kind of like a
22 black eye in the investment community to an
23 extent, but it's been corrected. There is
24 no more default.

25 However, as of today there is 23

1 days and counting that the Parking Authority
2 is going to be in default and Radian
3 Insurance is going to come in and get a
4 receiver appointed. So that clock is
5 ticking and there is no way that that's
6 going to be cured in my opinion, with the
7 five events of default that they have to
8 cure, it's been set forth by the trustee and
9 by Radian Insurance, so that at least from
10 it was discussed before from a financial
11 standpoint as to the 9.85 million maybe
12 pursue a TAN, that now no one can say that
13 the city has defaulted on it's obligation
14 with the Scranton Parking Authority. That
15 will be -- the event of default will be
16 cured. That's just the difference in it.

17 MS. EVANS: Thank you. I'm sorry,
18 Mr. Loscombe.

19 MR. ROGAN: Sorry.

20 MR. LOSCOMBE: There is something we
21 are discussing. I mean, I personally, you
22 know, after reviewing everything I feel
23 that, you know, I have to go with the best
24 of the two evils, not the worst that will
25 end up ultimately hurting the taxpayers a

1 little bit harder because I believe our
2 solicitor has worked with the bond counsel
3 and, you know, they are pretty much coming
4 to work with the city and with the counsel
5 and our solicitor on, you know, a plan
6 afterwards which is going to be beneficial
7 to everyone, and I just feel that that
8 little bit of extra time is going to be, you
9 know, well warranted.

10 And Mr. Jackowitz, you know, he
11 questioned how did it get to this point? It
12 got to this point over many, many years, as
13 you stated, of lack of accountability,
14 wheeling and dealing, unstopped borrowing
15 and stuff like that. This is where the
16 services our solicitor came into play. He
17 discovered two years ago that they were
18 supposed to have a budget approved by city
19 council. Up until this point they never had
20 and in spite of their budgets and our work
21 on their budgets and also our
22 recommendations to them they have ignored us
23 for the past two plus years. They have only
24 gotten themselves deeper, but it has gone
25 unchecked for all of these years and now,

1 you know, it's come home to roost because we
2 were able to get into it a little bit more.

3 And this isn't the only authority or
4 the only, you know, city component that's
5 headed that way, so as we stated before,
6 this is only a warning shot for all of them
7 because we all know the borrowing unchecked
8 throughout the city, throughout the
9 authorities, beyond comparison and everybody
10 is going to be held accountable sooner or
11 later and we are doing it step by step and
12 we are doing it transparently, and everyone
13 is going to know what's going on here,
14 something that hasn't been done for years.
15 It's your tax dollars and we are trying not
16 to waste anymore of them. There has to be
17 accountability from everybody that's
18 borrowed through this city with our backing
19 and that's the route we are going. So that,
20 Mr. Jackowitz, I hope, you know, that
21 answered your question a little bit.

22 Next, I had a friend of mine, Bill
23 Griffiths, call me regarding the Main Avenue
24 bridge. I know we have had a bunch of
25 tractor trailers, it seems to be epidemic

1 getting stuck under that bridge, and he came
2 up with some signage suggestions and stuff
3 like that, which I'll pass onto our city
4 clerk, and perhaps we can get it to public
5 works and do something about it because what
6 ends up trucks get backed up and going all
7 those tight side streets up by Tripp's
8 school and everything and it's a real mess,
9 so hopefully we can work on that.

10 And just, Mr. Spindler, and I guess
11 he left, I told him during motions I would
12 discuss the SAFER grant. He wanted to know
13 about that. Well, what I found out today is
14 very disturbing, extremely disturbing for
15 everyone. I think Mr. McGoff mentioned
16 rejection, I found out today that the mayor
17 has authorized the Deputy Chief to reject
18 \$3.1 million of the SAFER grant. Now,
19 that's a slap in the face to our senator who
20 worked hard for it and that's a slap in the
21 face to all of the taxpayer here to turn
22 back money that was awarded to this city to
23 protect you because he does not want to put
24 the amount of firefighters back to open and
25 adequately man all of these stations.

1 Now, what I understand is some of
2 his concerns are two years down the road if
3 we don't have the money he is going to have
4 to pay unemployment, well, two years down
5 the road 47 men will be eligible to retire
6 so there won't be unemployment costs. I
7 mean, there is lot that could go on in two
8 years. We could have reapplied in two
9 years, but I have never heard of anybody
10 handing back part of their lottery winnings,
11 especially when it comes to your public
12 safety. I would hope Mr. Casey has
13 something to say about this because he stuck
14 his neck out, but when your fire stations
15 continue to be closed you know why, because
16 it's not going to change the situation that
17 we have right now.

18 I was at fire on Mulberry Street
19 last week, I took my wife to work at 6:00 in
20 the morning, I was the first one at the fire
21 there down Mulberry Street, nobody was
22 around, the place was rolling. It was a
23 re-ignition of a fire we had previously.
24 The chief car pulled up, he can't do
25 anything. Next company that pulled up was

1 the truck company. The next company pulled
2 up was rescue. None of them companies have
3 the water capability to dump on that fire.
4 As I stated before, it's like a symphony
5 ballet, there is a certain way that vehicles
6 have to be lined up and respond.

7 It took -- the next company because,
8 Engine 4 right here, headquarters downtown
9 was closed. The next company to respond was
10 Engine 2 all the way out at the end of South
11 Side. That was the first water on scene.
12 The next company to respond was Engine 10 up
13 on East Mountain, and it can't come over the
14 Harrison Avenue bridge, they had to come all
15 the way down.

16 There is no thought or planning of
17 the safety of the people in this city, but I
18 am appalled when I heard this today that
19 they are going to give money back because he
20 doesn't want to fulfill his obligations
21 basically, and you could bend it and twist
22 it anyway, but that's exactly what it is.
23 It's putting your safety last as typical.

24 I can't understand it. I would like
25 somebody to explain that to me, but it's a

1 slap in the face for everybody here who pays
2 their tax dollars who finally are given
3 something to help this city out and it was
4 returned. I'm disappointed. And that's all
5 I have to say tonight. Thank you.

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

9 MR. JOYCE: Yes. Scranton City
10 Council has received an audit update from
11 Rossi & Rossi regarding some outstanding
12 items. To provide a brief background for
13 everyone, an audit is a successive
14 inspection of the city's financial
15 transactions and is designed to determine if
16 they were recorded accurately and in
17 accordance with generally accepted
18 accounting procedures. An audit reviews a
19 municipality's financial control procedures
20 to determine if the municipality receives,
21 accounts for and dispenses funds properly.

22 An audit basically serves two
23 principal purposes. First, an audit will
24 identify problems based on a thorough review
25 of a municipality's financial control

1 procedures and make recommendations that the
2 municipality can use to improve its
3 operations.

4 Secondly, an independent audit
5 provides valuable information to community
6 residents. It assures residents that public
7 funds are being well-managed by a municipal
8 government or it alerts them to problems
9 such as poor bookkeeping or mismanagement of
10 funds that need to be fixed.

11 Rossi & Rossi's correspondents
12 indicate that there are 12 overdue items and
13 eight memos as of June 5, 2012. A few weeks
14 ago our BA, Ryan McGowan, our business
15 administrator, indicated in an audit status
16 report that the audit would be completed in
17 July of this year. In the audit status
18 report, he indicated that many of the open
19 items would have been completed by June 1.
20 After reading Rossi & Rossi's
21 correspondence, it would appear that the
22 city may be further behind than originally
23 thought.

24 With this in mind, Mrs. Krake, can
25 you please contact Mr. McGowan and ask him

1 to provide Scranton City Council with
2 another audit status report based on Rossi &
3 Rossi's most recent correspondence.

4 To report, our tax collector, Bill
5 Courtright, has submitted a number of checks
6 to the city totaling \$729,589.83. A
7 breakdown of the checks sent to the city is
8 as follows: LST, Local Services
9 Tax\$319,449.58; earned income tax, \$231,904.
10 88; and business privilege tax \$114,787.77;
11 real estate tax, \$43,061.75, and the
12 delinquent real estate tax \$20,405.85.

13 As one can see, real estate tax
14 revenue was sent to the city where in prior
15 months real estate tax revenue was sent
16 directly to a lockbox to pay off the city's
17 tax anticipation note which is a now totally
18 paid off for this year.

19 Scranton City Council has received a
20 report of funds collected and distributed
21 from the Single Tax Office for the year as
22 of 5-31-12 in comparison to 5-31-11. From
23 this time period this year in comparison
24 with last year, the tax office collected
25 \$10,253,291,65 in real estate tax revenue in

1 comparison to \$9,527,900.55 for an increase
2 in collection of \$26,195.

3 \$385,855.33 delinquent tax revenue
4 in comparison to \$375,357.33 for an increase
5 in collection of \$10,498.

6 \$749,077.44 in local service tax
7 revenue in comparison to \$766,067.93 for a
8 decrease in collection of \$17,530.19.

9 \$1,527,493.54 in business privilege
10 tax and mercantile revenue in comparison to
11 \$1,304,982.13 or an increase in the
12 collection of \$22,511.41.

13 And to further elaborate on
14 Mr. Jackowitz's question, and I'll defer to
15 Solicitor Hughes, I believe that there were
16 three bond issues taken out that amount to
17 the \$100 million in principal and interest;
18 correct?

19 MR. HUGHES: I don't know if it's --
20 I believe it's two. That was one of the
21 things that we requested in my letter of
22 October 27 to the Parking Authority to
23 furnish us all of that documentation which
24 they never did. I believe there is two bond
25 payments and there is the payment -- there

1 is a payment that was due in March, this one
2 in June, one in September and one in
3 December. So I think that the payments are
4 like every three months on two different
5 bond issues.

6 MR. JOYCE: Okay.

7 MR. HUGHES: This bond issue payment
8 that's due now and in December that's
9 insured by Radian. The one that's due in
10 September and March that's insured by
11 National.

12 MR. JOYCE: Okay. I believe they
13 were taken out in 2003 and 2007; correct?

14 MR. HUGHES: I have no idea.

15 MR. JOYCE: Okay. That's it. I'll
16 save the rest of my comments for the vote.

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

18 MS. KRAKE: 5-B. NO BUSINESS AT THIS
19 TIME.

20 SIXTH ORDER. 6-A. READING BY TITLE
21 - FILE OF COUNCIL NO. 40, 2012 -AN ORDINANCE
22 - AMENDING FILE OF COUNCIL NO. 56, 2011,
23 AN ORDINANCE ENTITLED "THE GENERAL CITY
24 OPERATING BUDGET 2012" BY TRANSFERRING
25 \$1,035,948.50 FROM ACCOUNT NO.

1 01.401.12090.4299 (NON-DEPARTMENTAL
2 OPERATING EXPENSES-CONTINGENCY) TO ACCOUNT
3 NO. 01.401.15319.4299 (NON-DEPARTMENTAL
4 EXPENSES OPERATING TSF DEBT SERVICE -
5 SCRANTON PARKING AUTHORITY) TO PROVIDE
6 DIRECT FUNDING BY WIRE TRANSFER TO BANK OF
7 NEW YORK TRUST COMPANY, N.A., TRUSTEE, FOR
8 THE PAYMENT OF THE SCRANTON PARKING
9 AUTHORITY DEBT PAYMENT DUE JUNE 1, 2012.

10 MS. EVANS: You've heard reading by
11 title of Item 6-A, what is your pleasure?

12 MR. MCGOFF: I move that Item 6-A
13 pass reading by title.

14 MR. JOYCE: Second.

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

17 MR. MCGOFF: Aye.

18 MR. LOSCOMBE: Aye.

19 MR. JOYCE: Aye.

20 MS. EVANS: Aye. Opposed?

21 MR. ROGAN: No.

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

24 MR. MCGOFF: Mrs. President, I'd
25 like to make a motion to move 6-A into

1 Seventh Order for final reading.

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

4 MR. LOSCOMBE: Second.

5 MS. EVANS: We have a second. On
6 the question?

7 MR. MCGOFF: I make that motion with
8 the intent that I believe, as Attorney
9 Hughes said, the payment is due by Saturday
10 and not moving it into Seventh Order would
11 not allow us to pay that until the following
12 week and then it would be default.

13 MR. ROGAN: I would just like to
14 request if it's moved into Seventh Order
15 that the public is given a chance to comment
16 before final vote.

17 MS. EVANS: Anyone else on the
18 question? All those in favor signify by
19 saying aye.

20 MR. MCGOFF: Aye.

21 MR. LOSCOMBE: Aye.

22 MR. JOYCE: Aye.

23 MS. EVANS: Aye. Opposed?

24 MR. ROGAN: No.

25 MS. EVANS: The ayes have it and so

1 moved. What is the recommendation of the
2 Chair for the Committee on Finance?

3 MR. ROGAN: Could --

4 MS. EVANS: Oh, I'm sorry.

5 Mrs. Krake, I jumped ahead of you. Mea
6 culpa.

7 MR. ROGAN: Are we going to allow
8 the public to comment before we move
9 forward.

10 MS. EVANS: But would we do that
11 prior to your reading?

12 MS. KRAKE: No.

13 MS. EVANS: Okay, then if you would
14 read 7-A.

15 MR. HUGHES: The motion has to be
16 introduced first, you have to have it on the
17 floor before you can comment.

18 MS. EVANS: Thank you.

19 MS. KRAKE: SEVENTH ORDER. 7-A.

20 FOR ADOPTION - FILE OF COUNCIL NO. 40, 2012
21 -AN ORDINANCE - AMENDING FILE OF COUNCIL NO.
22 56, 2011, AN ORDINANCE ENTITLED "THE GENERAL
23 CITY OPERATING BUDGET 2012" BY TRANSFERRING
24 \$1,035,948.50 FROM ACCOUNT NO.
25 01.401.12090.4299 (NON-DEPARTMENTAL

1 OPERATING EXPENSES-CONTINGENCY) TO ACCOUNT
2 NO. 01.401.15319.4299 (NON-DEPARTMENTAL
3 EXPENSES OPERATING TSF DEBT SERVICE -
4 SCRANTON PARKING AUTHORITY) TO PROVIDE
5 DIRECT FUNDING BY WIRE TRANSFER TO BANK OF
6 NEW YORK TRUST COMPANY, N.A., TRUSTEE, FOR
7 THE PAYMENT OF THE SCRANTON PARKING
8 AUTHORITY DEBT PAYMENT DUE JUNE 1, 2012.

9 MS. EVANS: What is the
10 recommendation of the Committee for the
11 Chair on Finance?

12 MR. JOYCE: As Chair for the
13 Committee on Finance, I recommend final
14 passage of Item 7-A.

15 MR. MCGOFF: Second.

16 MS. EVANS: On the question? Prior
17 to on the question, if there are any members
18 of the audience who would like to briefly
19 comment, I think, Ms. Carrera, if we can
20 give them a two-minute time limit.

21 MR. SBARAGLIA: Andy Sbaraglia,
22 Fellow Scrantonians, I have only one
23 question, why didn't you send a formal
24 letter to the Parking Authority requesting
25 them to resign? That's the only question I

1 had. That was simple for you to do. You
2 are condoning their incompetence. I don't
3 care what you call it, you can call it
4 whatever you want, it's a bailout. It's a
5 bailout. Whatever reasons it's still a
6 bailout. That's the bottom line. You did
7 not request them to resign, so you are
8 endorsing their incompetence. Thank you.

9 MS. EVANS: Thank you. The only
10 response I can give to that is we certainly
11 could have requested their resignations, but
12 I think we are all reasonable and rational
13 enough to recognize that that would never
14 occur. We have been ignored for years.
15 They are appointed by the mayor, they are
16 carrying out his agenda, we would have been
17 mocked.

18 MR. LOSCOMBE: We have rejected the
19 appointments and they are still there.

20 MR. ROGAN: That's why we should
21 shut off the funds.

22 MS. EVANS: Mr. Dobrzyn.

23 MR. DOBRZYN: Thank you. I agree
24 with the resignation and I'm not going to
25 condemn you people it's, like I said,

1 it's -- you are stuck in the middle here,
2 but anybody from this day on if they don't
3 want to produce an audit, they don't want to
4 cooperate, they don't want to talk to
5 council, well, then start mocking them and
6 you have my full support. Ask them, please
7 resign in the interest of humanity of the
8 taxpayer. Thank you, have a good night.

9 MS. EVANS: Thank you.

10 MR. LEWIS: Good evening. I would
11 just like to again reiterate my opposition
12 to this million dollar transfer. As
13 Mr. Hughes has stated, it does not actually
14 cure the default, all it simply does is we
15 fill the reserve fund. I don't think it's
16 the appropriate thing to do.

17 MS. EVANS: Thank you.

18 MR. JACKOWITZ: Bill Jackowitz,
19 South Scranton. The supermajority still has
20 my confidence and, Mr. Hughes, I have my
21 confidence in you. I understand you're
22 caught between a rock and a hard spot and I
23 understand that I'm speaking to the choir
24 right now because I understand that you've
25 already have your minds made up. I disagree

1 with you, I think you should let the Parking
2 Authority sink because they never took any
3 swimming lessons, they have an incompetent
4 leader down there Mr. Scopelliti, they have
5 an incompetent board all appointed by
6 Mr. Doherty and they sunk this city.

7 And I understand, I really do, I
8 don't like it, I'll tell you right to your
9 face I don't think like it, but I understand
10 it, and I really wish you wouldn't do it,
11 but I know you are going to do it so God
12 bless you.

13 MS. EVANS: Thank you.

14 MR. SCHWARTZ: Again --

15 MS. EVANS: Actually, is it
16 Mr. Schwartz?

17 MR. SCHWARTZ: Um-hum.

18 MS. EVANS: I think we should keep
19 the public comment period to residents of
20 Scranton.

21 MR. SCHWARTZ: That's fine, I just
22 wanted to concur with your solicitor and add
23 one other point, but that's fine.

24 MS. EVANS: Thank you. Is there
25 anyone else?

1 MR. HUGHES: Madam president, I
2 don't know if I should go over there and
3 speak as a member of the public or a
4 citizen, but I just want to clear up one
5 thing, and I fully understand what the
6 public wants and council to request the
7 board to resign, and I think as it was aptly
8 put they wouldn't do that. However, by this
9 action and the action the council took two
10 weeks ago that what has happened is that
11 this board is going to be encapsulated when
12 the insurance company comes in and they get
13 a receiver appointed and they take charge of
14 the Parking Authority, so I believe the
15 letter would be superfluous, that the
16 actions the council has taken brought this
17 to light to the insurance company, it got
18 their attention. They had to idea that this
19 Parking Authority was in the financial
20 shambles it is.

21 As I have previously stated, the
22 revenues for this year are anticipated at \$3
23 million, their bond payments required under
24 the bond indentures are \$3.6 million. If
25 they didn't have any operating expenses, not

1 a dime for insurance, no payroll, nothing,
2 the City of Scranton is responsible for
3 \$600,000.

4 The bonding company is going to come
5 in, they are going to take it over, they are
6 going to have a receiver appointed, they are
7 going to make sure all of the revenues go to
8 pay the bond. And as a result, as I said
9 two weeks ago, this is a train wreck going
10 to happen. It's going to happen -- if it
11 didn't happen in June it was going to happen
12 in September, if it didn't happen in
13 September, and I didn't see how it could
14 because I asked Mr. Scopelliti directly,
15 "There is a bond payment coming up for a
16 million dollars on September 15, that's
17 three and a half months from now, how are
18 going to pay it?"

19 And he had no idea. So that it was
20 going to happen in September and if didn't
21 happen in September it was definitely going
22 to happen in December with another million
23 dollar bond payment, so that by the actions
24 that council took two weeks ago that what
25 happened is that it brought to light, you

1 know, the financial incompetence of the
2 Parking Authority and put it the light of --
3 showed the insurance company, the bonding
4 company, what the situation is, which
5 resulted in the default letters going out
6 last week by both the trustee and by the
7 bonding company -- or by the insurance
8 company.

9 So that, as I said before, it's 23
10 days and counting and there is no way they
11 are going to cure those five defaults within
12 23 days, so there is going to be a new game
13 in town within the next month.

14 MS. EVANS: Thank you.

15 MR. MCGOFF: Are we on the question?

16 MS. EVANS: Is there anyone else who
17 cares to address council? Now we are on the
18 question.

19 MR. MCGOFF: I just once again
20 reiterate my support for this is based on
21 the fact that I believe that by paying this
22 debt it gives us a greater opportunity to
23 move forward on the unfunded debt, on the
24 possibility of a TAN-B, that type of, you
25 know, further borrowing. The failure to

1 have paid this I think would have negated
2 any possibility of us getting a TAN, of us
3 getting unfunded debt, any further type of
4 borrowing, and so while it may not be the
5 best of the situations, I believe that at
6 least gives us a chance to move forward.

7 MR. ROGAN: I would just state what
8 I have stated since day one, when this was
9 first in front of city council for
10 introduction the first time around it was
11 introduced, I believe either four to one or
12 three to one that voted against it. The
13 first reading I voted against it, the second
14 reading, both times I was the only person
15 that voted against it. To my delight after
16 the caucus with Mr. Scopelliti and members
17 of the board, it was shot down three to one.
18 I finally felt a victory that Mr. Loscombe
19 and Mr. Joyce saw the incompetence right in
20 front of them, and I think we all did.

21 My question is what has changed with
22 the Authority other than a minor pay cut for
23 Mr. Scopelliti in this period of time? Bob
24 Scopelliti is still in charge, the board is
25 still intact, there hasn't been any changes.

1 Additionally, council still has not
2 been provided with the accurate figures that
3 Mr. Scopelliti promised. That day he sat
4 there after being drilled by every member --
5 most members of the council and Attorney
6 Hughes, and I asked him one question, "How
7 can council make an informed decision
8 without having accurate numbers?"

9 And again, all Mr. Scopelliti could
10 say was, "I understand, Mr. Rogan, we will
11 get them to you. I understand that, I
12 understand, I understand."

13 That's all he kept saying. That was
14 three weeks ago. These numbers have still
15 not been provided to city council. There
16 are so many questions regarding the Parking
17 Authority, expense accounts, excessive
18 spending, excessive borrowing. There is so
19 many questions that surround it that council
20 doesn't know everything that's going on
21 there, I don't think any one of us could say
22 we have a firm grasp on the situation of the
23 Parking Authority, and it's not our fault.
24 It's because the Authority has blocked
25 council from receiving any information. I

1 had to file a Right-to-Know request to find
2 out what expenditures were made out of their
3 expense account.

4 Like I said before, I look at the
5 Parking Authority as a giant snake, you have
6 to cut the head off the snake. The head is
7 Mr. Scopelliti and the board, and until they
8 are gone and it is placed to receivership I
9 will not support giving them a dime of
10 taxpayers' money, so I will be voting "no"
11 for the sixth time on this legislation.

12 MS. EVANS: And the only thing I
13 want to add very quickly is I can't look out
14 into in audience and I can't think of all of
15 the people I represent and all of the people
16 I have met over these nine years and say to
17 them, "Hey, another tax increase."

18 MR. ROGAN: Mrs. Evans --

19 MS. EVANS: They are looking at
20 right now at 78 percent. They are going to
21 be looking at more for the Supreme Court
22 awards. They are looking at unfunded debt
23 borrowing, tax increase. Maybe we ought to
24 just build it up to 200 percent and pay for
25 all of the cronies through everybody's

1 pockets. That money is there now. That's
2 current tax collections. I'm talking about
3 increasing taxes here. So everybody
4 understands that loud and clear, increasing
5 taxes, and I'm not going to let it happen to
6 the people of this city.

7 MR. ROGAN: Mrs. Evans, you are the
8 only one talking about increasing taxes.
9 The city has to pay the money regardless, we
10 all understand that. If the money is in an
11 account whether it be today, Saturday, three
12 months from now, if the money is not spent
13 there will be no tax increase.

14 Once it's placed in receivership I
15 would have absolutely no problem voting in
16 favor to pay this bill. No problem at all
17 once the incompetent leadership is gone.

18 MS. EVANS: Well, then --

19 MR. ROGAN: I hope it works out
20 eventually --

21 MS. EVANS: And I agree with the
22 idea we absolutely do, but I'm wondering if
23 maybe you'd do better to speak with the
24 attorneys than our attorney, because they
25 have been in constant contact and this is

1 what has to happen to make everything else
2 that we want to happen occur.

3 MR. ROGAN: The cost is the same
4 whether it's -- the cost is same.

5 MS. EVANS: Mr. Rogan, I think we
6 have said enough now. We can agree to
7 disagree.

8 MR. ROGAN: I want to keep
9 discussing this issue because I think it's
10 misinforming the public saying this is a
11 vote on a tax increase. It's absolutely
12 not. This is a bailout for the Parking
13 Authority.

14 MS. EVANS: Or you can -- or you can
15 consider it a bailout for the Parking
16 Authority or you can consider it a bailout
17 for the taxpayers of the city.

18 MR. ROGAN: It's the taxpayers'
19 money.

20 MS. EVANS: End of story.

21 MR. ROGAN: It's the taxpayers'
22 money.

23 MS. EVANS: Roll call, please?

24 MR. ROGAN: It's a million dollars
25 of taxpayers' money.

1 MS. CARRERA: Mr. McGoff.

2 MR. MCGOFF: Yes.

3 MS. CARRERA: Mr. Rogan.

4 MR. ROGAN: No.

5 MS. CARRERA: Mr. Loscombe.

6 MR. LOSCOMBE: Yes.

7 MS. CARRERA: Mr. Joyce.

8 MR. JOYCE: Yes.

9 MS. CARRERA: Mrs. Evans.

10 MS. EVANS: Yes. I now declare Item
11 7-A legally and lawfully adopted.

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

14 MR. JOYCE: Motion to adjourn.

15 MS. EVANS: This meeting is
16 adjourned.

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C E R T I F I C A T E

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes of testimony taken by me at the hearing of the above-captioned matter and that the foregoing is a true and correct transcript of the same to the best of my ability.

CATHENE S. NARDOZZI, RPR
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