

MINUTES
HAZLETON CITY COUNCIL
SPECIAL MEETING
FRIDAY, JANUARY 12, 2018

Call to Order: Council met for a Special meeting on Friday, January 12, 2018 in Council Chambers. The meeting was called to order at 6:00 p.m.

Silent Meditation and Pledge of Allegiance: A silent moment was taken followed by the Pledge of Allegiance.

Roll Call: Barletta-present; Colombo-absent; Mope-present; Perry-present; Gavio-present. Gavio stated Tony Colombo is absent from the city council meeting. He will be present via-conference call.

Minutes of Previous Meetings: None

Proclamations/Communications: None

Bid Opening: None.

Courtesy of the Floor: Mark Rabo, 8 West 1st Street, Hazleton, spoke of Ordinance 2018-2 - An Ordinance Providing for the Appropriation of Specific Amounts Estimated as Required for the Various Departments of the Government of the City of Hazleton, Luzerne County, Pennsylvania for and during the Fiscal Year, Dating from January 1, 2018 and Ending December 31, 2018. He said it should include the vacant property registration fee. Rabo said if it includes any increase for the Code Enforcement Department, it should include this fee. He suggested the permit officer perform this duty. Rabo also suggested the airport manager looking into any updated airport fees for generating revenue for the city. He said also looking into capital projects for more income for the city. He agreed with Mope and Barletta into cost-saving measures done with the revenue that would come into effect. Rabo said the city needs to look into money owed before increasing taxes.

Grace Cuozzo, 948 James Street, Hazleton, spoke of the 2018 City of Hazleton budget. Cuozzo referenced to page 36. She said there was \$1,339.867 transferred to the cash balance carryover. She said, according to Tom Pribula, city administrator, there was a balance of \$1,800.000 on December 27, 2017. She asked how the city borrowed \$1,500.000. Cuozzo asked where the missing money is. She said there is \$500,000 unaccounted for. Gavio said he spoke with Pribula and will look into this. He said he has a list of the expenditures. Cuozzo asked what the millage increase will be. Gavio said the current millage is 4.51. He said the proposed millage would be a 1.27 increase. He said the final millage would be 5.78. Gavio said there would be a 28% increase in taxes. He said the average homeowner would pay \$67.00/year. He said a home assessed at \$100,000 would pay approximately \$127.00/year in taxes.

Old Business:

ORDINANCES

None

RESOLUTIONS

None

New Business:

ORDINANCES

Budget Ordinance 2018-2 An Ordinance Providing for the Appropriation of Specific Amounts Estimated as Required for the Various Departments of the Government of the City of Hazleton Luzerne County, Pennsylvania for and during the Fiscal Year, Dating from January 1, 2018 and Ending December 31, 2018 (**1st READING**)

Presented by Gavio. Seconded by Perry.

On the Question:

Barletta read a letter received from Gerald Cross, Executive Director of the Economy League, regarding the 2018 budget. The letter states- “ I am writing to you, as coordinator-appointed, under the Municipality Financial Recovery Act, commonly known as ACT 47. Since our appointment, we have been reviewing the city finances, operations, and procedures in preparation for a recovery plan for the city. The recovery plan will contain recommendations, across all departments, in order to balance the budget, avoid future deficits, and maintain current payments of debt, payroll, and benefits and avoid a fiscal emergency in the future. Prior to our submission of a recovery plan to the city, we continue to advise the city to carefully consider, and when possible, not provide any increases to current employees, benefits, pensions, personnel expenses, or any other city expenditures not presently budgeted. Please contact me with any other further questions”. She said there are non-contractual raises included in the 2018 budget. She said there are some new hires and city expenditures included in the budget. She said the administration is not following PEL’s recommendations. She said at the January 10, 2018 work session meeting, she looked for any concessions, but said not even \$1 dollar was given up. She stated all transfers need to come in front of council. Barletta said that is why she voted to bring back the budget to give council more time to work on this.

Mope said she suggested council vote on an override. She said council had a hard time getting information from city hall due to the boiler installation. Mope stated by approving the override, this would take away the sale of the sewer and water authorities. She said according to the current budget, she said this has a possibility of “failing”. Mope said the taxpayers voted council to their seats. She said her purpose for the special meetings was to vote on an override of the mayor’s veto. She also noted the balance stated, in Pribula’s email, was \$1,800,000, but the carry

over balance on the budget is \$1,339,867. She said she was in favor for the sale of the delinquent taxes. She said there will be a vote on the budget at this meeting.

Perry said PEL stated that the budget the city decides on is the administrations and council's final budget. He said PEL would not interfere. He said the 28% tax increase is fair. He said there has not been any increase in four years. Perry stated, in the 2012 PEL report, the general fund would require 1.8 mills through 2016. He said there has been a 0 increase in millage. He said if a tax increase was done, in small increments over the years, this would have avoided the city being under PEL's direction. He said this is why the city is in this current financial situation. He said neither city administration nor council "took control" of the problem. He said the common goal is for council to work with administration. Perry said the city needs to get out of ACT 47 and move forward. Perry stated expenses are "going up".

Mope stated PEL suggested the city sell the tax delinquents. She said this did not occur in 2017 and this is why the city "is in the hole". She said she has been on city council six years. She said this is the first time council was notified of a transfer. Mope said there needs to be "transparency". She said council, over the past few years, worked "miracles" not to increase resident's taxes. She said the city residents do not receive an increase in their paychecks. She stated there are municipalities where it is "cheaper" to live or start a business, such as a mercantile tax in the city where other cities, i.e. West Hazleton, do not have this tax.. She said the city is "bound" by the minimum pay rate. Mope stated jobs in the area, including temporary positions, do not include health insurance benefits. She said this is why the city residents do not have the extra money to repair their homes and are dilapidated. She said this is why council "held the line" in raising taxes to stop the migration out of the city. Mope said the other communities did not lose their equity, in the residents homes, as Hazleton did. Mope stated the assessment value on the resident's homes is much higher than they can sell their house for. She said council works hard for the people.

Perry asked Mayor Cusat how much money was collected, in 2017, in delinquent taxes. He stated \$246,000 was collected. Mayor Cusat stated in 2014, there was \$703,000 worth of delinquent taxes. He said the city saw \$465,000. In 2015, there was \$760,000. The city saw \$443,000. In 2016, there was \$806,000. The city saw \$428,000. Mayor Cusat said he does not see how it could be a good deal. He said, currently, there is an additional \$693,127 worth of outstanding delinquent taxes. He said there is already \$470,000 built into the budget. He said it will be "unrealistic" to collect. He said, with this proposal, it goes up to \$570,000. Mayor Cusat said if the budget is not passed or vetoed, it will not go back to his spending plan. He said there will be no sale or lease of the sewer or water authorities. He said this is the responsibility of city council. He said the current year-to-date report states there is \$120,000 in the account. He said the "other" money was deposited into the pension account. He said the \$1,500,000 borrowed, from the ACT 205 account, is not the pension account. Mope said there was a payment already made on December 27th. She said the balance on that date was \$1,800,000. She said the balance now is \$1,300,000.

Mayor Cusat said the recommendation letter from PEL states the city should not include an item not budgeted in the 2018 proposal. Cusat said the budget he released included a 3% raise but lowered this to 2%. Mayor Cusat said the police department has not received a raise in two

years. He said the Hazleton Police Chief deserves a raise and does not cost the city health insurance. He said the total 2% increase in raises is a total of \$6,200 with \$1,400 going towards his salary. Barletta agreed with Mayor Cusat in giving employees raises. She said there needs to be concessions. She said the city is currently a distressed city. She said the Code Department is increasing their employees in 2018. Mayor Cusat said city hall employees have not received a raise in two years. Mope asked why Mayor Cusat did not negotiate a contract with the union. Mayor Cusat said the union has not contacted him since December 27, 2016. Mayor Cusat said the police officers have not received a raise since 2016. Mayor Cusat said the years 2016, 2017 & 2018 are currently in arbitration. Mope said Mayor Cusat made an arbitration with the union for the cost of living increases. Mayor Cusat said there was a “great” deal put in front of council which was voted down. Gavio said he agrees the city hall office workers are “under paid”. Mayor Cusat said administration had a “great deal” with the police department with a 7-step deal. Mope said there was a raise, made by Mayor Cusat, in the EIT tax. Mope said the mayor wanted to remove the word “maximum”. Mope said, in 2016, the city was at its maximum. She said by changing the ordinance, in 2016, raising the EIT tax, this is when the cost of living “came up”. She said this is when the “big concern” was with the police department and city council. She said council was not able to raise the EIT tax. Mayor Cusat said, in early 2017, the first deal brought to council was denied.

Police Office Ken Zipovsky said he does not “remember” this being presented to council. Zipovsky said there were “things” talked about prior to arbitration. Mayor Cusat said the first deal, brought to council, was rejected. Perry asked if this is when the police officers were going to work 12-hour shifts. Gavio said there was a deal which included a 7-year tier system with an increase and 12-hour shift work. Gavio said it was not presented to council but was in arbitration. Mope said council never voted on this; it “went” to arbitration. Colombo said the 28% tax increase is fair to the city residents. He said the city needs to move forward and city council and administration should put the citizens first. Gavio said it is “pain -staking” to institute a tax increase. He said every employee deserves a cost-of-living raise. He said the sale of the sewer and water authorities is “off the table”. He said the residents do not need another 46% tax increase. Gavio said there is a major increase in the population. He said this increases police and fire protection, street maintenance, and code enforcement requests.

Roll Call: Barletta-no; Colombo-yes; Mope-no; Perry-yes; Gavio-yes

ORDINANCE PASSES 3-2 ON 1st READING

RESOLUTIONS

None

Comments from the Audience: David Sosar, 338 West 2nd Street, Hazleton, said he knows the values of the homes in the city. He said his home is appraised more than he could sell it for. He said PEL has already asked the city to “tighten their belt”. He asked the city administration if they have done this. He said he knows the time it takes to prepare a budget. He said the

taxpayers will not be content until the administration controls their spending. He asked if the current budget is posted. City council clerk, Eileen Matenkoski, said the current proposed budget will be posted after the 1st reading. The previous budget is currently posted. Gavio said there are 20-days for public viewing. Sosar said council and administration need to do what is best for the citizens.

Mark Rabo, 8 West 1st Street, Hazleton, said legal opinions are different from a court order. He said he has a problem when a lawyer writes an opinion which conflicts with state law. Rabo said a recent PEL report, Communities in Crisis, explains the ACT 47 distressed municipalities. He said it states Hazleton is the second most impoverished third-class city in Pennsylvania. He said Reading is the first. He asked why the city would raise the salaries to go above what the taxpayer can afford. Rabo said the city needs to bring in small businesses and working professionals to build the tax base. He said there should not be a “tax and spending” regimen in the city.

Maureen Moser, 542 North Locust Street, Hazleton, said most of the seniors are living on one income. She said the city residents are not receiving the assessed value of their homes. She said the streets have not been repaired in many years.

Comments from Mayor: None

Comments from Junior Council: None.

Comments from Council: Colombo thanked Gavio for letting him perform a telephone vote. He said the city needs to move forward.

Adjournment: Gavio motioned to adjourn the meeting.