

## MINUTES

### HAZLETON CITY COUNCIL

#### WORK SESSION

WEDNESDAY, SEPTEMBER 26, 2018

Council met for a work session on Wednesday, September 26, 2018 in Council Chambers. The work session began at 6:30 p.m.

In attendance were City Council President Bob Gavio, Vice-President Allison Barletta, Anthony Colombo, and James Perry.

Gavio spoke of the Rental Registration Ordinance. He said a letter sent to Atty. Chris Slusser stated the ordinance was illegal. He asked Mayor Cusat and Atty. Logsdon if they looked into this. Mayor Cusat said there was no paperwork filed, but the City was being threatened to be sued. Mayor Cusat said he wanted to split the registration and inspection into two separate ordinances. Barletta asked Atty. Logsdon if this ordinance can be split. Atty. Logsdon said council, in 2014, was asking Atty. Slusser to split the Rental Registration ordinance. Atty. Logsdon said he will look into this. Gavio asked if this should be two separate ordinances. Mayor Cusat said the City is currently enforcing this now. Gavio asked if a resident has a half-double home, but no one rents the house, is this a rental property. Mayor Cusat stated it is considered a rental property. He said it is either considered a rental or vacant property. He said it is either \$25.00 to register the rental property, or \$200.000 to register as a vacant property. Mayor Cusat said if the property is owned, then no fee is required. He said the only exemption is the \$75.00 inspection fee. Gavio said this does not seem fair. Mayor Cusat said the ordinance states, "let to live", and is defined in the ordinance.

Atty. Logsdon asked if there should be an exception put into the ordinance. Mayor Cusat said the business license notices will be going out by October 1<sup>st</sup>, 2018. Perry said the question is whether the two ordinances need to be separated. Mayor Cusat said this was created before the Vacant Property Ordinance in 2016. He said every property has to be owner occupied, non-owner occupied or vacant. Mayor Cusat said a resident can only own one residence in the city. He said a resident cannot have two residences in the same city. Atty. Logsdon stated there can only be one domicile. Mayor Cusat said he is reviewing other cities Rental Registration Ordinances. He said there are about 300 registrations to be performed in the city, but not enough staff to do them.

Barletta spoke of Ordinance 2018-35- An Ordinance Authorizing the Vacation of the Remaining Portion of "C" Court, North of Berner Avenue, South of Carleton Avenue, East of Mill Street, and West of East Street, for a Distance of Approximately 30 Feet in the City of Hazleton. She asked Atty. Logsdon if everything is good with this ordinance. This ordinance was reviewed at the September 12, 2018 WORK SESSION meeting. Atty. Logsdon asked anyone if there is litigation going on concerning this area. Gavio stated no. Atty. Logsdon stated the City is not trying to transfer a deed to this property. He said the City is acknowledging they did not open it or use it within the last 21 years. He said he is not sure if the current city council can verify this. He said he is not sure if a resolution or ordinance is needed to make a proclamation that the city did not open this street in 21 years. He said there may be a quiet title action taken. He said the City will not give ownership up this way. Mayor Cusat said the City can give up their ownership, but the residents cannot give up their rights. The City can give this to the residents, but the City would need to get an affidavit from every citizen that they will not use the property. He said this was done, in the past, by an ordinance. Mayor Cusat said there are currently 6-7 courts, in the City, in a similar situation, that residents want to claim. He said they cannot take ownership without going through a lawyer to obtain a title. Atty. Logsdon said there are a lot of paper streets, in the City, that were plotted out and in developments in the city. He said the City can help residents obtaining the public right to use the street. He said the law states there is a private easement right for the citizen to use the paper

street. Atty. Logsdon stated he will talk to Mayor Cusat about this. He said he will get this ordinance back on the agenda. He said he wants to confirm if there is any litigation.

Barletta spoke of the budget draft of 2019. Dan Lynch forwarded a copy of the preliminary 2019 budget draft to the city clerk and to the Pennsylvania Economy League. This was sent to all city council members with copies given to them. He said this version does not include a real estate tax increase. He said it does have proposed revenue items included. Lynch stated council can contact him at any time with any questions. He said there is a lot being "exacerbated" with the delay of the EIT tax increase not being confirmed with the Luzerne County judge. He said the city has been carrying a deficit Lynch said with the \$850,000 loan, in 2017, there still was a \$40,000 deficit. He said as of 12/31/2017, accounts payable was at \$342,000. He said the City did not make its last payroll. He said at that time, there was \$20,000 in the bank. He said the taxes due on that payroll were made with revenues from 2019. He said payables for workers compensation was \$102,000. He said the deficit is on-going. He said the City, currently, is in a cash crunch to the general fund. He said the 2018 revenue & expenses was not carrying a deficit. He said there is \$300,000 still due back to the ACT 205 account. He said the City is still discussing the option of unfunded borrowing for debt reduction. Lynch stated he would not recommend using unfunded debt. He said using the unfunded debt would be the way to amortize the city's deficit. Lynch stated the median bank property value, in the City, is \$75,000 with a \$438.00 tax bill. He said \$100.00 of the taxes would go towards debt reduction. He said the other alternative is to raise taxes to erase the deficit. He said once erasing the deficit, going into 2020, and raising taxes will cover normal cost increases. He also stated the City could start a capital fund and start building a fund balance.

Perry asked if the EIT tax increase can be transferred back to the ACT 205 fund. Lynch said the City would not have to. He said it would balance the debt reduction. Lynch said there is a sizable structural deficit in the pension fund. He said the City took a 25% deferral, not a discount, on the MMO.

Lynch said one of the three proposed plans needs to be done sooner than later. Mayor Cusat said if the borrowing is not done before December, 2018, then there will be a tax increase. Lynch stated the budget needs to be balanced. He said PEL has suggested the City needs to hire a Health Officer. Lynch said there needs to be openness, transparency, education and communication for all.

Mayor Cusat said the unfunded debt borrowing needs to start now with a minimum of 90 days for approval. Lynch said the amount the City needs is between \$600,000- \$650,000. He said the revenue initiatives- raising taxes would increase mills to .621. He said this would be an increase of 10-17%. Atty. Logsdon said he is waiting for an order, from the judge, for the confirmation to increase the EIT tax.

Barletta asked if the City would get more from the auditing of the mercantile tax. Mayor Cusat said the revenue should not be included in the 2019 draft budget. He said he is looking at how many businesses are in the City. He said there are a lot of businesses that do not do business. He said switching over to the business privilege tax must match the mercantile tax. He said it would be beneficial to get the mercantile tax to 800-900.

Lynch stated the ACT 47 Plan keeps the City at \$0. He said increasing taxes would alleviate the burden.

Mayor Cusat said if the City goes with the unfunded debt, it will be hard to meet the 90-day deadline. He said it also needs to go to court to petition a judge. Mayor Cusat said the judge may deny the request. Barletta asked if an ordinance is needed if administration decides on the unfunded debt. Mayor Cusat stated an RFP can be put out. Lynch said he will check with DCED regulations on unfunded debt. Lynch said if it is a loan, the process needs to start soon. Colombo stated the tax burden cannot always be on the city's residents.

Barletta asked if there were any budget cuts. Lynch said this version is reflecting the actuals. He said the actual excel sheet goes back several years. He said non-employee expenses can only be controlled

so much. He said there would need to be significant reductions in personnel. He said 87% of the costs are personnel. Lynch stated the problem lies with the City not raising taxes within the last five years.

Mayor Cusat said if three things are taken out of the budget, the City would need close to \$1,000,000. Lynch said if three things were taken out, under the ACT 47 Plan, then the City would need to raise real estate taxes. He said the City would need to do unfunded debt borrowing to balance the budget. He said this is needed to pay the deficit down. Lynch said he is willing to have workshops on the budget.

Barletta asked Police Chief Jerry Speziale regarding parking spaces. Barletta said she is looking at all options. Speziale said he has dealt with permit parking issues, handicapped, and loading zone spaces. He said these are geared towards special businesses. Mayor Cusat said these parking spots do not help in residential areas. Speziale said it is a public safety issue. Barletta stated it may be hurting the City by jeopardizing the safety of the residents. Gavio said handicapped signs are often taken down. He stated he is all for more revenue. Mayor Cusat said the residents are paying to have a "luxury" of a parking spot. Mayor Cusat said the residents pay for a permit that is 22 feet-wide for their parking space.

Atty. Logsdon stated Wilkes-Barre has residential permit parking. Mayor Cusat said the City's parking meters are controlled by the City of Hazleton.

Atty. Sean Logsdon spoke of the UCC Codes Ordinance. He said he has spoken with Charles Pedri. He said the oil derricks statement needs to be taken out, and this has been removed from the ordinance. He said this ordinance will be sent back to Brian Mandak and Charles Pedri for their final review. Atty. Logsdon stated he wants to get it back on the city council agenda. Mayor Cusat said Mr. Mandak stated some of the items were a little vague.

Gavio adjourned the meeting at 7:15 p.m.