

CITY OF WILKES-BARRE
PENNSYLVANIA



CITY COUNCIL AGENDA

CITY COUNCIL

MARCH 30, 2017

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENTATION AND DISCUSSION OF PFM'S EARLY INTERVENTION
PROGRAM, MENU OF OPTIONS

PRESENTATIONS BY COUNCIL MEMBERS

PUBLIC DISCUSSION

ADJOURNMENT

CITY COUNCIL

MARCH 30, 2017

The City Council of the City of Wilkes-Barre met in Special Session on March 30, 2017 at 6:00 p.m., in City Council Chambers, City Hall, Wilkes-Barre, Pennsylvania for the sole purpose of a presentation and discussion of PFM's Early Intervention Program, Menu of Options.

The meeting was organized with Chairperson Beth Gilbert in the Chair.

The Pledge of Allegiance to the Flag was given.

Roll Call:

Barrett	- present
Belusko	- present
Merritt	- present
Brooks, Vice Chairperson	- present
Gilbert, Chairperson	- present

Also present:

Tony George, Mayor
Darren Snyder, Controller
Ted Wampole, Administrator
Nicole Ference, Human Resources Director
Butch Frati, Director of Operations
Tim Henry, Deputy Administrator/City Attorney
Brett Kittrick, Finance Director
Cathy Payne, Assistant City Clerk
Jim Ryan, City Clerk
Lisa Sanfilippo, Administrative Assistant
Joyce Zaykowski, Capital Project Program Manager

City Clerk Jim Ryan read a statement relative to Council's rules and procedures.

Gordon Mann, PFM, appeared before Council to give a presentation on the city's financial future, the Early Intervention Program and the menu of options.

Mr. Belusko said he would like to hear from the Administration on what there plan is moving forward.

Mr. Belusko said that he thinks that the restructuring needs to be addressed.

Mr. Merritt asked if the proceeds from the Northeastern Bank sale are included in the presentation numbers for this year.

Mr. Wampole said that the sale hasn't been realized yet.

Mr. Brooks stated that it appears the city is trapped by state law with the pensions and collective bargaining.

Mr. Mann agreed with Mr. Brooks. He said the city does not have a lot of flexibility on the revenue side. If the city wanted to do a lower real estate tax or sales tax you are blocked from doing that. The city also can't do a commuter tax other than what is allowed by law. On the expenditure side, the city is locked into providing certain things.

Mr. Brooks asked Mr. Mann to provide him with a list of success stories in the State of Pennsylvania and the time frame in which they have been turned around.

Ms. Gilbert said that Council received word that the city was given grants for Solomon Creek. She asked if that changes any of the projections.

Mr. Mann said it will depend on what the grants are for. He said what the grant does, it takes the amount the city has to borrow and shrinks it. The grant should lower the amount a little bit that the city has to borrow, but in his projects he said he is not showing the city borrowing any money for Solomon Creek.

Ms. Gilbert asked if there is any indication what impact the debt restructuring would have on the city's credit rating.

Mr. Mann said the credit rating impacts the debt. The credit rating says how credit worthy the city is. The city gets that first and then you do the restructuring. They would come back to it overtime and reevaluate it. He said (guessing) that it would probably help the city a bit, because one of the measures they look at is how much of the money the city collects this year are you spending on debt (debt to operating ratio).

Ms. Gilbert asked the Administration why City Council has just been made aware of these financial issues.

Mayor George replied that in January of 2016, when he first got elected, he said the budget that was adopted was fictitious. He said he asked for a tax increase, because we were distressed then. He pointed out that Ms. Gilbert voted no for the tax increase.

Mayor George added that for the four years he was on Council, he complained about the way the previous Administration was refinancing every two years.

Ms. Gilbert said she is concerned because there has always been a balanced budget in the past and now all of a sudden we are at a point where we are in the red and

our credit rating may go down. She said that she is concerned about what impact some of these solutions will have.

Mr. Barrett mentioned that he has been a component of actively looking at the county assessment numbers. He said our assessment numbers are out of whack in a lot of cases. He said he hopes the Administration will look into it.

Mr. Wampole said the Administration agrees with Mr. Barrett. He said it is something they started looking at awhile ago. He said they have had conversations with the County Manager Dave Pedri about getting into the initial discussions to see what it would like.

PUBLIC DISCUSSION

Cynthia Sipple, Wilkes-Barre, PA appeared before Council relative to a permit based refuse collection twice a year.

John Suchoski, Wilkes-Barre, PA appeared before Council relative to Solomon Creek, property tax increase and Act 47.

Bob Kadluboski, Wilkes-Barre, PA appeared before Council relative to the prior Administration, union raises, Mayor and Council's salaries and healthcare, PFM and private financing.

Mayor George told Mr. Kadluboski that the city is in negotiations with all three unions and in arbitration this week with the firefighters.

Mayor George said he would propose a Resolution that no elected official receive a pension.

Ms. Gilbert said that past Council members tried to get out of the pension, but they were told by the State that they had to contribute.

Mr. Snyder asked Mr. Mann to clarify what Act 47 is and what the ramifications would be if we can't come to an agreement, at what point the city would be forced to go into Act 47 and what laws does that entail to benefit the city.

Mr. Mann explained that you don't get into Act 47 automatically. The process is that someone files a petition (Mayor, Council, 10% of electorate), DCED comes in with a list of about 13 things and they run through the checklist. The 13 things are broken down into two categories, one is you've missed a pension payment or you've missed a payroll, which the city hasn't done, but if you don't deal with the cash issue next year you probably will. So if you want to stay out of Act 47, addressing that cash issue is absolutely imperative. The other category is if you had "x" percent deficit over "y" years. The City would have to be able to check off one of the 13 items to be eligible. So say the city goes through the process and ends up in Act 47. There are three benefits that city

government gets tangibly. The first one is you get priority consideration for grants, but there are twenty other cities in Act 47, so you wouldn't be alone at the top of the list. You would have the ability under Act 47 to levee the commuter tax for a limited amount of time and any tax increase you do on your commuters you have to do on your residents. It does give you the ability temporarily, for as long as you are in Act 47, to expand your tax base. Act 47 changes the nature of collective bargaining.

Mr. Brooks asked if there is something after Act 47.

Mr. Mann said if the city enters Act 47 and doesn't follow the plan you are subject to enter into receivership and that takes a lot of the power away from the elected officials. There is still a City Council and the Mayor still runs things on a day to day basis. Receivership would have an effect on budgeting, collective bargaining and debt issuance. The power moves to a receiver, which is a person appointed by the Governor. If you do get out of receivership you move back into Act 47.

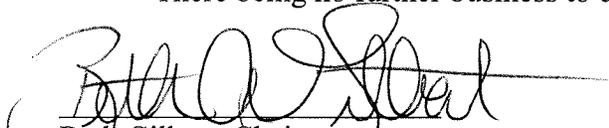
Mr. Kadluboski asked Mr. Mann to explain what he said about the petition and electorate.

Mr. Mann said that one of the parties that has standing to trigger the start of the process is 10% of the electorate in the last Gubernatorial election.

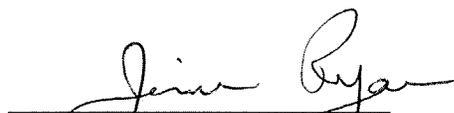
Mr. Ryan made the following statement:

As an officer of the city and a long time taxpayer, I just want to say a couple of things. First of all I agree with Mike Belusko, this did not happen overnight. It is an accumulation of many factors as our PFM representative said. It is not the fault of any one person. It bears restating, as Mike did, that there was nothing in the city coffeers when the previous Mayor took over, for many reasons. That's not to blame anyone. This is a very complicated situation. Many cities have been, continue to be and will be in this situation. It is not productive to play the name game, which we have played a little bit here tonight. The bottom line is we just need to move forward and work together and do what it takes to get where we need to be.

There being no further business to discuss the meeting adjourned at 7:36 p.m.


Beth Gilbert, Chairperson

ATTEST:


Jim Ryan, City Clerk