

STATED MEETING - CITY COUNCIL – OCTOBER 25, 2016

A meeting of the Lancaster City Council was held on Tuesday, October 25, 2016 in Council Chambers, 120 North Duke Street, (Rear Annex) Lancaster, PA, at 7:30 p.m., with President Graupera presiding.

The Council led the assembly in the Pledge of Allegiance.

Present – Mr. Reichenbach, Mr. Roschel, Ms. Sorace, Mr. Soto, Ms. Williams and Ms. Wilson and President Graupera – 7

The minutes of the meeting of Council for October 11, 2016 were approved by a roll-call vote. Mr. Reichenbach abstained.

PUBLIC COMMENT

Arthur E. Morris, 434 West Chestnut Street, addressed City Council's vote on October 11 to approve the redevelopment proposal for 14, 16 and 18 East King Street, for the expansion of the Lancaster Marriott at Penn Square hotel.

Mr. Morris said he wanted to take the opportunity to make additional comments regarding City Council's decision to allow the redevelopment and accept the payment-in-lieu-of-taxes plan which was submitted by the Redevelopment Authority. He contended the existing Marriott hotel, which opened in 2009, will reap the benefits of \$44 million in tax forgiveness due to it being tax exempt until it will likely be placed on the tax rolls in 2029. That project received \$12 million in tax subsidies for construction and does not pay taxes to the Downtown Investment District. Further, the existing tower benefits from the lease of 21,000 square-feet of meeting space constructed by the Lancaster County Convention Center Authority and for which Penn Square Partners pays only \$1 per year.

Mr. Morris contended those benefits should have been taken into consideration when granting additional concessions for construction of the second hotel tower.

He faulted Council for accepting a deal in which the projected revenues are not guaranteed. He contended Council members had gambled in accepting the proposal and he did not believe they should have done so.

REPORTS REQUESTED BY COUNCIL

REPORT OF THE CENTRAL MARKET TRUST – Valerie Moul, chair of the Central Market Trust, updated Council members on the status of the market. She particularly highlighted the finances of the market since 2003, when the Central Market master plan was developed. Expenses in 2003 were \$264,501, while revenue was \$187,227. That resulted in a needed City subsidy of \$77,224. This year, expenses at the market were \$379,026, while revenues were \$380,469, eliminating the need for a City subsidy.

Ms. Moul praised the City Public Works Director Charlotte Katzenmoyer, City Health Inspector Kim Wissler, and Dave Schaffhauser and his City building maintenance staff for support for the market.

She maintained the market's 64 stands support many more businesses, for a total of more than 150 family farms and small businesses. A Franklin & Marshall College study found that Central Market stands donate more than 10 tons of food each year to local charities for the needy. The study also found that market attracts 16,440 shoppers per week. About half of those shoppers are from outside the City.

Ms. Moul said that one major upgrade remains to be done following the major renovation of market completed in 2011. That is replacement of the leaking asphalt shingle roof with slate shingles. A short video presentation about the "Raise the Roof" capital campaign was shown. The capital campaign officially begins November 4. She asked for Council's support for the effort.

INTERIM REPORTS OF COMMITTEES OF COUNCIL

ECONOMIC DEVELOPMENT AND NEIGHBORHOOD REVITALIZATION COMMITTEE

– Mr. Reichenbach invited Randy Patterson to share recent developments with the City Revitalization & Improvement Zone law and its impact on Lancaster.

Mr. Patterson explained that recent amendments to the law changed the way the tax increment distributed to the City is calculated by the state Department of Revenue. Last year, Lancaster received \$2,800 from the program. Changes in calculation will allow the City to receive \$3.4 million this year. The result is increased confidence of lending institutions in financing for projects in the district. Mr. Patterson said one new project has already come forward for development in the district and he predicted that more will come forward in coming months.

LEGISLATIVE AGENDA

City Council considered the following applications and recommendations from the Historical Commission for improvements to properties within the Heritage Conservation District:

1. Marotta Main Realty, LC, owner of 214 North Duke Street, proposes reconstruction of the façade of a commercial building.
2. Darren and Lauren Finn, owners of 504 Race Avenue, proposes construction of new mudroom addition on the house's rear elevation.

(Both applications were recommended for approval by the Historical Commission.)

Mr. Reichenbach made a motion to accept the Historical Commission recommendations. Mr. Soto seconded the motion.

Council approved the recommendations by a unanimous roll-call vote.

ORDINANCES FOR FINAL PASSAGE

Administration Bill No. 11-2016, (the title) was read by the City Clerk as follows:

An ordinance of the Council of the City of Lancaster, Lancaster County, Pennsylvania, amending the Code of the City of Lancaster, Lancaster County, Pennsylvania, Chapter 285 to designate the Parking Authority of the City of Lancaster and its employees and designees as parking enforcement officers and to increase the fines for Overtime Parking – No Meter, No Parking – Loading Zone, Meter Violation, and Street Cleaning; providing for the repeal of inconsistent ordinances; providing for the severability of the ordinance; and providing that the ordinance shall take effect in accordance with Pennsylvania law.

Ms. Sorace made a motion to table Bill No. 11 until the required legal notice has been published. That notice will be published on November 1, 2016. Further, she added to her motion that the bill be added to the agenda of the City Council meeting of November 9, 2016.

Mr. Reichenbach seconded the motion to table the bill until the November 9 meeting.

Council approved the motion by a unanimous roll-call vote.

Administration Bill No. 12-2016, (the title) was read by the City Clerk as follows:

An ordinance authorizing the incurrence of lease rental debt in the maximum principal amount of \$9,550,000 in connection with the guaranty by the City of the Guaranteed Parking Revenue Bonds being issued by the Parking Authority of the City of Lancaster, and authorizing the officials of the City to take all appropriate action in connection therewith.

Ms. Sorace made a motion to approve the bill. Mr. Reichenbach seconded the motion.

Ms. Sorace said the refinancing of 2007 bonds by the Lancaster Parking Authority will result in a lower interest rate which will allow for savings of \$943,000 over the life of the new bonds. The City will continue to guarantee the Parking Authority debt, which is self-liquidating based on garage parking fees. The City's risk exposure is reduced by \$10 million by this transaction. She said this action will be good for the Parking Authority and good for the City.

City Council approved Administration Bill No. 12-2016 by a unanimous roll-call vote. It will hereafter be known as Administrative Ordinance No. 13-2016.

Administration Bill No. 13-2016, (the title) was read by the City Clerk as follows:

An ordinance authorizing the incurrence of non-electoral debt of the City of Lancaster, Lancaster County, Pennsylvania, by the issuance of \$_____ principal amount of General Obligation Bonds, Series A of 2016; issued for the purpose of providing funds for the acquisition, construction, equipping and furnishing of various City facilities and infrastructure, paying capitalized interest on the bonds and paying the costs of issuing and insuring the bonds; determining to sell the series a of 2016A bonds (the "2016A bonds") at a private sale by invitation; approving the form of the 2016A bonds; fixing the number, date, interest rates and maturities of the 2016A bonds; making a covenant for the payment

of the debt service on the 2016A bonds; pledging the full faith, credit and taxing power of this City in support of such bonds; providing for the filing of required documents; providing for the appointment of a sinking fund depositary for the 2016A bonds; and authorizing execution, sale and delivery thereof, and other necessary action.

Ms. Sorace made a motion to approve the bill. Mr. Reichenbach seconded the motion.

Ms. Sorace said the bond issue is primarily for the consolidation of three facilities into a new Operations Center for the Public Works department, which will be constructed at a cost of \$7.2 million.

Additionally, the City has the opportunity to purchase 3,462 PPL streetlamps. Purchase of the streetlamps by the City is expected to reduce the City's electrical costs by \$450,000 annually. The purchase is also expected to improve the response time to streetlight outages by using City staff to provide maintenance. Purchase of the lights is expected to cost \$3.5 million. That will be repaid by the savings of electrical costs.

The third project is \$2.5 million for parks improvements at Farnum, Long's and Reservoir parks and elsewhere.

The fourth project is \$3 million for the on-going replacement of sidewalk curb ramps to comply with the federal Americans with Disabilities Act.

The last project is \$250,000 for matching grant to replace the 40-year-old asphalt shingle roof on the Central Market building with a slate shingle roof. A fundraising campaign will soon start for that \$1.25 million project.

Patrick Hopkins, City Administrative Services director, related that Moody's Investor Service last week had reaffirmed the City A1 bond rating. In doing so, Moody's removed the "negative outlook" which had been included with the last bond rating. Typically, a favorable bond rating leads to lower interest rates on bonds.

Mr. Hopkins then related that an online auction had been held that morning. Six total bidders made 27 bids in the 17 ½ minute auction. Bids ranged from 3.44 percent to the bid with the lowest interest cost – 2.96 percent – made by Janney Montgomery Scott. That number is significantly below the 3.15 percent used in earlier estimates. That results in savings of \$25,000 annually over estimates. With the low interest rate, the bond financing will cost the City about \$225,000 annually in debt service payments.

Mayor Gray remarked that he personally opposed borrowing money. Yet, he saw the need in investing in infrastructure. The projects being funded by this bond issue had to be vital, had to be cost-saving and they had to result in real, long-term improvement.

He also praised Mr. Hopkins for his financial stewardship, which has provided Lancaster with the highest bond rating of any city in Pennsylvania.

Ms. Sorace then read the following amendment into the record:

Bond counsel has provided each of us with a black-lined version of the Ordinance authorizing and directing the issuance of the General Obligation Bonds, Series A of 2016 in an original

principal amount equal to \$11,560,000. Such Ordinance was introduced as Administrative Bill No.13-2016 before this Council on October 11, 2016.

I hereby move to amend the Ordinance labeled Administration Bill 13-2016 to include the additions, deletions and other changes referenced on such black-lined version of the Ordinance, which will be re-worded with the minutes of this meeting and which can be summarized as follows:

- * In the fourth line of the caption, deleting “\$ _____” and replacing it with “\$11,560,000”;*
- * In the second Whereas clause, adding “as listed on Exhibit “A” for the completion date of the Project;*
- * In the third Whereas clause, inserting the amount of “Eleven Million Five Hundred and Sixty Thousand Dollars (\$11,560,000)” as the amount of bonds to be authorized for issuance;*
- * In the fifth Whereas clause, deleting the first reference to “\$ _____” and replacing it with “\$282,240.47” as the approximate amount of costs of issuance and deleting the second reference to “\$ _____” and replacing it with “\$12,150,850.01” as the total funds required;*
- * Inserting into the sixth Whereas clause, \$11,560,000 as the aggregate principal amount of 2016A Bonds to be issued;*
- * Inserting into the seventh Whereas clause, the name Janney Montgomery Scott, LLC as the Purchaser ;*
- * in Section 1 of the Ordinance, deleting the amount of “\$ _____” and replacing it with “\$11,560,000” as the amount of indebtedness authorized by the Ordinance;*
- * in Section 3 of the Ordinance, deleting the amount of “\$ _____” and replacing it with “\$11,560,000” as the aggregate principal amount of General Obligation Bonds, Series A of 2016 authorized by the Ordinance;*
- * in Section 10 of the Ordinance, inserting the optional redemption provisions of the Bonds as the Bonds which are stated to mature on or after November 1, 2027 are subject to redemption prior to maturity at the option of the City in whole or in part on November 1, 2026 or any date thereafter;*
- * in Section 10 of the Ordinance, inserting the amount and payment amounts of the term bonds set forth on the amortization schedule for the 2016A Bonds attached as Exhibit C;*
- * in Section 11 of the Ordinance, inserting the name Janney Montgomery Scott, LLC as the Purchaser ;*
- * in Section 21 of the Ordinance, inserting the date “October 18, 2016”, as the date of the Preliminary Official Statement;*
- * on Exhibit A, inserting the anticipated completion date of the Project;*
- * on Exhibit C, attaching the amortization schedule as provided by the Purchaser;*
- * A copy of the proposal of the Purchaser has been attached to the Ordinance as Exhibit D.*

Mr. Roschel seconded the motion to amend Bill No. 13-2016.

Council approved the motion by a unanimous roll-call vote.

Mr. Soto then made a motion to approve the amended bill. Mr. Reichenbach seconded the motion.

Andrea Miller, 464 Freemont Street, a member of the Friends of Farnum Park, voiced her support for passage of the bill. Although funds have not specifically been allocated for Farnum Park, she expressed hope that approval of the capital improvements funding will result in park upgrades. She said that every day she sees children playing the street rather than in the park, because the park is inaccessible and, due to neglect, undesirable.

Rachel Eck, 437 West Vine Street, also a member of the Friends of Farnum Park, also expressed support for the measure. Joining her in the audience were representatives of Water Street Ministries and the Boys and Girls Clubs of Lancaster, whose organizations shared her views.

Mr. Reichenbach thanked the members of the Friends of Farnum Park for their efforts. He noted that the Lancaster Recreation Commission has held an Open Streets event each spring in the last two years. Organizers of that event have intentionally included Water Street and Farnum Park in the event as a means to promote the redevelopment of the area.

City Council approved Administration Bill No. 13-2016 by a unanimous roll-call vote. It will hereafter be known as Administrative Ordinance No. 14-2016.

PUBLIC COMMENT

Tony Dastra, 113 North Plum Street, asked about notification requirements for public hearings. He proposed that there be a greater emphasis on notifying the public about hearings.

REPORT OF THE MAYOR

Mayor Gray read the following prepared statement:

Pennsylvania Act 101 imposes a fee of \$2 for each ton of trash disposed in landfills in Pennsylvania. Since 1990, this fee has been used to support recycling programs throughout the Commonwealth. Based on performance measures of the amount of tonnage kept out of the waste stream, the City receives about \$100,000 each year to support our recycling programs.

Unfortunately, this Act 101 Recycling Fund has been raided to help balance the State General Fund budget -- most recently \$9 million this past summer. To make matters worse, this fee is set to expire in December 2018.

City staff recently provided written testimony in support of legislation that would reauthorize Pennsylvania's ACT 101 Recycling Fund. This Fund has provided key benefits to the City's recycling efforts over the past ten years.

After years of reliance on more than two dozen independent haulers to collect both solid waste and recyclables, a single hauler trash and recycling collection program was implemented in Lancaster a decade ago, in October 2006. This program currently serves over 18 thousand households and several dozen small businesses and institutions that voluntarily opt for service.

The City's \$4 million Solid Waste and Recycling Program is funded through user fees, and is not dependent on tax dollars or grant monies. However, the City does receive State Funds of about \$100,000 each year – based on recycling performance. These funds offset customer fees by an estimated \$5.50 per year for each household. This offset, combined with aggressive recycling education and enforcement, and lower disposal costs that come with increased recycling has enabled the city to keep customer fees stable for the past 5 years. In fact, those rates have increased only once over the past decade, from \$200 per unit per year to \$210 per unit per year.

Our single hauler program collects about 18,000 tons of refuse each year. This means that City residents generate about \$36,000 each year for the State's recycling fund. Act 101 grant programs allows us to bring these funds back to the City. Since the single hauler program began, recycling grants have been used to purchase recycling containers for each household, classroom education programs and educational brochures for property owners, and office paper collection containers for each classroom in the School District of Lancaster. Grant funds have also been used to purchase two leaf collectors that are used to pick up about 800 tons of street leaves each year, and a rear load compactor for collecting recyclables.

In 2013, the City was able to establish a permanent, staffed recycling drop off center that increased the recovery of paper and cardboard generated by both residents and small businesses. Deliveries to this drop-off center have increased steadily from 800 customers in 2013 to 1500 so far this year. We're on target to recycle more than 300 tons of paper through our drop-off center this year.

Simply stated, since the single hauler program began, recycling has increased and customer costs have held steady. At the same time, services have been expanded with more leaf and yard waste collection, and a drop-off center for office paper and cardboard. The Act 101 Recycling Fund has been key to this success.

I am especially proud to report this week that the CRIZ increment for 2016/2017 is 3.4 million dollars. These funds will be available to us for a limited time to make payment on the bond that has been issued to fund Conestoga Plaza and the Convention Center projects, and to reimburse the City for administrative expenses loaned to the CRIZ Authority. This does not mean that we have 3.4 million dollars to spend this year, rather it means that it can be used for limited purposes and the remainder must be returned to the state. We can expect similar amounts in future years that, with appropriate planning, could greatly enhance economic development. I would personally like to thank our Director of Economic Development and Neighborhood Revitalization, Randy Patterson, for his excellent work on the legislation which resulted in not only the CRIZ program, but an effective CRIZ program. The future of Lancaster's economic development is now bright due to this program.

COUNCIL COMMENTS

Mr. Reichenbach commented that part of the recent CRIZ report worth noting was that 41 new businesses were added in the CRIZ area last year. That resulted in several hundred thousand dollars in revenue being returned to the City. He said he was heartened by the significant uptick in economic activity.

President Graupera adjourned the meeting at 8:28 p.m.

John E. Graupera, President

Attest:

Bernard W. Harris Jr., City Clerk