

Barletta's plan: Go green

BY JILL WHALEN (STAFF WRITER)

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ELLEN F. O'CONNELL/Staff Photographer Hazleton Mayor Lou Barletta talks about his plans to help the city during Thursday's press conference at City Hall. At left are James M. Gehrig, of Consulting Services; John Moran, of enXco; and Mark M. McClellan, president of Evergreen Environmental Inc.

Hazleton Mayor Lou Barletta unveiled a two-fold plan Thursday that would rescue the city from a bleak financial future by selling the city's water authority and building a solar power generation facility near the Hazleton Municipal Airport.

Barletta said the city could take in about \$30 million from the sale of the Hazleton City Authority and would also realize an income by investing in the construction of a solar power plant that's in the works by enXco, a renewable energy company based in Escondido, Calif.

Details of the plan, which has been under wraps for months, were revealed at Hazleton City Hall to city employees, members of the public and representatives from enXco.

According to Barletta, the plan would remedy the city's current financial woes and shore up finances for years to come. Under the plan, the city would earn about \$1.5 million annually, an amount based on the power plant's projected operating profits and the amount of interest earned by investing proceeds from the water authority's sale.

"That's without touching the bulk of the proceeds of the water authority sale, which will continue to generate interest," Barletta said.

Barletta has been working on the plan since a bleak picture of Hazleton's finances was painted earlier this year. The city is spiraling into an approximate \$2 million debt caused by a number of factors, including rising personnel costs, a state mandate to fund police and fire pension funds with the earned income tax, and unpaid garbage bills.

Barletta spoke about the city's financial dilemma, blaming it on falling tax revenues, as well as increased expenses for employee wages and insurances. Real estate taxes collected by the city fell by more than \$225,000 from 2004 to 2008, while insurance coverages increased by almost \$500,000.

"It's easy to see how things add up," Barletta said.

And while the city has bailed itself out of previous financial straits with "one-time revenue sources" like the sale of former mining land, Barletta said he and Acting City Administrator Mary Ellen Lieb realized a more permanent fix was needed.

Additional spending cuts and layoffs were not feasible because the city's operating budgets have "already been slashed to a bare minimum," he said. And tax increases for residents, while likely in 2010, are always "a bitter pill to swallow."

Bids already in

Barletta said the city was approached by two private companies interested in purchasing the Hazleton City Authority. Names of those firms were not disclosed Thursday; Barletta called the talks competitive. He did say, however, that both firms serve "hundreds of thousands - if not millions" of customers in Pennsylvania.

Each of the firms, he added, has submitted proposals to purchase the authority.

"By selling the water authority to a private company, the City of Hazleton will receive tens of millions of dollars - enough to stabilize our current budget crisis and when properly invested, generate millions of dollars in interest revenue for decades," he said.

Interest payments mean the city will be able to hire more police officers, buy equipment and possibly lower taxes in the future.

"Imagine the day the City of Hazleton can pave all our streets on a regular, rotating schedule," he said. "Imagine a day when we can not only prevent police layoffs, but actually hire more police officers and equip them with the latest crime-fighting equipment and technology, a day when we can hire more code enforcement officers to battle blight in our neighborhoods, a day when instead of telling residents that their taxes are going up, we can tell them that their city taxes will be glowing down. Well, that day is within our grasp."

Barletta does not expect any layoffs once the authority is sold, and said the same state agencies will continue to monitor water quality.

Solar-powered city

The 5-megawatt solar plant would be built on 40 of the 200 acres of land owned by the city at the airport and would provide some of the electricity consumed by the city each year.

"Hazleton will become the first city in Pennsylvania to provide its own power through a solar power plant," Barletta said, noting that City Hall and street lights would be powered by the plant. "The city, which was once a capitol of anthracite coal production in the United States, will become a leader in green energy."

The plant's output would be capable of powering 725 average homes for a year, he said.

In time, Barletta hoped the city could sell some of the power to neighboring municipalities and the Hazleton Area School District. The collective municipal savings could tally \$200,000 to \$400,000 annually, he said.

"We anticipate that this plant, when operational, will be able to generate power at a cheaper rate than the City of Hazleton or any other governing body currently pays for electricity," he said. "The financial benefits of building this plant will increase after January, when electricity rate caps are lifted and our energy costs rise."

By generating electricity, the city would also receive operating profits, calculated as the difference between the cost of generating power and its sale price. The city could also sell solar renewable energy credits to electricity providers to generate additional revenue.

"Using conservative estimates, we anticipate the city will see a gross revenue increase of at least \$1.6 million per year from the operation of the solar plant," Barletta said. Airport operations wouldn't be impacted, traffic wouldn't be affected and jobs would be created by the project.

Details of the project have yet to be worked out. John Moran, representing enXco, a firm that recently entered into a wind farm agreement with the Borough of Freeland, said the plant could be operational in less than two years. There's also a chance, too, that the plant would expand since land at the airport has room for up to 20 megawatts of solar power production.

Although Hazleton City Council has not yet passed the city's 2010 budget, it tentatively calls for real estate taxes to jump from 1.40 mills to 2.38 mills; earned income tax to increase from 1.9 percent to 2.25 percent; and a \$32 increase in garbage collection fees. The tentative budget also calls for layoffs in the streets department and management positions.

Barletta said while backing off from the tax increase is likely a "moot point," employees who are laid off in 2010 would likely be called back to work once the authority sale goes through.



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8 posted comments

HEY LOU. If its to good to be true...

John, 12/18/09 3:51

[Report](#)

Has anyone told them the sun hardly ever shines in PA??

They will never make 10 cents off this project

Tony, 12/18/09 12:51

[Report](#)

Once again Lou is dreaming. There are very few facts presented and only very iffy projections. Of course, the sale of the water authority and purchase of the solar power equipment to private firms could generate badly needed campaign contributions. This is not necessarily illegal, but a possible consideration on the timing of this plan. The sale could also cover a bit of the legal expenses of the undocumented alien court case. Lou is not known for his financial expertise.

Old Hazletonian, 12/18/09 11:51

[Report](#)

I had to chuckle after reading this. Barletta is going "Green" yet he wants to import toxic dredge material.

Oh boy, 12/18/09 11:41

[Report](#)

Dear Mayor Barletta,

Float Municipal Bonds while rates are still low!!!!!!

They can't get any lower.

The city cant possibly get caught in long-term fixed rates that are higher than market rates because market rates have no place to go but up.

You should sell assets when the economy is booming and borrow when it isn't. You are doing the opposite just to keep a bunch of poorly educated and unnecessary administrative civil servants employed.

Your plan is to sell off city assets to private entities at a discount and then leave town to go to Washington.

Sincerely,
Sean M. Donahue

Sean M. Donahue, 12/18/09 9:32

[Report](#)

Go Green? You have all our green! All your proposals will only cost us more. Solar power plants are just not efficient. Barletta...you sound like Al Gore!!!!

Alan Koromi, 12/18/09 6:30

[Report](#)

Selling the Hazleton City Authority would only mean the rates are going to go up again. Building a solar power plant? This is the biggest scam you have come up with yet to get our money. Nothing you are proposing is going to get us out of this financial mess. The immigration problem put the whole country in this financial mess. Take care of the immigration problem first then see where we stand financially.

Alan Koromi, 12/18/09 6:23

[Report](#)

I thouht 'ol Lou was a red meat and nuclear power kinf of guy.

Stosh, 12/18/09 5:01

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