



COMMITTEE of the WHOLE

CITY COUNCIL

SUMMARY

November 21, 2022

Hybrid Meeting

COUNCIL MEMBERS PRESENT:

J. Cepeda-Freytiz, D. Reed, C. Miller, M. Goodman-Hinnershitz, M. Ventura - in person and W. Butler - virtually

OTHERS PRESENT:

L. Kelleher, J. Stoudt, W. Heim, F. Freytiz, F. Lachat - in person and M. Gombar, R. Torielli, S. Smith, M. Oppenheimer, BCTV, WFMZ and Eagle - virtually

Ms. Cepeda-Freytiz called the Budget Review COW to order at 5:04 pm and she welcomed the representatives from the three higher learning institutions. She noted that Mr. Daubert is excused due to a work conflict.

Note: During Budget Review this symbol → will be used in all meeting summaries to show items referred into the Parking Lot for further consideration.

I. ARPA Allocations for the Higher Learning Institutions

Ms. Cepeda-Freytiz opened the floor for questions. She noted that Council's homework was to review the presentations submitted by the three organizations and develop questions.

Mr. Miller inquired about how this investment by the City's will benefit the City of Reading and its residents.

Dr. Looney, RACC President, stated that the proposed investment in RACC will enable the institution to convert Weitz Hall into Weitz Health Pavilion which will allow RACC to double the enrollment in healthcare programs. She noted that RACC has an enrollment of 8,500+ and half of those students are Reading residents and 90% of RACC graduates remain in the Berks County area. She stated that the current registered nurse program enrollment is limited to 70 students with a 700+ person waiting list. Reading's investment in RACC will expand the

registered nursing enrollment to 140 students. She noted the life changing programs RACC offers to people and the importance of investing in people.

Dr. Fetrow, Albright President, stated that Albright requested \$2M to convert the former library building to the Student Success Commons and Library which will combine the traditional books with multimedia, cultural space and community meeting space. She explained Albright's long-term partnership with the North 13th Street schools – 13th & Green, Reading High, Northeast and 13th & Union – and the transition of the library takes the partnership to the next level. She described Albright's innovative Total Experience Learning (formerly SRI) program offered to Reading School District students – Elementary, Middle School and High School - and how that program continues to expand. She stated that the program is open to all types of students, including those with in school disciplinary problems, noting that when students are immersed in this program disciplinary issues are nonexistent. In addition 60 teachers and 30 administrations from the Reading School District have entered into boot camp to train in the Total Experience Learning approach.

Mr. Loyack, Alvernia President, stated that Alvernia's initial proposal was for \$2M on the development of 401 Penn Street and the American House and \$1M for the O'Pake Institute. He stated that to date Alvernia has invested \$50M on Penn Street and he noted the impact of that investment to provide healthcare and engineer programming, health clinic and increasing the downtown volume of daily students from 1,100 to 2,400 who will spend money in the downtown. He described the Spark incubator which has nurtured over 200 entrepreneurs and new small businesses – 9 of which are moving into the downtown.

Ms. Reed inquired about the sustainability of institution's proposed plans and other ARPA funding received to support the projects.

Dr. Looney explained that RACC's project is a legacy project that will impact the lives of students and their families and generations moving forward. She stated that this project is an investment in people. She stated that the plan to transform Weitz Hall to a Health Pavilion is a \$21M project. She noted that approximately 40% of RACC students identify as Hispanic which has provided RACC with a federal designation. She noted that initially RACC asked the County for \$10M in County ARPA funding and all three (3) institutions received \$1M each. She stated that RACC received \$5M in RACP State funding and RACC will be starting a capital campaign and will be taking out a loan if required.

Dr. Fetrow stated that the Student Success Commons and Library and renovation of the former Camp manufacturing building is a \$23M project. Albright has raised half of that amount to date. Albright was awarded \$1M in RACP State funding for the library and \$3M for the Camp building. She reminded Council about how these projects will move the Innovations Corridor forward. She noted that like RACC, the Albright project advances sustainable educational opportunities for people.

Mr. Loyack also noted that Alvernia project increases educational opportunities for students and area businesses, especially in the healthcare and engineering fields. He stated that Alvernia received \$1M in County ARPA funding and \$7.5M in State RACP funding.

Ms. Goodman-Hinnershitz inquired about the collaborations/partnerships the institutions have with area businesses and the long-term effect of those partnerships.

Mr. Loyack stated that the foundation of CollegeTowne is built on partnerships with over 300 area businesses seeking graduates to fill positions at their businesses, which imbeds the businesses into the CollegeTowne programming. He stated that the evolution will continue moving forward. He noted his commitment to the downtown.

Dr. Fetrow noted Albright's long-term integration with the City through educational programming and off-campus learning opportunities at various entities like Tower Health. She described the new pilot programming with the Reading School District focused on senior students that wish to drop out of school and become employed. The program will help them complete their high school education and provide them with viable employment. She noted that five (5) years ago, when she began her tenure, Albright recommitted to their role as a City anchor and developed partnerships that support that role.

Dr. Looney stated that RACC is founded on collaboration and partnerships and she described the partnerships RACC has with over 200 businesses and with matriculation opportunities and scholarships at Drexel, Bucknell, Albright, Alvernia, Temple, etc. She stated that when she accepted this role four (4) years ago, RACC developed a new Master Plan that identifies \$100M in improvements to this anchor community college based on their 2nd and Penn location. RACC's relationship with other education centers and their relationship with area business creates employment opportunities for students.

Mr. Butler inquired about workplace diversity at the institutions.

Dr. Looney stated that 41% of RACC students self-identify as Hispanic and 50% identify as white. She noted the change in attitude about community colleges and their ability to prepare students to matriculate to other educational opportunities in various degree programs. She stated that RACC also continues to improve the diversity of their workforce.

Dr. Fetrow explained that when she started in her role at Albright, tuition was reduced to improve the ability of the middleclass to attend. She noted that 50% of the Albright enrollment identifies as non-white and Albright continues to work on the diversification of the staff. She added that the workforce diversity has increased by 20-30% over the last five (5) years.

Mr. Loyack described the multicultural enrollment and employment at all Alvernia locations.

Mr. Miller noted that the location of these institutions and their accessibility to the local community. He inquired about the available financial aid opportunities.

Mr. Loyack stated that 90% of those enrolled receive some type of financial assistance and nearly full ride scholarships available to those in need.

Dr. Fetrow stated that when Albright reset the tuition rate, they also restarted the Keystone Commitment financial aid which now applies to approximately 90% of those enrolled and reduces the tuition to \$10,000 from \$16,000. She stated that the Shirk Scholarship is also available which provides almost a full ride to Albright. She also highlighted additional scholarship programs available to students who are Reading residents.

Dr. Looney stated that RACC tuition is \$6,000 and 90% of those enrolled receive federal and local aid. She also highlighted the RACC scholarship program and the Student Emergency Assistance Foundation to provide up to \$500 to offset a student's personal financial hardships that could jeopardize a student's ability to remain in school.

Ms. Cepeda-Freytiz questioned if the institutions have PILOT or SILOT programs with the City.

Dr. Fetrow and Dr. Looney stated that Albright and RACC do not have a PILOT program.

Mr. Loyack stated that Alvernia earmarks approximately \$150,000 per year in direct payments or services to improve Angelica Park and Penn Street and provide support during events.

In response to a question from Ms. Cepeda-Freytiz regarding Alvernia's business incubator program, Mr. Loyack stated that there are relationships/partnerships with 200+ businesses 75% are established within Reading or are looking to locate within Reading.

Ms. Cepeda-Freytiz questioned the institutions ability to partner with the City about employee development. Mr. Loyack, speaking for all three (3) institutions, stated that all three (3) would welcome developing a partnership to support employee development.

Ms. Cepeda-Freytiz and Ms. Goodman-Hinnershitz thanked the institutions for their willingness to work through this process.

Council decided to review the Auditor's budget recommendations and return to finalize the ARPA allocation for the Higher Education Institutions.

II. Auditor's Budget Recommendations

Ms. Rodriguez noted the need to determine the amount of unassigned ARPA funding and to consider the City's capital needs. She read the report distributed electronically on Friday and attached to the agenda. Her recommendations for budget adjustments are:

1. Increase the allocation for the Shade Tree Fund to prevent shortfalls – (*funding from two-tenths mills (.0002) on the dollar from the Real Estate Taxes*)
2. Increase the EIT revenue by \$300K
3. Increase the Admissions Tax revenue by \$100K
4. Increase the amount allocated for Police and Fire overtime
5. Eliminate \$200K revenue from the Traffic Code due to the language in Resolution 181-2020 which assigns all parking ticket revenue to the Parking Authority, including tickets issued by Reading Police
6. Develop a plan to replace the \$1.5M in Sewer Fund transfer if the DOJ does not provide consent for the increase in the amount of the transfer in writing.
7. Maximize the use of ARPA/CARES funding for capital needs to protect the existing \$10M of funding in the Capital Fund.

In response to a question from Ms. Cepeda-Freytiz, Ms. Rodriguez stated that the additional Shade Tree funding depends on the projects planned for 2023.

Ms. Goodman-Hinnershitz noted her agreement with the need to preserve existing capital funding and to apply available ARPA/CARES funding to the City's capital needs.

Mr. Lachat explained that Laureldale and Muhlenberg are unconcerned with the increase in the Sewer Fund transfer. He expressed the belief that the DOJ will provide written consent. Ms. Rodriguez stressed the need to prepare if written consent is not provided.

Ms. Reed noted prior discussion about providing performance evaluations and merit pay increases rather than cross the board pay increases. She noted that City Council has gone through the evaluation process for Council staff. She inquired how the administration plans to proceed.

Mr. Heim stated that this issue has not been discussed with the mayor; however, he recognized the benefit of rewarding good performance, over average performance. He explained his experience where a COLA base of 2-3% was applied across the board and additional funding was available to supplement the performance based on merit. However, he noted that that approach can be difficult in a political environment, even with evaluation standards. He stated that the immediate supervisor usually performs the evaluations and that evaluation is reviewed at a higher level.

III. ARPA Allocations for the Higher Learning Institutions Continued

Mr. Heim stated that he believes there is \$31M unassigned ARPA funding. He noted the need to reserve as much of the remaining ARPA funding for capital repairs, adding that the cost of the City's capital needs by far exceeds this amount available. He stated that staff has started strategizing about the need to repair, demolish, sell or repurpose buildings and properties.

Mr. Heim expressed the belief that the mayor is open to increasing the funding amounts for the Higher Education Institutions, due to the long term positive community impact the proposed projects have for the community.

Ms. Goodman-Hinnershitz recommended providing \$2M to Albright, Alvernia and RACC as they are all City-based institutions. Ms. Reed concurred, noting that the total of \$6M reduces the unassigned ARPA to \$25M.

Ms. Reed inquired about Mr. Heim's thoughts on the City's capital needs.

Mr. Heim stated that PFM performed a facilities study in 2018 that identifies capital needs and projected costs. He noted that the estimates are dated and do not meet today's construction (materials and labor) costs. He stated that removing the capital needs at the Callowhill properties from this plan eliminates \$15M in expenses; however, approximately \$40M in capital needs remain.

Ms. Reed questioned the need for the City need to dispose of various properties that are unnecessary to operations. He stated that that matter is under consideration, along with consideration of demolishing certain properties. He stated that assistance from the Redevelopment Authority may be required.

Ms. Cepeda-Freytiz questioned the status and timeline for the Dana South Property and she inquired if its availability was advertised. Ms. Reed expressed the belief that the property was advertised for sale many years ago and the first quarter of this year.

Mr. Heim stated that the City is entertaining a proposal for the property. Mr. Lachat stated that an executive session update is scheduled for December 5th.

Ms. Goodman-Hinnershitz noted the need to obtain current capital repair costs, especially the capital needs at the Pagoda, a wooden structure that is over 100 years old. She stressed the need for the City to get its house in order.

Mr. Miller agreed, noting that capital maintenance is an ongoing need. He suggested developing a ranking system scaled from worst condition to best condition.

Mr. Gombard disconnected from the meeting at this time.

Ms. Cepeda-Freytiz noted her visits to Peddler's Village and Lancaster and all the unrealized opportunities that exist in Reading.

Ms. Ventura noted the need to finalize the allocation for the colleges.

Mr. Butler stated that he agrees with providing a \$2M allocation to the three (3) institutions.

IV. Elected Official Salary Adjustment

Ms. Reed noted her belief about public service and expressed the belief that setting the mayor's salary at \$92K is too high. Instead she suggested setting the salary of the mayor and auditor at \$85K, noting the qualifications required to run for the auditor's seat. She stated that \$85K is her maximum. She stated that she does not recommend any change to the Council salary.

§ 303. Eligibility.

The candidate for Mayor shall be a registered voter of the City who shall have resided in the City continuously for at least one year immediately preceding the primary election in which the Mayor seeks office. The Mayor shall continue to reside in the City throughout the term of office.

§ 502. Eligibility.

[Amended at the November 2008 General Election ³ ; November 2014 General Election]

The candidate for City Auditor shall be a registered voter of the City who shall have resided in the City continuously for at least one year immediately preceding the primary election in which the City Auditor seeks office. The City Auditor shall continue to reside in the City throughout the term of office. In addition, the City Auditor must have a Bachelor's Degree in Business Administration, Municipal Government, Accounting, Management or a related field.

Mr. Miller suggested a conservative approach as the City was just released from the Act 47 program, showing the taxpayers that the current officials see the need to be fiscally cautious. He suggested an amount between \$85-90K and setting the mayor and auditor salaries in equal amounts. He suggested no change in the Council salaries for the upcoming year.

Ms. Reed clarified that the Charter requires that changes to elected official salaries applies only to those elected in the upcoming municipal election, not to sitting members.

§ 204. Compensation. In Part - Council may raise by ordinance the salary of Council, but such ordinance will not take effect until the date of the commencement of the terms of Council members elected at the next regular municipal election, provided that such election follows the adoption of such ordinance by at least six months.

§ 307. Compensation.

(b) City Council may determine the annual salary of the Mayor by ordinance, but no ordinance changing such salary shall become effective until the date of commencement of the term of the Mayor elected at the next regular election, provided that such election follows the adoption of such ordinance by at least six months.

Note: The Charter only establishes the initial salary of the elected auditor in Section 502 Eligibility. It does not cover the process to change that salary

Ms. Reed noted that next year is an unprecedented year with City elections. Next year the following elected positions are open:

- Mayor – 4 year term
- Auditor – 4 year term
- District 2 – 4 year term
- District 3 – 4 year term
- District 6 – 4 year term
- District 1 – 2 year term (due to a resignation)
- Council President – 2 year term (due to the passing of former Council President Waltman)

Ms. Reed noted that any change in salary would only apply to those running for the seats listed above. Mr. Lachat agreed that the salary change applies to those who are elected in next year's election to start their terms in 2024.

Ms. Cepeda-Freytiz noted that any change to Council salaries for 2024 need to be approved six (6) months prior to the election (*Charter language copied in above*). Mr. Lachat opined that the salaries should be established prior to the circulation of the nomination petition.

Mr. Miller stated that he would agree to a minor change in the Council salary.

Ms. Goodman-Hinnershitz noted that the salary the mayor is requesting is a 22% pay increase which is exorbitant. She agreed with the need for a more conservative salary, although the suggested salary is comparable to officials in Allentown. She also agreed that the salaries of the mayor and auditor should be between \$85-90K and the salaries should be equal as there are professional requirements for the auditor position. (*Charter requirements copied in above*)

Ms. Goodman-Hinnershitz noted that the salaries of the mayor and auditor are more commensurate with fulltime positions; however, the Charter lacks definition that the positions are indeed fulltime in nature. She inquired if language to eliminate non-City employment could be added for the mayor and auditor. She noted the immense responsibility placed on the elected Council due to the amount of time required to perform the duties; however, the amount of the stipend suggests that the position is part-time.

Ms. Rodriguez distributed a spreadsheet on the Auditor's salary based on COLA increases of 0.0267 between 2012 and 2022. The auditor's salary in 2012 was set at \$57,600 and applying the COLA annually would have the salary at \$75,184.26 in 2022. Continuing the COLA application would bring the salary to \$79,299.02 in 2024 – the proposed ordinance sets the 2024 salary at \$80,000. Applying the COLA increase to the \$80,000 salary set the salary at \$85,987.23 in 2027; however, the proposed ordinance caps the salary at \$84,000.

Ms. Rodriguez agreed with the need to increase salaries in a conservative manner.

Ms. Cepeda-Freytiz asked Ms. Rodriguez to prepare a similar spreadsheet for the mayor's and Council's salary. Ms. Goodman-Hinnershitz requested a comparison between COLA increases and CPI increases. Ms. Rodriguez stated that she will prepare a similar spreadsheet for review at the December 5th COW.

Mr. Heim suggested applying the salary increases at the 8% CPI rather than the COLA. He stated that the Lancaster mayor's salary rises at the rate of the CPI. Ms. Rodriguez noted the need to take a cautious fiscal approach.

Ms. Ventura agreed with the need for employee performance evaluations and merit based salary increases. She agreed with the need for conservative salaries for elected officials while understanding the need for officials to cover expenses. She noted that the Reading teacher shortage is caused by the lower salaries of Reading teachers.

Mr. Butler agreed with the need to perform a comparison prior to making decisions. He stated that he could agree to set the salary of the mayor and auditor in an \$80K range and he agreed with the need to consider increasing Council salaries.

Ms. Cepeda-Freytiz agreed that the Charter language regarding responsibilities and the expected work hours of the mayor and auditor is very weak.

Ms. Reed provided many examples of fulltime elected officials also carrying additional employment activities during their terms of office. She inquired about correcting this language.

Mr. Lachat stated that he will work on an amendment to the Personnel Code to address this matter.

Ms. Rodriguez will distribute the spreadsheets next week for discussion at the December 5th COW.

No other business was brought forward.

Ms. Ventura moved, seconded by Ms. Reed, to adjourn the meeting at approximately 7:05 pm.

*Respectfully submitted by
Linda A. Kelleher, CMC
City Clerk*