



COMMITTEE of the WHOLE

CITY COUNCIL

SUMMARY

July 11, 2022
5:00 P.M.
Hybrid Meeting

COUNCIL MEMBERS PRESENT:

D. Reed, C. Daubert, M. Ventura (in person), M. Goodman-Hinnershitz, W. Butler (virtually)

OTHERS PRESENT:

L. Kelleher, S. Smith, M. Gombar, M. Rodriguez, E. Moran, F. Denbowski, I. Litvinov, J. Stoudt, E. Stock, S. Keppen, R. Tornielli (in person), B. Murray, M. Oppenheimer, M. Lynch, BCTV, WFMZ (virtually)

The meeting was called to order at 5:25 pm by Ms. Reed.

I. Debt Policy

Deferred to July 25, 2022

II. Dangerous Intersection Update with Expanded Security Cameras

Deferred to July 25, 2022

III. Referendum Ordinances Requiring Council Approval for the Termination of the Managing Director and Department Directors

Mr. Gombar reviewed his opinion which was emailed to City Council last Friday. He stated that he does not believe that these Charter amendments would change the form of government. He stated that there are differing legal opinions and there is potential for legal challenge. He expressed the belief that these amendments do not rise to the level of a structural change to the Charter.

Mr. Gombar reminded all that the passage of the ordinances puts the questions on the ballot and does not make them immediately effective. He stated that the deadline to add items to the ballot is approaching and recommended voting this evening.

Mr. Moran reiterated his previous comments that these amendments would change the strong mayor form of government and stated that he is making this appeal for future mayors. He recommended that a Government Study Commission be formed. He stated that if Council passes these ordinances this evening he will veto them and challenge the action in court. He expressed the belief that this is an unnecessary use of taxpayer funds.

Mr. Daubert stated that he is torn on the issue. He stated that in general past mayors did not work well with Council. He stated that legally these amendments are possible but he stated that he wonders if this is a fundamental change in dynamics where directors will serve at Council's will. He stated that he thought this was a compromise but now believes that a Government Study Commission is necessary.

Mr. Zeiber and Mr. Kelly connected to the meeting at this time.

Mr. Litvinov stated that he and Mr. Lachat are concerned about the legality of these amendments. He noted his agreement with Mr. Daubert and noted the need for practical advice. He expressed the belief that this cure may make matters worse and can enshrine conflict between the Mayor and City Council into perpetuity. He noted the need for Council to take this concern seriously. He noted the need to solve the problem without creating other problems.

Ms. Goodman-Hinnershitz commended the work done to try to solve this issue. She agreed that these Charter amendments could lead to Council controlling the direction of staff which may cause additional difficulties. She stated that she is unsure if these amendments will properly fix the issue. She agreed with the need for a Government Study Commission and stated that she will not support the ordinances.

Ms. Reed stated that she will support the ordinances. She stated that she understands everyone's perspectives but noted the need for change. She stated that if the ordinances are not enacted she will pursue a Government Study Commission. She expressed the belief that there has been too much turnover in these positions. She stated that this was an attempt at compromise for the people to decide how to address the issue. She agreed that the vote should take place this evening.

IV. Agenda Review

Mr. Gombar stated that the Council President will be absent this evening and there is no sitting Vice President. He noted the need for Council to approve a motion appointing Ms. Reed as President Pro Tem for this meeting, in accordance with Ms. Cepeda-Freytiz's wishes. He stated that he will call the meeting to order and ask for this motion. He stated that if the motion is approved the meeting will continue but that if it is not, Council must adjourn.

Council reviewed this evening's agenda including the following:

- Ordinance increasing the salary of the Finance Director by \$15,000 to \$120,000 due to the expansion of the role as Deputy Managing Director

Ms. Ventura questioned if this ordinance increases the salary and provides a title change. Mr. Gombar stated that it addresses both items. He expressed the belief that a Charter amendment is not necessary because the amendment is to the Administrative Code.

- Ordinance amending the Park Code by providing additional authority for law enforcement agencies to act when responding to calls for service at public park properties as defined herein and allowing responding law enforcement agencies to seize devices that are in violation of this ordinance for possible forfeiture and destruction

Mr. Daubert noted his concern with forfeiture and destruction of personal property. Mr. Gombar stated that the word “possible” is intentional. He noted the need for legal probable cause to seize property. He stated that forfeiture and destruction are an option as necessary.

Mr. Denbowski suggested amending the language so that the ordinance doesn’t need to be amended each time the City enters into a new mutual aid agreement. He stated that Mr. Lachat suggested “law enforcement agencies authorized by City Council”.

Mr. Gombar stated that this amendment would be to the definition section. Mr. Moran noted his concern that this language is too broad. He agreed with the need for Council approval of new mutual aid agreements and to reduce the amendments needed to the Code.

Mr. Butler requested an example of seizure. Mr. Gombar stated that in this instance it would be large speaker systems.

Mr. Butler questioned if this would allow the police to seize cell phones that are recording police activity. Mr. Gombar expressed the belief that this type of device would not produce enough sound to exceed the noise limits.

Ms. Goodman-Hinnershitz noted the need for the amendment language to be prepared. She agreed with the use of “possible”. She noted her support of seizures but also noted the need to enforce it properly.

Mr. Daubert stated that he will present the amendment.

- Ordinance amending Chapter 387 Noise by adding references to the Park Code regarding noise at City and City agency owned properties

Mr. Daubert stated that it was interesting during the Redevelopment Authority interviews that a Millmont resident noted hearing the noise from the riverfront.

Chief Tornielli expressed the belief that the amendment to the Park Code as discussed provides the best course of action for future mutual aid agreements. He stated that State troopers will not enforce local ordinances. He stated that issuing citations is different from controlling large crowds. He stated that large speakers have been confiscated in the past to be used for evidence at court proceedings. He stated that the confiscation was not meant to be punitive.

Ms. Reed questioned if Chief Tornielli was comfortable with these ordinances. Chief Tornielli stated that he is.

- Ordinance directing the Board of Elections to place a referendum question on the 2022 General Election Ballot which would amend Charter Section 603 (a) and (b) requiring Council approval for the termination of Department Directors

Ms. Ventura questioned if Council approves the hiring of Department Directors. Ms. Reed and Mr. Litvinov stated that they do.

Ms. Reed stated that adding a provision for Council to also approve termination would add consistency to the process.

Mr. Gombar agreed and stated that if Council has the power to approve the hiring it is logical that Council approve termination.

Ms. Ventura questioned if Council would be given the circumstances for the termination. Mr. Gombar expressed the belief that Council would need to be given the facts so that an informed decision can be made.

- Ordinance authorizing the conveyance of 140 Schiller St from the Redevelopment Authority to the City for the nominal fee of \$1 as per the agreement of sale

Mr. Daubert stated that this transaction was approved by the Redevelopment Authority in 2021.

- Ordinance transferring \$10,100,000 of ARPA funds from Fund 47 to the Capital Projects account Fund 34

Mr. Denbowski stated that these funds are needed to complete current capital projects in process. He stated that project costs have increased and that the list of projects that this funding will address has been provided to Council.

Mr. Daubert stated that he fully supports this ordinance. He questioned when Council will hear the full infrastructure needs of the City. Mr. Denbowski stated that this will occur during the budget review process. He noted the need for additional time to review the 2023 Capital budget and reminded all that the City will lose the dedicated funding stream for capital projects after exiting Act 47.

Ms. Rodriguez questioned how this funding would be allocated. Mr. Denbowski stated that the projects are described in the agenda memo and on the attached chart.

- Ordinance amending the Administrative Code by creating a new Section 5-216 relating to the evaluation of Council staff in accordance with the Charter amendment approved by the electorate at the June 2020 Primary Election

Mr. Gombar stated that this will memorialize the policy to evaluate Council staff and the process to recommend salary increases, discipline, etc.

Ms. Goodman-Hinnershitz stated that it is important to codify this process and stated that it is needed to oversee staff.

- Resolution forgiving in its entirety the \$1,475,000 loan originally extended to the previous owner of River Oak Apartments and assumed by River Oak Development aka Reading Housing Authority by that certain assignment of amended and restated Promissory Note and Mortgage dated September 17, 2008 and to release the mortgage securing said loan

Mr. Stock explained that the units were built in the late 1980's and contain 72 units on Schuylkill Ave. He stated that the original owner walked away from the project and the City approached the Housing Authority (RHA) to take over to prevent a slumlord situation. He stated that RHA assumed the liability of both the PHFA and City mortgages. He stated that RHA has spent approximately \$500,000 on maintenance and upgrades. He stated that there is \$2.5 million in deferred maintenance needed.

Ms. Keppen stated that 71 of the 72 units are occupied and that 98.9% of rents are collected. She stated that 65% of tenants are female head of household and earn between \$32,000 and \$34,000 per year. She stated that rents range from \$800 - \$900 per month. She stated that the plan is to have some of the units provided to tenants earning 50% of median income, some provided at 80% median income and some at market rate which occurs at other Housing Authority buildings. She described the work that has been done on the properties.

Ms. Keppen stated that all tenants pay their own utilities. She stated that many residents requested new windows which led to the need for new siding, new roofs, etc. She stated that two buildings are complete but the work is needed on all eight buildings. She stated that work on the remaining six buildings is estimated at \$1.5 million. She stated that the request to forgive this loan is to provide funding so the RHA can continue operations at this location.

Mr. Stock stated that RHA has contacted PHFA to reduce their liability. He stated that PHFA has stated that they will provide a 50% reduction if the City forgives this loan. He stated that these changes will allow the RHA to borrow from a 3rd party to continue maintenance. He stated

that loan payments to the City are scheduled for January 2, 2030 through January 2, 2050 and will be 240 monthly payments of approximately \$6,400.

Mr. Daubert stated that this forgiveness will allow RHA to get additional debt. He questioned if RHA could secure additional funding without the forgiveness. Mr. Stock stated that the agreement states that 50% of any "profit" is to be used towards debt. He stated that there are already two liens on this property and expressed the belief that a 3rd party would not approve funding to be in 3rd position. He stated that the RHA will also not have enough income to pay for three debts.

Mr. Denbowski stated that the City approached RHA to take on this project in 2008 to prevent it from becoming blighted. He stated that the RHA assumed the debt of another entity and that debt is now hampering RHA's ability to make necessary improvements. He expressed the belief that the original developer would have left Reading and defaulted on this loan. He stated that the situation justifies this loan forgiveness.

Ms. Rodriguez questioned the amount of rent that RHA would receive from the market rate units. Ms. Keppen stated that this is difficult to predict. She stated that new rental agreements will include an annual 3% increase.

Mr. Butler stated that RHA inherited this debt.

Mr. Daubert stated that he is reluctant to forgive this debt. He stated that in ten years many of these units will be market value. Ms. Keppen stated that the number of market units has not yet been identified. She stated that market value cannot be charged until the buildings are improved. She stated that it is not a good business decision to take on more debt. She reminded all that RHA uses these types of properties to offset the costs of programming at public housing.

Ms. Goodman-Hinnershitz expressed the belief that there is no easy answer. She noted the need for the City to forgive loans cautiously but noted her understanding of why this is necessary. She stated that she can support the forgiveness with the understanding that there will be additional review of RHA financial needs. She expressed the belief that the City cannot consistently forgive debts.

Ms. Reed agreed with Ms. Goodman-Hinnershitz. She stated that other properties in this neighborhood are being improved and expressed the belief that RHA does a great job at all of their properties. She suggested that the loan be forgiven to serve the greater good. She expressed the belief that this project may encourage additional riverfront development and help support the Buttonwood Gateway project.

Mr. Stock stated that RHA has spoken with the Administration about the need for the forgiveness. He stated that RHA will add a provision to the agreement that if they intend to sell they will give the City the authority to approve the sale.

Mr. Gombar questioned if the PHFA loan is a debt or a mortgage. Mr. Stock stated that it is a debt. He again stated that PHFA will consider a 50% reduction in the debt if the City forgives its debt first.

- Resolution authorizing the filing and execution of all documents related to the application for RACP funds in the amount of \$1,000,000 for the Alvernia CollegeTowne Infrastructure and Renovation II project

Mr. Denbowski stated that this is a standard request. He stated that it is part of the RACP process and that the funding has been awarded pending the City's approval.

Mr. Kelly stated that Council has already approved filing the application and this would complete the process.

- Resolution making appointments to the Redevelopment Authority

Ms. Reed stated that there will be a special meeting to make the appointments on Monday, July 18.

Mr. Gombar stated that this was a placeholder and no action is necessary.

V. Executive Session

Mr. Gombar noted the need for executive sessions on personnel and litigation.

The five members of Council, Mr. Gombar and Mr. Litvinov remained in the room.

The executive session ended and the meeting adjourned at 7:05 pm.

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