



# ***COMMITTEE of the WHOLE***

## ***CITY COUNCIL***

### **SUMMARY**

**October 3, 2022**  
**5:00 P.M.**  
**Hybrid Meeting**

#### **COUNCIL MEMBERS PRESENT:**

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

#### **OTHERS PRESENT:**

L. Kelleher, J. Stoudt, W. Heim, F. Freytiz, J. Kelly, F. Lachat, M. Rodriguez (in person), S. Smith, K. Zeiber, WFMZ, M. Lynch, BCTV, J. Abodalo (virtually)

Ms. Cepeda-Freytiz called the COW to order at approximately 6:26 pm. She asked the administration to provide the overview of the 2023 Budget.

#### **I. 2023 Budget Overview**

Mr. Kelly stated that the proposed 2023 budget is balanced at \$100.7M with \$98M in projected revenues and approximately \$1.8M of the fund balance to close the deficit. There is no tax increase.

Mr. Kelly stated that the major revenue drivers are Real Estate taxes making up 25% of the budgeted revenues at \$25.7M with a 90% collection rate, EIT at \$23M, Real Estate Transfer tax at \$6M, Parking Authority lease at \$1.7M (in the Interest and Rent line item) and \$1.8M of the fund balance (reduced from the amount of drawdown required to balance the 2022 budget). He noted that there may be the need to increase the drawdown from the fund balance. He noted that revenue projections have returned to pre-pandemic levels. The Real Estate Transfer tax was increased to \$6M based on its performance over the last two (2) years.

Mr. Kelly stated that Pension, Benefits and Salaries are the largest expense drivers, noting that the administration is currently negotiating all four (4) collective bargaining unit agreements (FOP, AIFF, AFSCME 3799 and AFSCME 2763). Based on discussions, Mr. Kelly projects that the salary expense for the collective bargaining units will require a \$3.5M increase to the

budget. The fringe benefit health insurance quote was just received and the cost will increase by \$700K, a 5% increase. Operating expenses have increased by \$1.1M over the current year.

Mr. Kelly stated that the largest changes to the Position Ordinance will be the realignment of some positions and the addition of new positions such as adding one (1) zoning inspector, bringing the number of inspectors to three (3), moving the CD Fiscal Manager from AFSCME to management, and adding one (1) part-time assistant in Historic Preservation. He noted that the new positions in the Position Ordinance are shown in blue text to make them more prevalent.

Finance is requesting another temporary Accountant AFSCME position, which will be eliminated at the end of the AFSCME three (3) year contract, a cyber specialist at the WWTP in coordination with the IT Division, creating a Tyler/Munis Support position (help desk position), and moving the Grant Coordinator from AFSCME to management. Public Works is adding a Treatment Plant Engineer, a Traffic Engineer and a new mechanic who specializes in the maintenance/repair of Fire apparatus.

Mr. Kelly stated that the City recognizes its problem with attracting and retaining employees across the organization. To address that the administration is proposing some corporate approaches such as a \$500 sign-on bonus for part-time employees, \$1,000 for fulltime employees, payable at the end of the probationary period for part-time employees and half for fulltime employees at the end of the probationary period with the remainder payable after one year. Fire employees would receive a \$2,500 bonus with half payable at the end of the one year probationary period and the remainder after serving two years. Police officers would receive \$5,000 – 1/3 at the completion of the probationary period (after successfully completing field training assignment), 1/3 at the completion of a year and 1/3 after three years.

The CIP has over \$15.6M in planned projects for 2023, including projects that received 2022 ARPA allocations. He noted that there will be a 3% increase in the trash collection fee and that ordinance will be introduced at the Oct 10<sup>th</sup> regular meeting.

Ms. Rodriguez inquired about management salary increases. Mr. Kelly stated that the budget includes 5% increases over a three (3) year period and new hire bonuses to help clear the large vacancy listing. He stated that the administration is also proposing retention bonuses. Longevity, small jumps in salaries based on the number of service years for AFSCME employees, was eliminated or frozen when the City entered Act 47 and the administration is proposing restarting retention bonuses for non-uniformed employees. He noted that longevity is being reinstated for Police and Fire.

Ms. Rodriguez inquired about bonuses for management and Mr. Kelly deferred.

Ms. Goodman-Hinnershitz stated that as the budget meetings begin, she asked Council to submit questions in writing to her and Ms. Kelleher, along with policy parking lot issues. She stated that this process has worked well in the past.

Ms. Reed noted that this is the City's first post Act 47 budget. She recognized the need to right size some salaries; however, she expressed the belief that the tax base is not rising as quickly as inflation and the proposed expenses – salaries, bonuses, collective bargaining/arbitration costs. She asked everyone to be cognizant about that fact when considering the use of taxpayer funding.

Mr. Kelly noted the separation of Finance and Human Resources with the approval of the referendum question eliminating the Administrative Services Department and the inclusion of the new Human Resources budget. He stated that the Downtown Corridor initiative is now under the Managing Director's office. He agreed with the need to proceed cautiously after Act 47 but noted that the 2022 and 2023 budgets do not require a property tax increase, adding that 2021 was the last property tax increase. However, he noted the need to do incremental property tax increases to stay ahead of expenses and prevent large one-time adjustments. He added that the PFM projections predicted a \$100M budget in 2023.

Ms. Goodman-Hinnershitz noted the need for the budget analysis and projections that PFM provided in the past. Mr. Kelly stated that this year's budget includes four (4) year projections.

Mr. Butler inquired about a budget line item for the Youth Commission. Mr. Kelly stated that the Deputy City Clerk requested \$15K for the Youth Commission and that has been budgeted under Boards and Commissions.

Ms. Cepeda-Freytiz inquired about revenue generation through city-owned assets through the sale of these properties or other revenue diversification. Mr. Kelly stated that the City is in negotiations regarding the Callowhill and Dana South properties.

Ms. Rodriguez stressed the need to make real estate projections conservatively. She stated that while the City currently has a healthy fund balance the continual drawdowns from that fund balance can change that healthy balance quickly. Ms. Cepeda-Freytiz agreed noting the need for occasional adjustment.

Mr. Kelly stated that the administration has returned to pre-pandemic revenue levels and the City is able to increase the sewer fund transfer by \$1.5M to a total of \$4.5M under the Consent Decree. He also stated that applying conservative budget revenue projections resulted in a surplus every year over the past 10 years, with the exception of one year.

Ms. Cepeda-Freytiz noted the difficulty in attracting an HR Director and the need to always consider pay equity, job descriptions, salaries that reflect the market rate, etc. Mr. Kelly stated

that a salary study for the HR and Public Works Director has been completed and those salaries will need to be increased and he agreed with the need to address that globally.

Ms. Cepeda-Freytiz noted past concerns about positions with similar names but different salaries. Mr. Kelly stated that adjustments are being made and he asked Ms. Cepeda-Freytiz to provide a list.

Ms. Ventura noted the need to consider the salary of the Human Relations Director. She inquired about the pay rate for part-time file clerks. Mr. Kelly stated that the City pays \$15 per hour. Ms. Ventura recognized that the City increased that pay rate but she noted that \$15 per hour is not a living wage. Mr. Kelly stated that some part-time positions are paid \$20 per hour if specific proficiencies are required.

Ms. Cepeda-Freytiz inquired about when the electronic version of the budget will be prepared. Mr. Kelly stated that the electronic version is in the works and he thanked his staff for preparing the 2023 budget.

## **II. Reports**

- Fire – attached to the agenda. No questions were issued.
- Police – report deferred
- HR – Mr. Heim stated that several that 25 HR Director candidates yielded several eligible on paper to fill this position and out of 3 Public Works candidates 2 qualified candidates were identified. He stated that the salary studies for these positions show the need to increase these salaries.

## **III. Charter Board Ordinance**

Ms. Kelleher stated that the Charter Board Solicitor had a schedule conflict that prevented his attendance. She stated that he has committed to attend the November 7<sup>th</sup> COW. She added that she told the Charter Board Solicitor that there will be no further continuations.

## **IV. Other**

Ms. Goodman-Hinnershitz requested an update on the collapse of 224 Reed Street.

Mr. Abodalo stated that the rain caused the collapse of 224 Reed Street, damaging the adjoining properties at 222 and 226 Reed Street. The 224 Reed Street was secured. The adjoining properties were vacated and placarded until a structural analysis can be completed. He stated that the Chief Building Official (CBO) and the City's contractual engineer inspected the properties and determined that 222 Reed Street is structurally safe and the residents were told they could return to the property but 226 Reed Street has structural damage that can be stabilized, strengthened and capped. The family cannot return until repairs are made. The family has been assisted by the Red Cross. He predicted that repairs will take approximately one week. He stated that two contractors will be working to stabilize 224 Reed Street. Two

contractors have been retained for repairs to 226 Reed Street after the current rain storm passes.

Mr. Abodalo stated that 224 Reed Street is a certified blighted property that has been vacant for approximately 10 years. Work will ensure that the properties are no longer a public danger. He noted the need to identify other properties that are dangerous. He stated that the City's records show that 224 Reed Street is owner occupied and several Property Maintenance violations were issued with no response and contact could not be made with the property owner. He stated that although Building/Trades personnel relayed the structural issues at 224 Reed Street to him and the CBO, the City could not act quickly enough to prevent the collapse or the demolition.

Ms. Reed questioned if this property is on the BPRC list. Mr. Abodalo stated that the property was listed in the Hansen BPRC list but the records show that the property was released.

*(Note – 224 Reed Street is not on the BPRC list. The only property in this block on that list is 251 Reed Street)*

Ms. Reed inquired if the City can recoup costs for these properties through an estate. Mr. Gombar stated that costs such as these run with the property making future owners, including the estates, responsible for payoff the liens.

Ms. Reed inquired if there has been any outreach to encourage neighbors to identify problem properties. Mr. Abodalo stated that this can be considered moving forward.

Ms. Goodman-Hinnershitz expressed frustration with a blighted property in her neighborhood. She stressed the need for the City to create a plan of action to take the next steps after the properties are certified as blighted.

Mr. Miller noted that there are five large properties within District 6 that are secured with temporary fencing. He stated that these properties are a catastrophe waiting to happen if these large properties collapse. He suggested developing a plan and to use this Reed Street collapse as a wake-up call.

Mr. Abodalo noted difficulties addressing those who own these problem properties, especially the larger properties but he agreed that a plan, including eminent domain, is needed.

Ms. Cepeda-Freytiz noted the need to fix the broken internal systems such as software and offices that do not communicate and work together. She asked the administration what is needed to create efficient systems and correct these hazards.

Mr. Heim agreed with the need to identify improved strategies for problem properties. He noted that the CD Director has been tasked with hiring a deputy director who will work on the

blighted property issues and the Solicitor is working to contract with outside legal counsel to assist with ghost property owners and LLCs.

Mr. Abodalo left the meeting.

Ms. Cepeda-Freytiz reminded Mr. Heim about the need for a crime plan that includes input from the community.

**Mr. Miller moved, seconded by Ms. Reed, to adjourn the COW at 7:37 pm.**

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