



# ***FINANCE COMMITTEE***

## ***CITY COUNCIL***

**MONDAY, MAY 4, 2009  
CITY COUNCIL OFFICE**

**5:00 p.m.  
AGENDA**

**Committee: J. Waltman, Chair, S. Fuhs, M. Baez**

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### **FINANCE COMMITTEE**

- 1. Update Collections RFPs** **5:00 p.m.**
  - a. Solid Waste Recycling
  - b. Delinquent Tax and Fee Collection
  
- 2. Report on Blue Ribbon Panel Meeting** **5:15 p.m.**
  
- 3. 2010 Budget Preparation & Issues** **5:30 p.m.**
  - a. Schedule Budget Summit
  - b. Revenue Projections
  - c. Expenditure Projections
  - d. Corrections to Utility Billing issues & hiring Utility Billing Manager
  - e. Public Services and Core Services – areas of focus for 2010
  - f. Structural Deficit
  
- 4. Recommendations for fee adjustments (Maximus Report)**
  - a. Tax Administration
  - b. Traffic Engineering

- c. Parks Maintenance
- d. Recreation
- e. Streets
- f. Engineering
- g. Planning
- h. Zoning



Ms. Goodman-Hinnershitz reminded the group of the assistance the Opportunity House provides to those displaced when illegal rental properties are closed down and those displaced due to the recession.

### **Collections RFP**

The City currently has received RFP responses for the collection of delinquent solid waste and recycling accounts and for the collection of all other fees and taxes, such as EIT, Per Capita, housing permit fees, etc.

Mr. Younger stated that of those responding only Portnoy Associates believes that they can apply the same collections model used for the collection of property taxes, whereby the collections fees are added on top of the delinquent fees. The others who responded believe that the City's ordinances lack specificity to allow this application.

Mr. Younger stated that the Law Office believes it can successfully undertake this function in house. Mr. Hottenstein stated that he has asked Mr. Younger to provide a business plan for this proposed activity. Mr. Waltman inquired if Hansen has a component to assist in the collection of delinquencies. Mr. Hottenstein stated that staff can track aging accounts in Hansen.

Ms. Kelleher expressed concern about the Law Office undertaking the collections of all delinquencies, required by the Council resolution, as many accounts may be over 10-20 years old. She noted the amount of extensive research this collections activity will take. She suggested hiring an outside agency to collect aging accounts and then let the Law Office undertake this activity after accounts are more current.

Mr. Marmarou inquired when the City expects to realize revenue from this collections activity. Mr. Hottenstein stated that revenue is not expected to come in until late 2009. Mr. Marmarou stated that this delay is unacceptable, as this will leave Council and the Administration unable to properly plan for the 2010 budget.

### **Parking Fines Breakdown**

Mr. Waltman questioned the large jump (\$35 to \$70) in the street sweeping parking fine if it is not paid within ten days. He suggested increasing the base fine and eliminating or lowering the increase. Mr. Lee stated that all parking fines are based on quality of life and safety issues. He stated that all fines jump if they are not paid within a ten day period, which encourages people to pay the fine in a timely fashion.

Mr. Waltman noted the excellent service provided by the Parking Authority. He stated that if Mr. Lee's enforcement officers could cite property maintenance codes, the City would be a postcard.

### **P3**

Mr. Lee stated that the Parking Authority is currently reviewing goals and objectives to undertake a P3 arrangement similar to that considered by Harrisburg. Under a P3 deal, an

asset is leased to a private organization over a 50 year minimum. The City receives the lease payment. The goals and objectives outline the structure of the deal. The deal under consideration will retain the Parking Authority Board and management team. The City and Parking Authority must both agree to move the deal forward. If the deal goes out to RFP, an engagement letter with RBC must be approved. The engagement letter would allow negotiation with the companies bidding on the P3 deal. Mr. Lee noted his objection to the large up front payment called for by the draft engagement letter.

Mr. Fuhs suggested that an RFP should be used to find a company to negotiate the P3 deal as the cost for this service is over \$50,000.

Ms. Kelleher explained that when negotiating the Harrisburg P3 deal, RBC was scheduled to be paid for their service at the culmination of the deal. As the Harrisburg deal was not adopted by the Harrisburg City Council, RBC was not compensated for their services. The draft engagement letter for the Reading P3 deal sets payment for services at the front end and provides a back-out fee if the deal is not adopted by City Council and the Parking Authority. She stated that the terms of the engagement letter could be negotiated to reduce the up front payment and increase the back-out fee if the deal is not approved. Mr. Lee noted his objection to being charged for the errors of the Harrisburg deal.

Mr. Spencer noted the need for Council and the Parking Authority to decide if they are prepared to take the next steps that will allow an RFP. Mr. Lee stated that the Parking Authority has not studied this issue yet, due to the pressure of the parking garage project. The Parking Authority Board will begin their review at their April meeting.

### **2009 Budget Amendment**

The proposed budget amendment was distributed at a total of \$69,269,543. The amendment includes the 5% property tax increase and takes a \$388,718 transfer from the Solid Waste Enterprise Fund.

Mr. Fuhs inquired if amending the 2009 budget would violate the Charter. Mr. Hottenstein suggested that this transaction is a reallocation of funds in certain line items, not an amendment.

To provide clarification Mr. Waltman and Ms. Kelleher explained that the budget originally adopted by Council did not include a property tax increase. The property tax increase was approved after Council overrode the Mayor's veto of the budget ordinance. Therefore an adjustment of the property tax revenue line item is needed. The proposed reallocation also reduces expenditures in various departmental accounts.

Mr. Waltman requested that the Administration provide the proposed reallocation showing the amount originally proposed by the Administration, the amount approved by Council and the difference between the amount originally proposed by the Administration and that newly proposed reallocation. This document will be introduced at the April 13th meeting. Ms. Kelleher reminded Mr. Hottenstein that the ordinance needs to be sent to the

Council office by Wednesday, April 8th.

### **Update - Findings from the 2008 External Audit**

No report was given.

### **Water Utility Billing & IT Services**

Mr. Hottenstein reported that improved communications between IT and RAWA have reduced some of the billing issues; however, the Administration is currently considering hiring a billing manager within the next four months.

### **Implementation of Maximus Recommendations**

Mr. Hottenstein stated that he and Ms. Kelleher have been meeting to review the recommendations made in the Maximus report. He stated that Maximus has completed a study of the City's various fees and costs to administer various programs. He noted the need to consider that some programs that directly service City taxpayers could be provided at a subsidized cost; however, the costs of programs and services that benefit businesses or those who are not City residents should be completely covered.

Mr. Hottenstein and Ms. Kelleher stated that they have completed a review of four areas: recreation, engineering, tax, and public works. Ms. Kelleher stated that tax is the only group that covers the cost of service. They reported that the rental of equipment is currently subsidized by the taxpayers. For example, the rental fee for a table is \$4 but the rental cost is over \$70 per table. Ms. Kelleher and Mr. Hottenstein suggested discontinuing the rental program for equipment, as cost of this program could never be fully covered. Ms. Kelleher stated that eliminating this program would enable the employees who deliver these rental items to undertake more critical public works operations.

Mr. Hottenstein stated that recommendations to increase the fees for field and fieldhouse rental will be minor for City residents and larger for non-City residents.

Mr. Waltman inquired what increase recommendations will produce "ouch" factors. Ms. Kelleher stated that overall, largest "ouch" factors will come from the recommendations to increase various Codes permit fees. She stated that currently Housing Permits are \$50 per unit. The cost to process and administer this program falls between \$200 and \$400 per unit. Mr. Younger noted that the City was sued for raising the Housing Permit fee to \$50 per unit. Ms. Kelleher explained that the Maximus study can be used to defend challenges made through the court system. She noted that the last cost study occurred in the early 1990s.

Mr. Spencer expressed disbelief that the City would wait so many years to complete this study. He also noted the many years that the City increased fees using "guesstimates" of the cost to administer the programs and support fee increases rather than firm numbers. He recalled that Council has been requesting this study every year since he came onto City Council in 2000.

Mr. Waltman asked Mr. Hottenstein to have Maximus attend the April work session to explain the process used to develop the report. He also asked Mr. Hottenstein and Ms. Kelleher to prepare and present their recommendations and to distribute an electronic copy of the report to Council. Mr. Spencer and Mr. Waltman also noted the need for this cost analysis to occur more frequently.

Ms. Goodman-Hinnershitz noted the need to educate the public about the cost of services and where subsidies should and should not occur.

Ms. Baez moved, seconded by Mr. Fuhs to adjourn the Finance Committee meeting.

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

#### **FOLLOW-UP ISSUES**

- Recommendation for contract award for independent contractor to undertake collection activities as required by Resolution 131-2008 – first report from contractor due June 1<sup>st</sup>.
- Meeting w/ Parking Authority to discuss P3 Deal
- 2010 Budget Issues – Revenue Expenditure Projections
- Schedule 2010 Budget Summit
- Corrections to Utility Billing issues & hiring Utility Billing Manager
- Electronic copy of draft Maximus Report
- Recommendations for fee/program adjustments
- Complete study of zoning fees for Maximus Report

