



CITY COUNCIL

Finance, Audit & Budget Committee

Monday, December 17, 2012

4:00 pm

City Council Office

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

Committee Members: Donna Reed (Chair), Randy Corcoran (Vice-Chair) and Dennis Sterner

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.

All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012

I. Legislation Review

A. Bill No. 107-2012 - amending the City of Reading Codified Ordinances Chapter 1 Administration and Government, Section 186 G Fiscal Provisions - 4.0 Preparing Requests for Proposals (RFP's) for contracts greater than \$10,000 eliminating the Managing Director's ability to waive the RFP process for professional services **(Council Staff) Introduced at the October 22 regular meeting; Tabled at the November 19; November 26 and Dec 10 regular meetings**

B. Bill No. 108-2012 - amending the City of Reading Codified Ordinances Chapter 1 Administration and Government, Section 186 G Fiscal Provisions by reducing the amount of expenditures and allocations requiring Council's approval from \$25,000 to zero (\$0) **(Council Staff) Introduced at the October 22 regular meeting; Tabled at the November 19, November 26 and Dec 10 regular meetings**

II. 2013 Finance Agenda Topics

FOLLOW UP ISSUES

1. Estimate for new pavement on Court St train bridge
2. Update on the Parking Issue re the Downtown Merchants – Mayor’s Office
3. Audit of Fine Arts Commission – City Auditor
4. Amendment of 2013 CDBG Action Plan
5. Report on Inventory of City Owned Vehicles and Vehicles Taken Home – Adm Svc Dir
6. Quarterly Report on Contracts Awarded below \$25,000 – Adm Svc Dir
7. Update re Housing Amnesty Program – January



CITY COUNCIL

Finance Committee

Meeting Report Monday, September 17, 2012

Committee Members Attending: D. Reed, Chair, R. Corcoran, Vice Chair, D. Sterner

Others Attending: F. Acosta, D. Cituk, C. Younger, H. Tangredi, C. Zale, L. Kelleher, M. Kantner, M. Bembenick

Ms. Reed called the Finance Committee meeting to order at approximately 5:00 pm.

IT Report and CSC Report

Mr. Tangredi highlighted the IT report distributed electronically before the meeting. He noted that departments will begin to be charged back for IT services, so departments can begin to see the IT services they use.

The CSC Report was distributed. Mr. Tangredi stated that the report shows the complaints broken out by district. He asked how council would like to change the report regarding how complaints and their outcomes were being monitored.

Ms. Kantner stated that she has been working with the supervisors in Codes to expedite process of getting issues resolved. She also stated that it has been challenging due to staff vacations but she had assistance from all clerks as they had to revise forms. However, there have been minimal issues and everything seems to be positively moving forward.

Ms. Reed inquired about how many people work in the CSC. Ms. Kantner responded that 13 people work the department; however, they are all cross-trained.

Mayor Spencer entered the meeting at this time.

Mr. Sterner inquired if the process of communicating complaints to appropriate departments to

resolve issues has improved.

Mr. Tangredi explained that each department can close a work order (complaint).

Mr. Sterner inquired if the complaint then gets resolved when the department closes it.

Mr. Bembenick explained that CSC doesn't verify the resolution of a complaint once a particular department closes a complaint.

Mr. Corcoran provided an example: someone may have high weeds and trash in yard and gets a citation for high weeds but the trash continues to be an issue and remains unresolved, although the SR is closed out when the citation is issued.

Mr. Bembenick stated that an Aging Report is being developed that will ensure that complaints do not go on without resolution for a lengthy period of time. He will keep council posted.

Ms. Reed asked if there were any more questions and there were none.

City owned Vehicles

Mr. Bembenick reported that the inventory of the City's Vehicle Fleet consists of 388 vehicles; 21 of which are take home vehicles.

Ms. Reed questioned why the Redevelopment Authority has a take home vehicle and whether they pay for insurance and gas for the vehicle. She questioned why this is done for the Redevelopment Authority when the same is not provided to the Parking Authority.

Mayor Spencer explained that this vehicle is not "new" and its value is low.

Mr. Acosta inquired if it is cost neutral. Mr. Bembenick responded that it is cost neutral.

Ms. Reed commended Fleet Management for their performance as they keep many older vehicles with high mileage running.

Mr. Bembenick clarified that the number of take home vehicles doesn't necessarily mean that they are all being taken out at the same time. He stated that in Fire, only on-duty Deputy Chiefs and the Fire Chief have take home vehicles.

Mr. Acosta asked if only managers are taking home vehicles. Mr. Bembenick responded that, essentially, only managers take home vehicles.

Mr. Sterner asked if this included undercover cars.

Ms. Kelleher responded that rentals are utilized for undercover cars and they are not included. Rental cars are used so they can be changed out regularly.

Ms. Reed moved on to next item at this point.

Legal Contracts

Mr. Bembenick distributed a report and highlighted the report as follows:

- Jack Linton – pension fund - \$5,000/year in 2009
- Markowitz & Richman – Firemen’s pension - \$3,000/year in 2009
- Phil Rizutto – Police Pension - \$5,500/year
- Stephen Price – Zoning and two civil service boards - \$2,100/month per contract
- Ballard Spahr – general labor - approximately \$375/hour
- John Miravich – RAWA and WWTP - \$295/hour

Mr. Bembenick stated that Attorneys are \$275/hour and Assistants range from \$105 - \$225/hour. Mr Bembenick explained that this is an incomplete list and will provide a full list in the future.

Mr. Sterner inquired if a contract is in place for labor matters.

Mr. Younger believes they had an agreement but is unaware if it has been updated. He will find that information.

Mr. Bembenick gave clarification regarding legal fees vs. other fees. He went on to continue listing contracts:

- Osmer Demming – Solicitor for Zoning Orange Stones matter - \$150/hour
- Edward Stock – Board of Ethics – approximately \$150/hour
- Keith Mooney – Orange Stones - \$155/hour
- Steven G. Welz – Zoning and Housing matters - \$190/hour

Mr. Corcoran asked what Orange Stones is. Ms. Kelleher explained that Orange Stones is affiliated with Fire Tree, an organization that provides drug and alcohol re-entry programs.

Mr. Younger interceded that Hartman Shurr may be taken off the list.

Mr. Bembenick went on to include Stevens & Lee; however, he did not have rates on them as of yet.

Mr. Younger explained that their rates are incorporated in the bond work that they do.

Mr. Bembenick went on to list William Ferren who handles “Slip and Fall” cases.

Mr. Younger explained that we are trying to do more slip & fall cases in house due to deductibles.

Mr. Acosta inquired if these slip and falls are through the entire city and was given an affirmative by Mr. Younger.

At this point Mr. Younger mentioned the Police Diversity Board and the City's desire to disband this board.

Ms. Kelleher stated that Attorney MacMain wanted to wait until two rounds of bilingual testing were completed before filing to set aside the settlement agreement with the PSLC.

Mr. Acosta commented on the need to change legislation to get more bilingual firemen and police officers in place. He suggested offering points to bilingual candidates.

Ms. Kelleher explained that extra points are awarded if the bilingual testing is passed.

Mayor Spencer stated that they are looking to start firefighters on a voluntary basis but this continues to be an on-going issue to be resolved.

Mr. Acosta commented on the importance of having bilingual servicemen and how it could mean the difference between life and death in given circumstances.

Mr. Bembenick continued with the list of contracts.

Mr. Younger stated that this list is a work in progress and will have a more accurate report.

Legislative Review

Ms. Kelleher stated that Mr. Geffken committed \$100,000 to CORE and the Redevelopment Authority will be reimbursing the \$30,000 spent by the City for 737 North 4th St., leaving \$70,000 for the acquisition of additional CORE properties and \$5,000 will go to Reading Beautification out of the contingency fund. She noted the success of the RBI SILOT program.

Mayor Spencer commented that businesses are contributing to the SILOT program and verified that letters are being sent out as requested by Mr. Acosta.

Budget Review

Mr. Zale reported that expenses are coming in at 67% through August. He stated that he will keep a close eye on expenditures to ensure balance at end of year.

Ms. Reed asked about the biggest expenses.

Mr. Zale explained that Fire and Police are the biggest expenditures; Mr. Zale reported there has been an increase in the number of units from PA State Funding which will increase our MMO payment by approximately \$80,000. He went on to explain that our structural deficit is \$7million and that the Tax Amnesty is not included in this figure. He noted that the \$7M deficit is made up of the unbudgeted debt payment, made possible through the settlement of the Due Tos/Due Froms and the mis-booking of \$2.3M in 2011, rather than in 2012, where it was budgeted.

Mr. Acosta asked when the Tax Amnesty Report can be reviewed.

Mr. Bembenick stated that he should have that report by the end of the month.

Mr. Zale stated that the Transfers are on track and that they are continuing to work with RAWA.

Mr. Acosta recommended that some research be done regarding SB 375 regarding City use of Water Authority money.

Auditor's Report

Mr. Cituk indicated that there was nothing new to report and asked if there were any questions for him.

No questions were asked and Ms. Reed adjourned the meeting at approximately 6:45 pm.

Respectfully submitted by Bea Rivera, Legislative Aide

FOLLOW UP ITEMS

1. Review of CDBG Budget
2. Report on Unprogrammed Funds
3. Amendment of 2012 CDBG Action Plan
4. Quarterly report contracts under \$25K (Dec)
5. Quarterly report legal contracts (Jan)
6. End to end SR process (Jan)
7. SR Aging Report (Jan)
8. Review repeat Ext. Audit Findings (Dec)
9. Review Tax Amnesty Report (Oct)
10. Select 2013 Internal Audits (Dec)



MEMORANDUM

TO: City Council, David Cituk
FROM: Christian F. Zale, City Controller
DATE: September 28 , 2012
SUBJECT: Schedule of Transfers – September 2012

The following transfers occurred in September 2012 as specified in the 2012 council approved /revised budget:

To General Fund (01):

Indirect Cost: CD (32) \$15,833.33; Sewer (54) \$86,063.33; Recycling (56) \$11,195.00; Water (50) 56,503.33

Transfers: Sewer (54) \$250,000.00; Recycling (56) \$16,666.67; Water (50) \$368,333.33

Water RAWA Act 47: \$125,000.00

Meter Surcharges: Water (50) \$141,666.00

To Water Fund (50):

Meter Reading Cost: Sewer (54) \$6,833.33

RAWA Lease Agreement: From RAWA \$700,205.00 (**Changed per MOU.**)

To Self Insurance (52):

Sewer (54) \$75,416.67; Water (50) \$72,386.25; General (01) \$140,641.08

Corrections:

None

Additional Transfers:

None

Future Transfers:

Solid Waste repayment of prior transfer from General Fund (01)..\$1,500,000.00

These transfers are reflected in September trial balance. Also, the related cash has been transferred among the various funds; thus, no impact in the DT/DF accounts. This activity has been confirmed by the City Auditor.



