



CITY COUNCIL

Committee of the Whole

Monday, January 9, 2012

Council Office

5:00 pm

Agenda

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee of the Whole 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 President of Council.

- I. Reorganization and Committee Selection**
- II. Proposed Redistricting Plan**
- III. Mayor's Proposed Transition Plan**
- IV. Agenda Review**



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
December 27, 2011
5:00 P.M.

COUNCIL MEMBERS PRESENT:

S. Marmarou, M. Goodman-Hinnershitz, D. Sterner, D. Reed, J. Waltman, V. Spencer

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Younger, C. Geffken

Mr. Spencer called the Committee of the Whole meeting to order at 5:05 p.m.

I. Penns Commons Court Apartments

Mike Carper, Andre Perry and Romero Carbinal were present for this portion of the meeting.

Mr. Perry reviewed the power point slides provided to Council. He noted his hope that this would clarify the request and move the transaction forward.

Mr. Acosta arrived during the presentation.

Mr. Sterner expressed his thanks and stated that the issues have been clarified for him. He stated that the City will receive an interest payment but questioned when the principal would be repaid. Mr. Perry stated that the principal is currently due in December of 2016 but that if the refinancing is approved it would be due in another 30 years. He clarified that as this funding was through DCED that the repayment would need to be reused toward affordable housing.

Mr. Waltman questioned if the interest received also needed to be used for affordable housing. Mr. Perry stated his belief that it must also be used for affordable housing.

Mr. Waltman questioned if this transaction would also defer future interest payments. Mr. Perry stated that it would.

Mr. Waltman pointed out that although the City would retain third position in the payback schedule, the City would fall \$1 million lower.

Mr. Waltman questioned the bulk of the soft costs. Mr. Perry stated that the bulk of the soft costs would be legal fees, architectural needs, application fees and construction interest payments.

Mr. Waltman stated that the building is structurally sound. He questioned the rehabilitation to occur. Mr. Carper referred Mr. Waltman to the power point slides explaining the work to be done.

Mr. Waltman questioned if HDC would be willing to spell out the specific improvements in the agreement. Mr. Perry stated that this is acceptable.

Mr. Waltman stated that he requested information on the other projects to see if other municipalities are making comparable investments as Reading. He questioned if they would have similar transaction terms. Mr. Perry stated that HDC has appeared before the other municipalities and have made the same request. He stated that Lancaster is reinvesting over \$1 million.

Mr. Spencer questioned if HDC approached DCED regarding the spending restrictions on the interest payment which will be received. Mr. Perry stated that they did not as the decision is made by each individual municipality. He stated that the funds must stay local and remain within the DCED guidelines and not be added to the City's general fund.

Mr. Spencer questioned if the use of the interest payment must be used on affordable housing. Mr. Carper noted his understanding that it would need to be used for affordable housing.

Mr. Spencer questioned who would be responsible for the debt incurred as the facilities are not breaking even. Mr. Carper stated that the original financing labeled this debt as a loan but realistically it is a permanent equity investment. He stated that affordable housing barely breaks even.

Mr. Spencer questioned if HDC would lose all their properties if this venture is unsuccessful. Mr. Carbinal stated that in the case of bankruptcy the City is in third position and realistically would receive nothing.

Mr. Spencer questioned if the interest payment would be lost if this transaction does not move forward. Mr. Carbinal responded affirmatively.

Mr. Spencer questioned how long this type of transaction could continue. Mr. Carper stated that rents could be increased but that this is not the best solution.

Mr. Spencer stated that the City has been involved in other projects where businesses walked away from properties. He questioned what would happen to the property if this occurs. Mr. Carper stated that HDC has been in business for 40 years and never walked away from a property. He stated that HDC uses their strong properties to supplement weaker properties.

Mr. Marmarou questioned if this property had a set rental fee or was income based. Mr. Carper stated that the rents are income based and scaled.

Mr. Marmarou questioned if the units were full. Mr. Carper stated that they are.

Mr. Waltman questioned when the Administration was approached about the possibility of this transaction. Mr. Carper stated that they first came to the City in June.

Mr. Waltman questioned the procedure to receive DCED approval for spending of the interest payment. Mr. Carper stated that the plan is easy to prepare and that he was willing to provide all necessary information to the City.

Ms. Goodman-Hinnershitz thanked HDC for their presentation. She stated that the information is much clearer. She noted the need for future transactions to be clearly documented for consistency.

Ms. Reed expressed her thanks for the presentation and clarification. She noted her hope that market rate housing would be attracted in the future to bring the middle class back to Reading.

Mr. Spencer questioned who would be responsible for the property if no capital improvements were performed. Mr. Carper stated that improvements will continue to be made as necessary but the planned rehabilitation will not occur. Mr. Perry added that there is currently \$170,000 available for improvements through routine maintenance.

Mr. Spencer questioned HDC's position in 2016 if this transaction was not approved. Mr. Carper stated that HDC would be back renegotiating with the City as they have no means to repay the debt.

Mr. Spencer questioned if it was HDC's intention to extend the debt when the original documents were signed in 1990. Mr. Carper stated that the original documents showed that HDC would not have the ability to repay the debt and implicated that it would be renegotiated in 2016. He stated that these types of projects always request extensions. He reiterated that any payments received by the City could not be used for general fund expenses.

Mr. Spencer noted the flaw in past planning and that it cannot be changed. He noted his frustration that this property is on one of the City's main streets and near a park. Mr. Carper noted his hope that this property is an asset to the community.

Mr. Spencer stated that cities need to survive and Reading already has enough affordable housing.

Mr. Sterner noted his agreement with Mr. Spencer. He stated that low income housing has increased and helped to create the poorest City in America. He noted the need to decrease low income residents and bring more market rate housing to the City.

Ms. Goodman-Hinnershitz stated that this property is for low income senior citizens who may not be able to afford to live independently without assistance. She stated that this differs from other low income residents and noted the need to provide balanced housing opportunities. She expressed her belief that this transaction be approved to maintain this housing for seniors. She noted that other properties have expanded beyond senior citizens and that tenants need to be responsible citizens to reduce problematic behaviors.

Ms. Reed stated that seniors need to be taken care of but that the issue of prime real estate on Penn St may not be the best location. She stated that other senior housing has expanded and reduced the age restriction requirement and questioned if this location would remain senior only. Mr. Carper stated that it would as there is a deed restriction for the next 30 years.

Mr. Waltman questioned if action would be taken this evening. Mr. Spencer stated that it would if the body was ready to proceed.

Mr. Waltman requested assurance of the investment and a breakout of the soft costs for review by the Administration before the agreement is signed. HDC was agreeable.

Mr. Carper stated that the issue of local labor is being addressed as the general contractor has already begun reaching out to local contractors.

Mr. Acosta stated that additional information will not change the situation or the transaction. He stated that this is consistent with other projects he researched and that the municipalities do not expect to get their investment back. He stated that this is an investment and not a loan. He stated that the chances of the facility closing are slim to none and that a \$107,000 interest payment is better than no payment. He stated that the other municipalities have already approved the transaction.

II. Appointment of Council President

Mr. Spencer explained that the body agreed to make this a public process.

Mr. Marmarou disagreed stating that the issue was discussed but there was not agreement.

Mr. Spencer stated that no negative opinions were heard during discussions. He stated that he is simply making sure the process proceeds as discussed. He noted that staff reacted to requests by Council only and are not involved in this process.

Mr. McMahon arrived at this time.

Mr. Spencer apologized if the process was unclear.

Mr. Marmarou noted his understanding that Council would decide on a President and if they were unable then applications from the public would be requested.

Ms. Goodman-Hinnershitz noted the need to discuss next steps and be clear on the process. She noted the need for an open process and that those who communicate via email must remember to keep all members of Council updated.

Mr. Spencer stated that he is not part of the process but must ensure that the process is followed.

Mr. Spencer questioned the residency requirement. Mr. Younger stated that when a vacancy occurs it must be determined who is eligible to serve. He stated that Charter Section 202 states that applicants must be a City resident for one year prior to the election. He stated that it is not clear in the vacancy section and that opinions have not yet been received from the Charter Board or Ethics Board.

Mr. Spencer questioned if Ms. Kelleher contacted the Board chairs. Ms. Kelleher stated that she mailed and emailed the letter on December 13 requesting a response in two weeks.

Mr. Spencer requested Ms. Kelleher contact the Board chairs to remind them of the importance of this issue and its timeliness.

Mr. Younger noted the quandary created if the appointment cannot run in the next election because residency has not been met. He stated that he will also follow up with the Charter Board and Ethics Board. Ms. Kelleher stated that the original letter requested a response within two weeks. She stated that opinions should be received this week.

Mr. Acosta stated that this process sets the standard for future vacancies. Mr. Younger stated that this process may default back to Roberts Rules. He stated that Council can suspend Roberts Rules but that Roberts Rules allows members to nominate and vote for themselves.

Mr. Acosta stated that members have been discussing holding a special meeting on January 6 to reorganize.

Mr. Younger stated that Council has become the nominating committee.

Mr. Spencer noted the need for interviews. Mr. Younger stated that he will present a formal opinion in writing to clarify the issue.

Mr. Marmarou stated that this was never an issue when filling a vacant District seat.

Ms. Goodman-Hinnershitz stated that it is the same process but that the process needs to be clarified. She stated that an ad had been placed for applicants and applications have been received. She noted the need to move forward.

Mr. Marmarou questioned if more applications would be received. Ms. Kelleher stated that the application deadline was December 23.

Mr. Sterner questioned what would occur if all members of Council submitted applications. Mr. Spencer stated that a citizen nominating committee could be named or the Court could decide.

Mr. Sterner stated that if a current Council member is chosen the other candidates could cause problems. Mr. Spencer stated that the current situation with Exeter School Board and Wilson School Board will ensure that many are watching this process.

Mr. Marmarou questioned when interviews would begin.

Ms. Goodman-Hinnershitz also noted the need to structure the interviews to be sure the same questions are asked to each candidate and that the interviews are held in a public forum. She suggested that those interested in serving not choose the interview questions.

Ms. Reed suggested that former Council members or John Kramer submit interview questions to make the questions fair and impartial.

Mr. Spencer reminded Council that the interview questions must be consistent for each interview and that many are watching this process.

Mr. Acosta stated that he expected many more people to apply.

Ms. Reed stated that this shows that there is much apathy in the community.

Mr. Acosta stated that the process must be fair and comply with Council rules. He noted the need to move the process forward.

Mr. Spencer stated that Council has 30 days from the resignation of the seat to name a replacement.

Ms. Goodman-Hinnershitz stated that the process must be followed in a public forum. She suggested reorganizing on January 9 and appoint the President and reorganize committees at the same meeting.

Ms. Reed noted that current committees would be maintained until the reorganization.

Mr. McMahon stated that he must leave to attend a service in honor of late Senator O'Pake. He noted that there were often differences of opinion but that he enjoyed working with all members of Council and expressed his thanks for their dedication to the City.

Ms. Reed read a commendation to Mr. McMahon for his service to the City. Mr. McMahon expressed his thanks.

Mr. Sterner suggested moving forward after the opinions from the Charter Board and Ethics Board are received. Mr. Spencer stated that interviews can begin while waiting for the opinions.

Ms. Kelleher stated that she will contact the applicants and schedule their interviews on January 4 beginning at 5 pm. She stated that one applicant submitted an employment application rather than the Council President application. Ms. Reed suggested that Ms. Kelleher discuss this with the applicant to be sure she understands the position.

Ms. Goodman-Hinnershitz questioned the order of the interviews. Ms. Kelleher suggested scheduling the interviews in the order that the applications were received. Council agreed.

III. Proposed Redistricting Plan

Mr. Spencer stated that the Redistricting Committee submitted its plan to Council at the December Work Session. He stated that this plan keeps Districts balanced. He questioned the need for a Charter amendment. Mr. Younger opined that a Charter amendment is not needed as the initial Districts are mentioned only as part of the transition language. He stated that redistricting is regulated by State statute and that if the plan is put before the voters it may be defeated and that would be against State law.

Mr. Spencer questioned if the plan could be appealed in Court. Mr. Younger stated that it could but that the suit would need to be based on the process and not the plan itself.

Mr. Acosta stated that he does not support the proposed plan. He stated that he has received many calls about disrupting the historic district located in District 1.

Mr. Spencer noted the need for a public meeting. He questioned the timeframe. Ms. Kelleher stated that the hearing must be held and a plan passed by Council within 45 days of its presentation. Mr. Younger clarified that this is in the City's Administrative Code.

IV. Agenda Review

Council reviewed this evening's agenda including the following:

- Award of Contract for processing recycling materials

Mr. Spencer requested clarification on the highest paying bidder. Mr. Geffken stated that the contract will be awarded to the firm who will pay the most to take the recycling for resale of the materials.

- Ordinance authorizing the lease agreement to Olivet for a portion of Pendora Park

Ms. Goodman-Hinnershitz stated that the project will not include a pool. Mr. Younger stated that this does not change the character of the lease as it does not apply.

Mr. Spencer questioned if Olivet could add a pool in the future if this language remains in the agreement. Mr. Younger stated that this language will be removed.

Mr. Spencer clarified that the lease is \$1 per year for 29 years with a 30 year renewal clause.

- Ordinance creating the Certificate of Transfer process

Mr. Spencer stated that all deeds will need the Certificate of Transfer. He stated that properties must meet City regulations prior to a sale and that if a sale occurs without a Certificate of Transfer the City will be notified by the Recorder of Deeds.

Ms. Kelleher stated that this should catch many of the housing issues and that the ordinance also includes an authentication process to ensure the Certificate of Transfer has been issued by the City and not created on a personal computer.

- Ordinance amending the fee schedule

Mr. Geffken stated that this amendment sets the 2012 solid waste and recycling removal fees and also readjusts the property maintenance fees as recommended by the Maximus study. He stated that the City has begun charging \$100 per parcel for rental permits and the full cost of inspections is amended through this ordinance.

Mr. Waltman stated that the inspection fee for a one unit building will rise to \$505. He questioned how much time this inspection takes. Mr. Geffken stated that it is for the actual cost of time included in the Maximus study. He stated that he will bring the study results to the general meeting to answer this question.

Ms. Goodman-Hinnershitz suggested tabling the ordinance to continue discussions. Ms. Katzenmoyer reminded Council that this amendment also sets the 2012 solid waste and recycling fees. Mr. Geffken agreed and stated that he will bring additional information to the meeting.

Mr. Acosta questioned the difference between the actual solid waste and recycling removal fees and that charged to residents. Mr. Geffken stated that the difference is due to in-house costs.

- Ordinance setting the sewer rate

Mr. Geffken stated that this ordinance retains the current billing rate of 161% of the water consumption until it is changed.

- Ordinance transferring Water Authority funds

Mr. Geffken stated that this action is necessary as it is over the threshold needing Council approval.

- Resolution denying the HARB appeal for 118 S 5th St

Mr. Spencer explained that this resolution denies the appeal and remands it to HARB for further review.

Mr. Acosta questioned remanding the issue to HARB as it will be denied again and appealed to Council again. He stated that historically Council approves HARB appeals. Ms. Kelleher stated that appeals have been remanded in the past.

Mr. Sterner questioned Council comment on this resolution as it may be further appealed. Mr. Younger stated that it is best not to comment.

Ms. Kelleher clarified that the resolution requires HARB to hear the issue at their January meeting and to review the same material as was furnished to Council.

Ms. Goodman-Hinnershitz stated that HARB will review the material as it would fit into their policies. Their policies require only wood replacement.

Mr. Spencer noted his concern that HARB is not aware of new materials that are available.

Ms. Kelleher stated that HARB wishes to meet with Council in January regarding their policies.

- Resolutions ratifying the agreements with AFSCME 2763 and AFSCME 3799

Mr. Geffken described some of the changes including:

- Part time is now defined as fewer than 35 hours
- Holidays have been reduced to 10 per year
- Personal days will be better managed especially near holidays
- No vacation can be taken the first year of employment
- Over time has been reduced to time and a half from time and three quarter

- No wage increase the first three years followed by 2% increases for each of the next two years
- Increased contribution to healthcare costs
- Allowing furloughs
- Addition of light duty positions
- Parking in the garage at \$40 per month with the option of raising to \$50 per month in the future
- Defined contribution pension plan for new employees

Mr. Acosta noted that the vacation clause is very aggressive. Mr. Spencer stated that many private companies use this policy.

Mr. Spencer reminded all that these collective bargaining units are for non-uniform employees and are not affected by the same State Act 111 regulations.

The meeting adjourned at 7:12 pm.

Respectfully
Submitted
Linda A. Kelleher, CMC, City Clerk

**BILL NO. ____-2012
AN ORDINANCE**

**AN ORDINANCE AMENDING CITY OF READING CODIFIED ORDINANCES BY
CREATING A NEW SECTION 1-125 REGARDING THE COUNCIL DISTRICT
BOUNDARIES, AS RECOMMENDED BY THE REDISTRICTING COMMITTEE**

Whereas, the City of Reading City Council appointed members to the Redistricting Committee after the receipt of the 2010 Census and provided the Committee with technical support from the Berks County Planning Department and the City of Reading Planning Commission, and

Whereas, after their review of the census data which shows an increase in the Reading population and their review of the census tracts, the Redistricting Committee recommended changes to the Council district boundaries at the December 19th Council Work Session to comply with 53 Pa. C.S.A § 903Municipal Reapportionment, which requires the governing body to create districts that are compact and contiguous territory as nearly equal in population as practicable.

THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Amending the City of Reading Codified Ordinances by creating a new Section 1-125 Council Districts and amending the boundaries of the existing Council Districts, created in 1993 by the Charter Commission, as recommended by the Redistricting Committee as follows:

A. District 1.

1st Ward
2nd Ward-1st precinct
3rd Ward - 1st precinct
~~4th Ward~~
~~5th Ward~~
18th Ward - 1st, 2nd, 3rd and 4th precincts

B. District 2.

~~2nd Ward-2nd precinct~~
~~3rd Ward-1st precinct~~
3rd Ward - 2nd precinct
10th Ward - 1st precinct
16th Ward - 1st, 2nd, 4th and 5th precincts
~~9th Ward-5th precinct~~

C. District 3.

~~3rd Ward-2nd precinct~~
~~8th Ward~~
9th Ward-2nd *and 5th precinct*
11th Ward - 2nd and 3rd precincts
12th Ward-*1st*, 3rd and 5th precincts

13th Ward - 1st precinct

D. District 4.

~~13th Ward - 1st~~

13th Ward - 2nd and 5th precincts

17th Ward - 1st, 2nd, 5th, 7th and 8th precincts

E. District 5.

14th Ward - 6th precinct

15th Ward - 1st, 2nd, 6th and 7th precincts

19th Ward - 1st and 2nd precincts

F. District 6.

4th Ward - 1st precinct

5th Ward - 1st precinct

6th Ward - 1st and 3rd precincts

7th Ward - 1st precinct

~~12th Ward - 1st precinct~~

14th Ward - 1st, 4th and 5th precincts

SECTION 2. This Ordinance shall become effective in ten (10) days, in accordance with Charter Section 219.

Enacted _____, 2012

President of Council

Attest:

City Clerk

Redistricting Committee Council District Proposal

EXISTING

District	District	District	District	District	District
1	2	3	4	5	6
Wards	Wards	Wards	Wards	Wards	Wards
1-1	3-1	3-2	13-1	14-6	6-1
2-1	9-5	8-1	13-2	15-1	6-3
4-1	10-1	9-2	13-5	15-2	7-1
5-1	16-1	11-2	17-1	15-6	12-1
18-1	16-2	11-3	17-2	15-7	14-1
18-2	16-4	12-3	17-5	19-1	14-4
18-3	16-5	12-5	17-7	19-2	14-5
18-4			17-8		

PROPOSED

District	District	District	District	District	District
1	2	3	4	5	6
Wards	Wards	Wards	Wards	Wards	Wards
1-1	3-2	9-2	13-2	14-6	4-1
2-1	8-1	9-5	13-5	15-1	5-1
3-1	10-1	11-2	17-1	15-2	6-1
18-1	16-1	11-3	17-2	15-6	6-3
18-2	16-2	12-1	17-5	15-7	7-1
18-3	16-4	12-3	17-7	19-1	14-1
18-4	16-5	12-5	17-8	19-2	14-4
		13-1			14-5