

CITY COUNCIL

Committee of the Whole

Monday, November 25, 2013

5:00 pm

Agenda

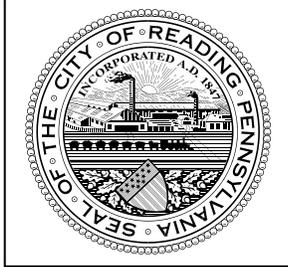
Although Council committee meetings are open to the public, public comment is not permitted at Council Committee of the Whole meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via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

All electronic recording devices must be located behind the podium area in Council Chambers and located at the entry door in all other meeting rooms and offices, as per Bill No.27-2012.

I. Executive Session - DEP re Recycling Litigation

II.

III. Agenda Review



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
November 12, 2013
5:00 P.M.

COUNCIL MEMBERS PRESENT:

D. Sterner, S. Marmarou, M. Goodman-Hinnershitz, D. Reed

OTHERS PRESENT:

L. Kelleher, D. Cituk, S. Katzenmoyer, C. Younger, D. Hoag, C. Snyder, M. Bembenick,
L. Agudo, C. Edwards

The Committee of the Whole meeting was called to order at 5:03 pm by Council Vice President Goodman-Hinnershitz.

I. City Hall United Way Committee Presentation

Michael Reese, Marcelino Colon, and Tamara Shamus were present for this topic.

Ms. Shamus and Mr. Reese explained the benefits of donating to the United Way and ways that the United Way assists the people of Reading and Berks County. Mr. Reese stated that the Police Department has a match program for gifts in 2014.

Mr. Murin, Mr. Spencer, Mr. Daubert, and Mr. Acosta arrived during the presentation.

II. Agenda Review

Council reviewed this evening's agenda including the following:

- Resolution ratifying the IAFF contract

Mr. Acosta questioned if Council was ready to vote on this resolution since they have not seen the agreement. Ms. Snyder stated that this contract is based on an arbitration award and was effective January 1, 2011. She stated that the major updates are:

- New wage scale for those hired after 1/1/11
- Decrease in base starting salary for those hired after 1/1/11
- Employees hired before 1/1/2011 have a three year pay freeze and will receive 2% increases in 2014 and 2015
- Longevity pay is frozen for employees hired before 1/1/11 and has been eliminated for those hired after 1/1/11
- DROP, life insurance after retirement and health benefits after retirement are eliminated for those hired after 1/1/11
- Medical insurance revisions and a higher co-payment
- Paid holidays have been decreased to 10
- Minimum hours paid for overtime decreased from four hours to two hours
- If more than \$850,000 is spent on overtime, the contract can be re-opened

Ms. Snyder stated that the IAFF has had difficulties accepting these changes but that Act 47 has impacted their agreement as the arbitrator realized the financial condition of the City.

Mr. Marmarou questioned if employees hired before 1/1/2011 could still enter the DROP program. Ms. Snyder stated that they could.

Mr. Marmarou questioned the time they may enter DROP. Mr. Cituk stated that they can enter the program when they have reached age 50 and have 20 years service.

Mr. Marmarou questioned the number of IAFF members who would be eligible to DROP. Mr. Younger stated that there is a limit set on the number of members who may join in a calendar year. Mr. Cituk stated that only ten IAFF members may join per year which is roughly 20 percent. He explained that new agreements cannot make retroactive changes to existing employees.

Mr. Marmarou stated that the legislators need to address pension issues. Mr. Spencer stated that there will be legacy costs for many years.

- Resolution funding the Micro Enterprise Loan Program

Ms. Snyder stated that the Administration would like to withdraw this resolution at this time.

- Resolution promoting Lt. Madison Winchester to Captain

Ms. Snyder stated that Lt. Winchester has been acting captain for some time and that he recently passed the required civil service test.

- Ordinance creating a process for requests for memorials on public property

Ms. Snyder stated that this is the result of a work group. She stated that a panel will be created to review new memorial requests. She stated that Ms. Kelleher was part of this work group and that it will be a uniform process.

Ms. Kelleher stated that the panel will make a recommendation to Council.

- Ordinance granting an easement to Muhlenberg for a parcel in Bernhart Park

Ms. Hoag stated that this easement is needed for a sanitary sewer connection on Little Rock Rd.

- Ordinance transferring funds within the Fire Department

Ms. Snyder stated that this is to fund the purchase of the new inspection software for the Fire Marshal's office.

- Ordinance amending the rain barrel regulations

Ms. Katzenmoyer explained that this request came through the EAC. She stated that pre-manufactured rain barrels have a 1" overflow valve and that this amendment will make the City's regulations consistent with the barrels available for purchase.

- Ordinance creating the City of Reading Revitalization and Improvement Zone (CRIZ) Authority

Ms. Kelleher noted the need for the Mayor to sign this legislation this evening to start the ten day effective date period.

Ms. Goodman-Hinnershitz requested an update on this initiative. Ms. Snyder stated that the Administration will continue to update Council on the process.

Mr. Agudo stated that orientation sessions have been held for the members and that seven of the 11 have attended. He stated that all have received a packet of information

along with a calendar of upcoming meetings and the expectations of the members. He stated that meetings will begin on November 20 and that the application is due on November 30.

Mr. Agudo stated that Council members should have received a link via email to give them access to the documents being presented to CRIZ members. He stated that the documents can be distributed in hard copy at the request of Council members.

Mr. Agudo thanked Council President Acosta and all those involved in the process for their work to bring forward quality nominees. He stated that the nominees are a very diverse and well-rounded group.

Ms. Goodman-Hinnershitz expressed her thanks to Mr. Agudo for moving this project forward.

Mr. Agudo stated that the guidelines were released on October 30 and that he was able to represent Reading in Harrisburg for a training program. He stated that this was a good opportunity to learn where other communities are in the process. He expressed the belief that Reading has a very good chance of obtaining CRIZ designation in 2014. He stated that this will be very positive for Reading.

Mr. Acosta questioned the areas to be included. Mr. Agudo stated that they have not been chosen at this time. He stated that Mr. Tangredi has created a map that will allow CRIZ members to see the acreage and tax impact of parcels as they determine which ones to include in the zone. He stated that the zone areas, project selection and application form will be completed by the CRIZ Authority members.

Mr. Agudo stated that the application form is 12 pages and that it is approximately ½ complete. He stated that the application will be placed in the online drop box for review after November 19. He also stated that the Administration will be making recommendations to the CRIZ Authority but that the Authority will make the final determination.

Mr. Acosta questioned potential projects. Mr. Agudo stated that the Administration is recommending projects with the City-owned properties on Penn St but stated that further discussion would need to be in executive session.

Mr. Marmarou questioned if Lancaster and Bethlehem have submitted their applications. Mr. Agudo stated that they have not but that Lancaster had a head start

on the process as they were working directly with a State legislator. He stated that Bethlehem's application is almost ready.

Ms. Goodman-Hinnershitz stated that the City must be realistic through the process. She stated that it has been challenging and encouraged the Administration to learn from the process if Reading is not selected for 2014.

Mr. Spencer stated that the State legislators are discussing adding an award in 2015.

- Resolution denying the appeal of 332 N 5th St window installation

Ms. Goodman-Hinnershitz stated that the resolution is written to deny the appeal. She questioned if a yes vote means no to the current windows. Ms. Acosta stated that it did.

- Resolution submitting the 2014 CDBG Action Plan to HUD

Mr. Acosta questioned if changes had been made since the presentation to Council. Mr. Agudo stated that there were none.

Ms. Goodman-Hinnershitz questioned the timeline for submission. She stated that there was much discussion but that a vote is unknown.

Mr. Acosta questioned if the BCTV allocation was adjusted. Ms. Snyder stated that no official requests for changes were received.

Ms. Reed stated that the library allocation may change.

Mr. Acosta expressed his belief that Olivet should receive funding.

Mr. Agudo stated that no requests for changes were received by CD.

Mr. Acosta expressed the belief that Council made itself clear the day of the presentation what changes were requested. He stated that unprogrammed funds will be used for community policing and an allocation would be made to Olivet.

Mr. Agudo stated that the amounts can be amended in the future but the Action Plan needs to be submitted by November 15.

Ms. Reed stated that it can be amended at the table.

Mr. Acosta noted the need to fund Olivet.

Mr. Agudo distributed the spreadsheet for Council review.

Mr. Acosta suggested decreasing community policing by \$100,000 and funding Olivet for \$100,000.

Mr. Waltman arrived at this time.

Ms. Edwards stated that the 15% cap on this category is maximized and that unprogrammed funds cannot be used in this category. Mr. Agudo agreed and stated that this would prevent unprogrammed funds from being allocated to community policing.

Mr. Waltman stated that the cap did not seem to be an issue in the past. Mr. Agudo stated that the cap applies for the program year. He stated that if the cap is reached that unprogrammed funds can only be applied to the non-public services category.

Ms. Reed stated that she will not support the Action Plan if it funds BCTV. She stated that their performance is questionable and that they are now a news organization.

Ms. Goodman-Hinnershitz stated that she has similar concerns with BCTV. She stated that BCTV should be sustainable and that the City continuing to make contributions is not sustainable. She stated that sound and lighting is not good and that she discussed these issues with BCTV but no changes have been made. She noted her agreement with the rest of the budget.

Mr. Marmarou disagreed about BCTV and stated that his constituents like the ability to tune into BCTV. Ms. Goodman-Hinnershitz stated that constituents deserve quality programming.

Mr. Waltman stated that this discussion is valid and suggested that Council meet with BCTV in 2014. Ms. Reed stated that meetings were already held.

Mr. Waltman suggested meeting again in March. He noted the need to discuss realistic needs, expectations and services provided.

Mr. Sterner stated that BCTV must understand that Council has decreased all budget line items and suggested discussions be held again in 2014. He noted the need to

indicate what improvements need to be made and track their improvements. He stated that their 2015 allocation should be based on these efforts.

Mr. Acosta stated that meetings were held. He stated that the meetings were not combative and noted his hope that these annual discussions would end.

Mr. Bembenick stated that if the \$100,000 is removed from community policing in the Action Plan there would be a resulting \$100,000 increase in the general fund budget.

Mr. Waltman stated that BCTV discussions are time consuming over the last two years. He stated that the issue appears to be political. He expressed the belief that \$75,000 is not too much.

Ms. Goodman-Hinnershitz noted the need for the City to have quality controls on all the projects in the Action Plan. She suggested that this would assist with addressing concerns. She stated that federal funding does not allow political involvement of the recipient.

Mr. Waltman stated that \$75,000 settles the issue. Mr. Acosta agreed.

Mr. Agudo stated that he will amend the spreadsheet before the vote to prevent the need for amendments at the table. He stated that community policing will be funded at \$225,000 and Olivet will be funded at \$75,000.

- Resolution authorizing \$900,000 to the Hotel project

Mr. Agudo stated that Our City Reading made this request after their request for tax credits fell through. He stated that this amount will complete the hotel funding package and that the funds are available. He explained that Our City Reading has repaid \$1 million of the Section 108 loan from the Goggleworks project. He stated that \$750,000 will be through the Section 108 program and \$150,000 will be through the Family Business Loan program.

Mr. Acosta questioned what assurance the City has that the project will move forward after this funding is granted. Mr. Agudo stated that he hears that this is the final funding piece. He stated that other than that, there are no assurances. He stated that the project must close by December 15.

Ms. Goodman-Hinnershitz stated that she wants the project to succeed but that delays reduce her trust. She suggested adding a date to protect the City. She stated that she is

having difficulty answering constituent questions about the project. Mr. Agudo suggested having a side agreement regarding the date to prevent HUD from questioning the project.

Mr. Marmarou questioned if adding a date or side agreement is legal. Mr. Younger stated that it is legal.

Mr. Acosta stated that the City has already contributed \$1 million to the project and this is an additional \$900,000. He stated that the City is financially distressed and there are repeated delays in the project. He noted his need for assurances.

Mr. Spencer explained that the Section 108 loan has funds available from loans that have been repaid.

Ms. Goodman-Hinnershitz noted her concerns with a timeline.

Mr. Spencer stated that Our City Reading believes this project will happen.

Ms. Goodman-Hinnershitz stated that the general public does not understand the financing and questions how the City continues to fund projects when it is in financial distress.

Ms. Reed questioned if any other entity has applied for the Section 108 funds. She noted the historically low hotel occupancy rate in the County. Mr. Agudo stated that no other project has expressed interest in the Section 108 loan. He stated that this is a \$56 million project and that over \$20 million in State funds have also been allocated. He stated that this is a very complicated financial transaction. He stated that the project will also increase permit fees for the City and will increase tax revenue.

Mr. Waltman agreed with the concerns but stated that Mr. Boscov is now at a critical stage in the project. He stated that if this is not granted, the project will begin to crumble. He expressed the belief that this is a good use of the Section 108 loan program and this small amount will be used to leverage the entire project.

III. Budget Discussions

Ms. Goodman-Hinnershitz stated that the deadline is approaching quickly. She noted the need for Council to have the correct information in the correct format.

Ms. Snyder stated that the recent changes are related to projects in Public Works and due to the adverse ruling on recycling fees.

Mr. Acosta stated that Council agrees with the increase to the Per Capita Tax.

Ms. Snyder stated that all of the parking lot items were contained in the originally proposed budget. She stated that work must begin to back those out.

Mr. Waltman suggested that the recycling program be pared down to the bare minimum and that \$250,000 be allocated. He noted the need for the State to take responsibility for recycling and stated that this would be a starting point. He questioned if Mr. Denbowski has supplied amounts for a bare minimum program. Ms. Snyder stated that Council will have this information at its budget meeting on Thursday.

Mr. Acosta stated that Thursday's meeting will be a long one if Council does not have current and correct information.

Mr. Waltman noted the need to prioritize the discussion topics. He stated that recycling should be number one. He questioned what would happen if the recycling program was not fully funded. Ms. Snyder stated that there would be no recycling program.

Mr. Acosta permitted Mr. Spatz from the Reading Eagle to comment. Mr. Spatz stated that the State law states that if the State funding and the proceeds of selling the recyclables does not cover the costs of the program, the municipality must inform the State and the municipality will be excused from recycling. Mr. Younger agreed.

Mr. Waltman stated that this is a State issue and many municipalities are affected by the ruling.

Ms. Reed stated that all the lawsuits will also cost the City.

Ms. Goodman-Hinnershitz stated that the legal issues and the budget plan are two different topics. She stated that if the program is not fully-funded it cannot continue. She questioned the position of the EAC. Ms. Katzenmoyer stated that Mr. Denbowski will be making a presentation at the EAC's November meeting.

Mr. Waltman and Mr. Acosta expressed the belief that if the program is not dismantled, the State will not take responsibility.

Mr. Acosta stated that Council has heard a presentation from Mr. Denbowski. He questioned if there were other options.

Mr. Waltman stated that the threat of losing other State funding is scare tactics.

Mr. Spencer stated that the State legislature is not expected to discuss this issue in 2014. He stated that the soonest the State will begin working on it is 4 – 5 months.

Mr. Waltman stated that Mr. Spatz's comment is the City's defense to stop the program. He stated that mandates without funding are unfair.

Mr. Acosta stated that budget discussions must be finalized this Thursday evening.

Mr. Bembenick stated that even if the program is dismantled, the City must pay \$260,000 per year for the truck leases. Without the recycling revenue, this payment must be made from the general fund.

Ms. Goodman-Hinnershitz questioned if recyclables are being co-mingled. Ms. Snyder stated that they were before the new trucks arrived. Mr. Spencer stated that they are not and that is why the new blue containers for paper were distributed.

Mr. Acosta stated that this has become a political issue. He stated that it will touch everyone in the State.

Mr. Waltman stated that if the program remains, it must be funded through the general fund.

Ms. Snyder stated that this issue will also affect the 2014 EIT rate. She stated that the City must show the need to keep the current rate.

Mr. Waltman expressed the belief that the City can show the need to keep the current rate. He noted the need to caution PFM about recommending a decrease. He stated that keeping the current rate will allow the City to fund the contingency account by \$700,000.

Mr. Sterner questioned if the additional positions requested decrease expenses or increase revenue. He questioned if they are sustainable and stated that the work got done before without them.

Ms. Goodman-Hinnershitz stated that the City is now dealing with unexpected crises. She noted the need to keep the bare bones essentials only. She noted the need to revisit the parking lot after additional information is known.

Ms. Snyder stated that the positions in the parking lot are included in the proposed budget.

Mr. Acosta reviewed the positions in the parking lot.

- 1 Special Assistant – Media - will not be included
- 1 Business Analyst – will be part time
- 1 IT System Support Analyst – will be included
- 1 IT Developer – will not be included
- 2 CSC Municipal Aides II – 1 will be included
- 1 HVAC Tradesman – will be included
- 1 Business Ambassador – will not be included
- 1 Deputy CD Director – will be included
- 1 part time Mayor’s assistant – Mr. Spencer is willing to eliminate this position but a special assistant is also leaving the office
- 1 part time purchasing assistant – will be included
- 1 zoning assistant – will be included. Mr. Agudo suggested revisiting the backlog process.

Ms. Goodman-Hinnershitz suggested that the amendments be formalized.

Ms. Snyder questioned Council’s position on the Land Value Tax and the Per Capita Tax. Mr. Acosta stated that Council does not support the Land Value Tax and does support the Per Capita Tax increase.

Ms. Snyder questioned Council’s position on the non-labor items in the parking lot. Mr. Acosta stated that Council heard a good presentation on those items.

Ms. Reed noted the need for Council to see all the corrections at the budget meeting on Thursday. Mr. Bembenick stated that he will have all the corrections made.

Mr. Cituk stated that he will have completed his expense review and will have these items available for discussion on Thursday.

Ms. Goodman-Hinnershitz stated that the memorandum of understanding with the Pagoda Foundation is on hold. She stated that the Foundation members have forwarded grant opportunities for the Pagoda to Mr. Jones but has had no response. She requested an update. Ms. Snyder stated that she will speak with the grants coordinator. She stated that she is also in discussions with Ms. Murphy from the Conservancy and Mr. Geffken from the County regarding the dam issues.

Mr. Younger suggested that Ms. Snyder also look to see if insurance funds are available for these items.

Mr. Sterner questioned where the Central PA African American Museum funds were held. Ms. Snyder stated that they are held for a capital project but could be reallocated to close the budget gap.

Mr. Acosta stated that Council does not wish to use those funds. He requested that Council and the Administration have the updated budget information before the meeting on Thursday so that there is time for review and meaningful dialog.

The meeting adjourned at 6:59 pm.

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