



# ***CITY COUNCIL***

## ***Strategic Planning Committee***

**Monday, August 4, 2014  
City Council Office**

Strategic planning determines where an organization is going, how it's going to get there and measures success over time. It ensures the most effective use of the organization's limited resources by focusing resources on key priorities. The Council Strategic Planning committee will prioritize, in collaboration with the City's administration, the City's goals, objectives and strategies and determine which initiatives take precedence for implementation, under three main objectives: Finance, Standards of Living and Economic Development

**Committee Members:** J. Waltman, C. Daubert (Co Chairs), F. Acosta, M. Goodman-Hinnershitz, D. Sterner, S. Marmarou, D. Reed

*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*

### **Meeting Facilitated by the Managing Director's Office**

- 1. Review Amendment to Water Lease Agreement**
- 2. Penn Street Properties re Development**
- 3. Recycling** (executive session for issues relating to litigation)
- 4. Liberty Fire Museum – Position Paper by Managing Director to be submitted for discussion at the September meeting**
- 5. Strategic Planning Poll Results and Next Steps**

### **Low Hanging Fruit**

1. Pagoda Foundation – resolution adopted at July 28<sup>th</sup> Regular Meeting
2. Fire Fighters Museum
3. Library Funding

### **Priorities**

1. Recovery Plan Amendment
2. BPRC Acquisition & Demolition
3. Act 111 Amendment
4. Capital Improvements re streets and street lights
5. Main Street initiative
6. UGI Gas Meters
7. Egelman's Park

### **6. Future Council and Committee Agenda Topics**

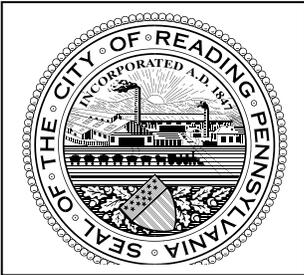
- a. Alignment with Administration goals
- b. Leadership meetings
- c. Other ???

### **7. Current Outstanding Issues & Management (Methods & Implementation timeline)**

- a. UGI re gas meters
- b. Act 73
- c. Zoning Backlog
- d. PLA Ordinance

### **8. Reports from Board Liaisons**

- Environmental Advisory Council
- Diversity Board
- Housing Board of Appeals
- Business License Appeals Board
- Blighted Property Review Committee
- Recreation Commission
- Audit Committee
- Reading Area Transportation Study (RATS) Coordinating Committee
- Berks County Criminal Justice Advisory Board
- Capital Improvement Program (CIP) Committee
- Berks Community Action Program (BCAP)
- Pagoda Foundation



# CITY COUNCIL

## Strategic Planning Committee

**Monday, July 7, 2014**  
**Meeting Report**

**Attending:** C. Daubert (Co Chair), M. Goodman-Hinnershitz, D. Sterner, D. Reed, F. Acosta, S. Marmarou

**Others Attending:** L. Kelleher, C. Snyder, C. Zale, A. Shuman, C. Younger, R. Johnson, J. Varghese, L. Agudo, V. Spencer

The meeting was called to order by Mr. Daubert at approximately 5:20 pm.

### **2. Penn Square Properties**

Mr. Agudo highlighted the process used to evaluate the two proposals submitted for the Penn Square Properties. He explained that the internal review committee objected to two components in the Shuman Development proposal as follows:

1. The proposal requires the transfer of the properties to Shuman Development for either \$1 or \$0. He noted the need to balance the transfer amount against the \$2.5M the City spent to acquire the buildings and the \$500K spent to date on maintenance to support the existing tenants.
2. The unknown capacity of future funding for façade improvements, demolition, etc.

Mr. Agudo explained that the Our City Reading (OCR) proposal allows the City to retain 95% ownership in the properties so the City will have control of various development components such as occupancy, etc. He stated that the City will generate revenue through the occupancy of the properties over the next five years, when the partnership with OCR is scheduled to sunset.

Mr. Agudo explained that the expansion of the Ricktown boundary to the 400 block of Penn Street will enable OCR to use approximately \$2.5M in BEDI and Section 108 loans (first mortgage position) for the redevelopment project.

Mr. Agudo suggested that Council approve the resolution authorizing the mayor to negotiate the remaining terms of the deal with OCR which will be ultimately approved by Council.

Ms. Reed inquired if the proposed use still includes residential living space in the upper floors of the building. After Mr. Agudo responded affirmatively, Ms. Reed stated that she will not support a residential reuse that is not market rate.

Mr. Agudo explained that under HUD regulations, the City or borrower would be required to offer low income housing, live work housing or economic development.

Mr. Acosta stated that when the plans for the Goggleworks apartments were unveiled the units were to be market rate apartments; however, after the project received an infusion of Section 108 and BEDI money, market rate switched to a mix of market rate and Section 8 subsidized housing. He stated that he wants to avoid this same situation at 5<sup>th</sup> and Penn Streets.

Mr. Acosta also expressed concern with the City's ability to own and manage additional properties, as the City struggles to maintain what it currently has.

Mr. Spencer stated that the goal has been to buy these properties at 5<sup>th</sup> and Penn and get developers for an economic development project; however, only two (2) developers submitted proposals. He stated that the Ricktown area lies between Washington and Buttonwood Streets and between North 4<sup>th</sup> Street and Schuylkill Avenue. He agreed that some of the Goggleworks is subsidized housing through Section 8.

Mr. Acosta again expressed concern about centering any type of low income housing at the center point of the downtown.

Ms. Snyder stated that the review committee was not enamored with artist housing at this location and that the committee prefers work-live housing for professionals who work in the downtown. She stated that at 95% ownership the City will have a lot of control over all aspects of the project proposed by OCR. She stated that at this point Council is being asked to approve a resolution that allows the mayor to negotiate a development agreement that will return for Council approval. She agreed that the City should not be in the property management business but the City can hire a person to

manage the property. She expressed the belief that this is the best process to restart retail in the downtown.

Ms. Goodman-Hinnershitz expressed the belief that the City should have undertaken a planning process for vision for the downtown before the RFPs were prepared and sent out. She also expressed her belief that the current proposal under consideration isn't necessarily the best plan for 5<sup>th</sup> and Penn. She stated that both of the proposals have their individual strengths and weaknesses. She expressed concern with the City's continued ownership of these properties as the City struggles to manage its current real estate holdings.

Mr. Varghese expressed the belief that the OCR proposal fits with the Main Street vision, as it eliminates vacant buildings and creates foot traffic.

Ms. Goodman-Hinnershitz requested the criteria and weighting used for the evaluation process for the proposals.

Mr. Agudo read the criteria and weighting schedule from the RFP. He described the Main Street Five Year Plan, which in part requires the creation of foot traffic after 5 pm.

Mr. Spencer relayed what he gleaned from his conversation with Lancaster Mayor Gray about Lancaster's downtown genesis, aided by the hospitals and secondary educational facilities located in Lancaster.

Mr. Sterner noted that at this point the administration is asking Council to authorize them with the ability to negotiate further with OCR. Although he stated that he likes the Shuman proposal better, approval of the resolution will at least allow the administration to negotiate with OCR.

Ms. Reed expressed the belief that Shuman Development has a much stronger track record in commercial development and she described the successful projects that have been completed. She asked Council to consider the empty spaces at the Goggleworks 2 and empty retail spaces at the 2<sup>nd</sup> and Washington garage.

Ms. Goodman-Hinnershitz expressed the belief that Reading is becoming home to some professionals during the work week, as they rent space here for the work week then return home for weekends.

Mr. Sterner inquired if OCR and Shuman Development could work together on these properties.

Mr. Agudo expressed the belief that Council can approve or deny the administration's recommendation and that a denial would create the need for the project to be rebid.

Mr. Acosta inquired if the Managing Director could add language to the resolution that would require market rate housing in the upper floors and require the administration to find a compromise with the two developers. Ms. Snyder agreed to add the requested language.

### **3. Liberty Fire Museum**

Ms. Snyder stated that the building currently needs a sprinkler system and elevator. She stated that the building is owned by the City and leased to the Museum group. She suggested working with the group to develop a plan to ensure they can sustain their organization and goals, in the same manner as the Pagoda Foundation.

The group discussed the different requirements for buildings registered as federally recognized historic structures and museums.

Mr. Daubert stated that he does not believe the Museum Board tracks the number of visitors to the site or does much social media marketing or marketing in general.

### **4. General Fund Cash Balance**

Mr. Zale stated that two memorandums were issued last week regarding the cash value in the General Fund reserve. No member of Council present had any questions. He explained the need to retain 2-3 months worth of expenditure payments in the reserve, or approximately 16% of the total budget.

### **5. Recycling Litigation**

Mr. Acosta announced the need to enter executive session to obtain an update on the recycling litigation, as per the Sunshine Act 708 a 4 at 6:20 pm. The following were in the session:

Mr. Acosta, Ms. Goodman-Hinnershitz, Mr. Daubert, Ms. Reed, Mr. Sterner, Mr. Marmarou, Ms. Kelleher, Ms. Snyder, Mr. Younger, Mr. Zale, Mr. Denbowski, Mr. Johnson, Mr. Cituk, Mr. Spencer, Mr. Denbowski and Mr. Murin.

The executive session and the Strategic Planning Committee Meeting concluded at approximately 7 pm.

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

## ***Follow Up Topics***

### ***Finance Committee***

- *Act 111 Review – in progress*
- *RAWA Audit Review – assigned to Auditor*
- *Recovery Plan Amendment - July*

### ***Standards of Living***

- *BPRC Acquisition & Demolition – completed*
- *Capital Improvements re streets and street lights*

### ***Strategic Planning or COW***

- *CDC Manager - completed*
- *Library Tax – scheduled for July 28 COW*
- *Firefighters Museum – in progress*
- *Pagoda Foundation – MOU drafted – under review*
- *Main Street initiative*
- *UGI Gas Meters*
- *Egelman's Park*

**BILL NO. \_\_\_\_\_-2014**  
**AN ORDINANCE**

**DIRECTING THE MAYOR TO EXECUTE THE 4<sup>th</sup> ADDENDUM TO THE LEASE AGREEMENT WITH THE READING AREA WATER AUTHORITY (RAWA) AS ATTACHED IN EXHIBIT A.**

**Whereas the Council of the City of Reading hereby ordains as follows:**

**Section 1.** Directing the mayor to execute the 4<sup>th</sup> Addendum to the Lease Agreement with the Reading Area Water Authority (RAWA) as attached in Exhibit A.

**Section 2.** All ordinances or resolutions, or parts of ordinances or resolutions, insofar as they are inconsistent with this Ordinance are hereby repealed.

**Section 3.** The provisions of this Ordinance shall be severable and if any of its provisions shall be held to be unconstitutional or illegal, the validity of any other remaining provisions of the Ordinance shall not be affected thereby. It is hereby expressly declared as the intent of the City Council of the City of Reading that this Ordinance would have been adopted had such unconstitutional or illegal provision or provisions had not been included herein.

**Section 4.** This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: \_\_\_\_\_, 2014

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

(Council Staff)

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

**FOURTH ADDENDUM TO THE LEASE AND OPERATING AGREEMENT  
BETWEEN THE CITY OF READING, PENNSYLVANIA AND  
THE READING AREA WATER AUTHORITY**

**THIS FOURTH ADDENDUM**, (the “Fourth Addendum”) by and between the City of Reading, Berks County, Pennsylvania (“City”) and the Reading Area Water Authority (“Authority”), is hereby entered into this \_\_\_\_ day of \_\_\_\_\_, 2014 (“Addendum Date”), and hereby amends the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January, 1995, and amended in October, 1997, December, 2010, and 2012.

**RECITALS**

A. WHEREAS, the Authority has been incorporated pursuant to an Ordinance of the Council of the City and is existing under the provisions of the Act of Assembly approved May 22, 1945, P.L. 382, as amended and supplemented, known as the “Municipality Authorities Act of 1945” (the “Act”);

B. WHEREAS, the City leases its Water System to the Authority pursuant to the terms of the Original Amended Lease (hereinafter defined);

C. WHEREAS, the Council of the City (“Council”) enacted Ordinance \_\_\_ on or about \_\_\_\_\_, 2014, purporting to terminate the Original Amended Lease, take back the water system pursuant to Section 5622 of the Act, 53 Pa. C.S.A. § 5622, and dissolve the Authority;

D. WHEREAS, the parties mutually desire to enter into this Fourth Addendum in order to, among other things, strengthen the City’s oversight of the Authority and the Water System and in order to protect the City’s investment in the Water System currently operated by the Authority; and

NOW THEREFORE, the Authority and the City, in consideration of the agreements, conditions and covenants herein contained, each intending to be legally bound, hereby covenant and agree as follows:

Definitions. Unless otherwise defined herein, all capitalized terms used in this Fourth Addendum shall have the meanings ascribed to them in the Original Amended Lease (as hereinafter defined).

All references in this Fourth Addendum or the Original Amended Lease to the “Lease” or “herein” or “hereunder” or other similar terms shall mean the Original Amended Lease, as amended by this Fourth Addendum.

“Original Amended Lease” shall mean the collective agreement by and between the City and the Authority as evidenced by the Lease and Operating Agreement between the City and Authority, dated May 20, 1994, effective June 1, 1994, as supplemented in January, 1995, and amended in October, 1997, December, 2010, June 2012, and \_\_\_\_, 2014, and as the same may hereinafter be amended, supplemented or modified from time to time.

Authority Budget. Not later than November 1 of each year, beginning November 1, 2014, the Authority shall transmit its proposed Budget for the next Fiscal Year to City Council by delivery to the City Clerk. Council shall have thirty (30) days to review, and provide comments to the Authority on, such proposed budget. The Authority shall give due consideration to the comments of the Council and the Mayor’s Office of the City prior to the adoption of the budget by the Authority.

Authority Contracts.

Prior to approval by the Authority, of any (a) proposed Authority contracts for professional services, (b) proposed Authority contracts related to the expansion of the Water System, and (c) proposed Authority contract under which the Authority is, or may be, obligated to pay more than of Two Million (\$2,000,000.00) Dollars in any rolling twelve (12) month period or having a cumulative term of more than one year, including any renewal periods, shall be submitted to the City Clerk for review by City Council and shall require approval by City Council, subject to the condition that if ( i) the contract shall be subject to bid and for routine purchases of utilities, chemicals and supplies; (ii) the contract shall be necessary to respond to an emergency; or (iii) the contract shall be necessary to comply with the mandate of a regulatory body or court having jurisdiction and authority over the Authority, then in such event, the Authority shall be free to approve or award such contract without Council’s approval but with notice to Council.

(b)The Authority shall not enter into any Authority contract required to be submitted to City Council as provided above unless approved by City Council. The foregoing

notwithstanding, the Authority may enter into Contracts submitted to City Council without City Council approval if Council shall fail to act on a proposed contract within thirty (30) days of the City Clerk's receipt of same.

- (4) Authority Debt. All new debt incurred by the Authority after the date of this Addendum shall require approval by resolution of City Council. All such requests by the Authority for approval of new debt shall be accompanied by a written explanation as to the following:
- (a) A description of the project or purpose for which the new debt will be incurred;
  - (b) A comprehensive description of the terms and conditions of the proposed financing;
  - (c) A five (5) year projection of the impact of the debt on Authority finances; and
  - (d) The impact of the new debt on the Authority's debt service coverage ratio, including details of the calculation of the debt service coverage ratio

Authority Solicitor. The Authority shall appoint an Authority Solicitor annually. No individual attorney or law firm or affiliated organization shall serve as Authority Solicitor for more than six (6) out of any ten (10) consecutive years. Neither the current solicitor of the Authority nor any firm with whom he is then affiliated may serve as Authority Solicitor beyond the first Authority meeting in January 2019. In the final year of the current Authority Solicitor's term as solicitor, the Authority shall retain the services of a new solicitor for at least six (6) months prior to the conclusion of the current solicitor's term.

Authority Board. The Authority agrees within twenty (20) days from the date of this Addendum to propose an amendment to its Articles of Incorporation in accordance with Section 5605 of the Act to increase the number of members of its Board from five (5) to seven (7) members and shall submit said proposed amendment to Council of the City for approval by resolution or ordinance.

Authority Audit. The Authority shall provide the City Clerk and City Auditor with a correct and complete final draft copy of the Authority's audited financial statements no later than May 30 of each year and a copy of the Authority's final audited financial statement by June 15 of each year.

Annual Water System Plan Review. No later than June 30 of each year, the Authority shall present an annual plan including a statement and current status of goals and objectives and a detailed management discussion and analysis of operations and finances, to the City Clerk for agreement or disagreement by City Council by September 1 of each year.

Authority Financial Reports and Debt Closing Binders. The Authority shall provide the City Clerk and City Auditor with correct and complete copies of current quarterly financial reports of the Authority no later than 45 days after the end of each fiscal quarter of the Authority. The Authority shall provide the City Clerk and City Auditor with any other financial or operational information in its possession or readily obtainable that is requested by Council within ten (10) days of such request. The Authority shall provide the City Clerk and City Auditor correct and complete executed copies of all existing Authority debt closing transcripts, bibles and documents within forty-five (45) days from the date of this Addendum. Going forward, the Authority shall provide the City Clerk and City Auditor correct and complete executed copies of all Authority debt closing transcripts, bibles and documents within ten (10) days from the date of the closing of any debt incurred by the Authority.

(9) Lease Payments. (a) The Authority and the City agree that the Lease Payment for calendar year 2015 shall be Eight Million (\$8,000,000.00) Dollars, which amount reflects the fair rental value of the Water System. .. Thereafter, the amount of the Lease Payment shall be increased on January 1 of each year, beginning January 1, 2016, by an amount equal to the positive change in the Consumer Price Index for the most recently completed twelve (12) month period for which such index is reported (expressed as a percentage) multiplied by the amount of the Lease Payment for the immediately preceding January 1 or 2.5% per annum, whichever amount is greater. The base amount of the Lease payment was arrived at by taking into consideration the valuation performed by an independent consultant selected by the Center for Local Government Excellence at Albright College and the valuation obtained by the City from Municipal & Financial Services, dated March 27, 2014.. The cost of the valuation from the Center for Local Government Excellence shall be paid for the Authority. The parties agree that the aforesaid valuations shall be used solely for the purposes of determining “fair rental value” of the Water System.

Termination. Section 7.05 of the Original Amended Lease shall be amended in its entirety to read as follows:

Either the City or the Authority may terminate the Original Amended Lease by serving written notice on the other of its intent and desire to terminate the Original Amended Lease on the date specified in such notice, which shall be a date not earlier than one hundred eighty (180) days from and including the date of such notice, in which event the Original Amended Lease shall terminate as of the date specified in such notice.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania, has caused this Fourth Addendum to be executed in its name and on its behalf by its Mayor and its official seal to be affixed hereunder and attested by its City Clerk, and the Reading Area Water Authority has caused this Agreement to be executed in its name and on its behalf by its Chairperson or Vice Chairperson and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

City of Reading

Reading Area Water Authority

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Chairperson

Attest: \_\_\_\_\_  
City Clerk

Attest: \_\_\_\_\_  
Asst. Secretary