CITY COUNCIL
Strategic Planning Committee

Monday, May 4, 2015
City Council Office
5:00 pm

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. **Parking Authority proposal – deferred until 5-11- COW**

2. **Penn Square Property – 10 minute Update – L. Agudo**

3. **Campaign Contributions Section of Ethics Code – E. Stock**

4. **Update on Main Street**
   - **a. Sidewalk Vendor Licenses**

5. **Policy Changes to Address Long Term Issues**
   - **a. Tax Exempt Properties**

b. **Lease Agreements w/ Organizations Leasing City Facilities**
c. **Develop list of state legislation amendments that could aid Reading**

Follow-up

- **March - Update - Alvernia University re Angelica Park**

CITY COUNCIL

Strategic Planning Committee

Monday, April 6, 2015
Meeting Report

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

Others Attending: L. Kelleher, C. Younger, V. Spencer, C. Snyder, M. Rozzi

The meeting was called to order by Mr. Waltman and Mr. Daubert at approximately 5:05 pm.

1. **State Property Tax Exemption Legislation**

Mr. Rozzi stated that Senate Bill 4 is currently being considered by the State House and Senate that would redefine the approval process for Tax Exemptions through a proposed Constitutional amendment. He stated that the proposed amendment would weaken the approval process organizations must use to become non-profits, which increase the number of organization that are not required to pay taxes and reduce property tax revenue used by municipalities to cover the cost of public safety services. The net effect will require increases in property tax rates to make up the lost revenue.

Mr. Rozzi explained that currently applicants for non-profit status must pass the HUP (*Hospital Utilization Project v. Commonwealth*) test which was defined by the Pennsylvania Supreme Court. To be considered a "purely public charity" in the "HUP Test", all five elements of this test must be met:

1. Advance a charitable purpose;
2. Donate or render gratuitously a substantial portion of its services;

3. Benefit a substantial and indefinite class of persons who are legitimate subjects of charity;
4. Relieve the government of some of its burden; and
5. Operate entirely free from profit motive.

In 1997, the General Assembly passed Act 554, which relaxed some of the requirements for meeting the HUP Test. With two apparent separate standards for meeting the requirements of a purely public charity, the Pennsylvania Supreme Court was called upon once more to provide clarity on the issue.

Mr. Rozzi stated that if the referendum is approved by the electorate, non-profit applications will be considered by the State legislature, rather than current process, which will make the applications become political.

Mr. Rozzi stated that in Reading 32.3% of the properties are owned and operated by non-profit organizations, which is 7% greater than the number of non-profits located in Philadelphia and Pittsburgh.

Mr. Rozzi expressed the belief that this proposed mandate creates an unfunded mandate which will negatively impact those who are required to pay property taxes. He also expressed the belief that the bill will be approved by the House and the Senate and appear on the ballot as a referendum question at the Fall General Election.

Ms. Goodman-Hinnershitz suggested that Council consider a resolution in opposition to this proposed legislation.

Mr. Waltman stated that rather than weaken the requirements to become a non-profit, the legislature should consider increasing the controls on non-profits. He suggested applying caps on the number of non-profits.

Ms. Reed questioned how non-profits are monitored after they are approved. She used the example of churches and she questioned if they are monitored to ensure that they are still operating legally.

Mr. Denbowski stated that PILOTS paid by some non-profits are voluntary and that most make no voluntary contribution. Mr. Rozzi stated that if approved the amendment would end voluntary contributions.

Ms. Goodman-Hinnershitz expressed concern about larger organizations with large payrolls that become non-profits such as hospitals.

Mr. Waltman stressed the need for the State legislature to address various issues that have created revenue deficiencies in municipalities such as pension reform. He stated that the City's MMO has grown to $15M annually and he questioned how the City can continue to cover that obligation as it continues to grow. He also noted the need to capture the untaxed income within municipalities.

Mr. Mann arrived at this time.

Mr. Acosta agreed with Mr. Waltman's comments. He expressed concern about the recent amendment of the Act 47 legislation and the negative impact it will have on Reading. He stated that the amendment forces Reading to rush out of Act 47 before the financial issues are corrected. He questioned how the City can correct some of the revenue problems that are created by faulty State legislation. He noted his concern with the erroneous statements made by political candidates claiming that they will refuse to comply with the Act 47 regulations.

2. Act 47

Mr. Mann distributed a document outlining the changes to the Act 47 process that limits the period of time a municipality can be in the Act 47 process. He stated that Reading will need to begin the termination process as early as December 2019. At that point PFM must issue a report listing the City's financial conditions and make a finding that the City can either exit Act 47, recommend that a three-year exit plan is needed, recommend that the Secretary consider a determination of a fiscal emergency (that could result in receivership) or disincorporation. However, municipalities that have paid fire and police cannot be dis-incorporated.

If PFM recommends that the City exit Act 47, the Secretary of the DCED must consider the City's operational deficits, debt, the resolution of claims and judgments and the projected revenue to fund ongoing operations. Mr. Mann stated that any elected official or the general electorate through the petition process can appeal the decision made by the Secretary of the DCED.

If PFM recommends a three year exit plan, the City simply exits at the end of the third year and there is no appeal process.

Mr. Daubert questioned if receivership occurs whether the City's assets can be sold around the recent Charter amendment requiring referendum. Mr. Mann stated that he is unsure and that a court decision would most likely be required. Mr. Acosta questioned if a Charter amendment can trump State law.

Ms. Goodman-Hinnershitz and Mr. Waltman objected to the potential for the DCED to force the City to sell off assets to correct financial problems that were, in part, created by State laws. They both suggested that the State legislature provide municipalities with broader abilities or to correct improper unfunded mandates.

Mr. Mann stated that a few years ago the City's MMO was $6M annually; however, that annual expense has risen to $16M. He noted that if the projected increases to the MMO continue to rise as predicted (estimated at $3M annually), the City will be unable to exit Act 47.

Mr. Waltman explained to Mr. Rozzi that municipalities like Reading need solutions that allow municipalities to close financial gaps that have been created by faulty State legislation such as the pensions.

Mr. Mann stated that if the Secretary decides to select the Fiscal Emergency option, an emergency plan is created to ensure that the necessary services are covered. The Secretary then schedules a public meeting with the City to negotiate a "consent agreement' that will provide long term stability. The agreement must include the payment of debt and pension obligations. If the consent agreement is approved the City can exit Act 47. If the City violates the agreement receivership begins.

Mr. Mann stated that the Commuter Tax is unavailable in all post Act 47 options. The collective bargaining agreements must comply with any plan or agreement.

Mr. Mann explained that Receivership is a two year process. When receivership ends the Secretary can either recommend the termination of Act 47 status or appoint a coordinator for an additional three years.

Ms. Goodman-Hinnershitz agreed that the State legislature needs to correct legislation to provide municipalities with the ability to create solutions to the problems that caused the need to enter Act 47. She agreed with the need for pension reform; however, broader solutions are needed.

Mr. Mann predicted that Pittsburgh will exit Act 47; however, he stated that he is unsure how New Castle and Chester will fare. He noted that if Reading can find a solution to the growing pension MMO, Reading will probably be able to exit Act 47.

Mr. Waltman asked Mr. Rozzi to help Reading reform the State pension regulations for municipalities.

Mr. Rozzi stated that the State is currently trying to address the State pension regulations; however, the current political climate is not conducive to finding a viable solution.

Mr. Acosta thanked Mr. Mann for his explanation about the amendment to the Act 47 legislation. He stated that some political candidates are currently telling voters that they will refuse to follow the Act 47 Recovery Plan if elected.

Mr. Mann explained that if the City fails to follow the Recovery Plan, PFM can recommend receivership.

Ms. Reed noted that receivership ends representative democracy for a period of time.

Mr. Acosta stated that every candidate for a City office should be attending Council meetings to get educated on City issues prior to the election.

As no other issues were brought forward, the Strategic Planning Committee meeting concluded at approximately 6:40 pm.

Respectfully Submitted by Linda A. Kelleher CMC, City Clerk

Discussions
Code of Ethics amendment
Integrity in Government

March 4, 2009 - Board of Ethics meeting

Ms. Katzenmoyer informed the Board that this ordinance is already included in the City's Codified Ordinances. She stated that it is currently part of the Purchasing policies. She noted Councilor Fuhs' hope that the Board would relocate this into the Code. This would give the Board jurisdiction and would give enforcement powers.

Mr. Stock requested additional time to review the Ordinance.

Ms. Leisawitz questioned if the Board wanted to move in this direction.

Dr. Amprey questioned who would enforce this if not this Board.

Rev. McCracken stated this would fall to the Board of Elections.

Mr. Stock stated the problem with the Ordinance is that it assigns no enforcement power. He noted his willingness to rewrite the Ordinance and adapt it to the Code.

Ms. Leisawitz stated her discomfort with this issue.

Rev. McCracken questioned if this becomes part of the Code would there be duplication with the Board of Elections. Mr. Stock stated that there may be some overlap but this would exceed the State code.

Rev. McCracken questioned if it was permissible to exceed the State code. Mr. Stock noted that this would require research. He stated he will circulate his review via email through Ms. Katzenmoyer.

This issue will be discussed further at the next meeting.

April 22, 2009 – Board of Ethics meeting

Mr. Stock noted that the current ordinance addresses the notion of "Pay to Play" legislation. He noted that it has been proposed that this be included in the Code for enforcement by the Board. He stated that the ordinance as it stands is unsuitable for the Code and is problematic. He stated that substantial work would need to be done to include it in the Code. He questioned the Board's willingness to pursue this issue.

Rev. McCracken agreed with the statements made by Mr. Stock. He stated his belief that the ordinance is unclear. He requested that the ordinance be redrafted and inquired of that process. Ms. Katzenmoyer explained the possible use of the Legislative Aide Committee and Council staff.

Rev. McCracken questioned how the Legislative Aide Committee would know the future intentions of the Ethics Board. Ms. Katzenmoyer stated that joint meetings could be held. Mr. Stock stated that legal assistance will be needed.

Ms. Leisawitz questioned if this would increase the caseload for the Board. Mr. Stock noted that potentially it would as this would increase this Board's oversight responsibilities.

Ms. Leisawitz questioned if the Charter Board could enforce this issue. Mr. Stock noted that the current ordinance does not assign enforcement. This is an important piece that is currently missing.

Rev. McCracken stated his belief that complaints will increase. He stated that the investigative officer will be impacted and that more Board hearings will be necessary. He also stated his belief that the decisions of the hearings will be appealed.

Ms. Leisawitz questioned if infractions should be reported to the County Elections office. Rev. McCracken stated his belief that this ordinance indicates that the City wants to enforce the ordinance.

The Board recommended that Mr. Stock revise the ordinance to have a quicker response.

September 30, 2009 – Board of Ethics meeting

Mr. Stock suggested that this be reviewed by the Legislative Aide Committee to determine if it is appropriate to include in the Code of Ethics. Ms. Katzenmoyer will bring this issue to the Legislative Aide Committee.

October 13, 2009 – Board of Ethics meeting

Ms. Katzenmoyer reported that she has spoken with the chair of the Legislative Aide Committee about this issue and forwarded the documents to her.

Mr. Darlington questioned when the Board could expect to hear back. Ms. Katzenmoyer explained that the Legislative Aide Committee meets once monthly and it was her hope that we hear back before the end of 2009.

March 25, 2010 – Board of Ethics meeting

Ms. Katzenmoyer explained that the Legislative Aide Committee has recommended adding this as a prohibition to the Code of Ethics. She stated that she worked with the City's legal staff in drafting the amendment and that the items in bold italics were the changes being proposed.

Mr. Stock stated that the amendment would ultimately need to be approved by City Council but that input from the Board is being requested.

Ms. Katzenmoyer questioned if the Supreme Court ruling regarding campaign contributions would affect the language. Mr. Stock stated that the ruling affects federal campaigns only. He stated that this may call State law into question and that it may become a future legal issue for Reading.

Mr. Stock reviewed the proposed amendment.

Mr. Swope questioned if the 10% ownership cited is commonplace. Mr. Stock replied that it was, as it would mean substantial benefit to the business owners.

Mr. Stock noted that this amendment would substantially limit the ability of those who wish to contribution to campaigns and those campaigning.

Mr. Darlington questioned who would initiate this type of complaint. Mr. Stock explained that it would be as other complaints, either the Board beginning the process or the receipt of a complaint. The amendment would bring this issue under the Board's jurisdiction.

Mr. Stock explained that the amendment would allow the business to be disqualified from City contracts and would allow fines.

Mr. Darlington questioned the next steps to be taken. Ms. Katzenmoyer stated that after the Board has approved the language, it would be given to City Council for their consideration.

Mr. Stock suggested that the Board decide if they wish to include this in the Ethics Code. He stated that once that decision is made, revisions to the language can occur. He expressed his belief that this is important legislation for the City.

Mr. Swope questioned why the amendment to the Code was necessary if the City already enacted an ordinance to this affect. Mr. Stock explained that as it is currently written, there is no means for enforcement.

Mr. Darlington questioned if there was a timeline that Council was hoping to follow for this legislation. Ms. Katzenmoyer stated that there was none at this time.

Mr. Darlington suggested that members review the information more closely and be prepared to discuss it at an upcoming meeting.

Dr. Amprey questioned why this was being proposed now. Mr. Stock noted that the public's perception is that those who contribute to campaigns get a future benefit. He stated that this concept tries to take money out of politics.

April 8, 2010 – Board of Ethics meeting

Mr. Darlington stated that the Board would be discussing this amendment to the Code. He questioned the steps the amendment would take once it was handed over to Council. Mr. Stock stated that the Board should make a motion recommending the amendment. Once it's turned over to Council it would follow their process.

Mr. Darlington questioned if this amendment would cause any legal challenge for the City in the future. Mr. Stock stated that it may possibly cause legal challenges. He stated that there is currently a State Elections Code and this would need to avoid conflict with State law. He noted that he cannot predict a challenge.

Mr. Darlington questioned if there are similar ordinances in other municipalities. Mr. Stock stated that he had not researched this aspect but that he believes that Philadelphia has a similar process.

Mr. Darlington noted his support of this amendment without reservations.

Mr. Stock explained that Ms. Katzenmoyer and Ms. Butler extracted this language from the current City ordinance. He stated that it's being added to the Code for enforcement power.

Mr. Swope noted that several items are duplicated through the Code. Ms. Katzenmoyer explained the way that it was placed into the Code felt disjointed and this was her way of tying the penalty to the prohibited behavior. Mr. Stock noted his belief that this was a good first draft and he will edit the language to remove the redundancy.

Dr. Amprey questioned the Council procedure to move this amendment forward. Ms. Katzenmoyer explained that she will be placing this amendment on the Administrative Oversight Committee agenda for their review before introducing it to the full body of Council.

Mr. Swope requested that the Board be kept informed of Council's proceedings. Ms. Katzenmoyer noted her willingness to keep the Board informed.

Mr. Stock stated that the amendment would give this Board jurisdiction over this issue. He stated that this would expand the Board 's authority.

Dr. Amprey noted his support of the amendment and stated that it is important to bring this forward.

Mr. Swope stated that his questions were answered and he is in support of the amendment.

Dr. Amprey moved, seconded by Mr. Swope, to recommend this amendment to Council for enactment. Motion carried.

Mr. Stock noted that he will edit the language and distribute the update via email.

Mr. Darlington again noted the Board's wish to remain informed as this amendment moves through Council procedure. Ms. Katzenmoyer noted her willingness to keep the Board informed and stated that she will invite them to attend the Administrative Oversight Committee meeting when this is to be discussed which will allow the Board to have direct communication with Council.

March 23, 2011 – Board of Ethics meeting

Mr. Cutrona stated that he has been working with Mr. Stock to finalize this amendment. He stated that this is a complicated issue with several concerns. The main concern is that enforcement of this ordinance could expand the scope of the Board of Ethics.

Mr. Cutrona suggested that the amended language, as written, be removed from the draft and be substituted to reflect a statement similar to the language for Political Activity. He stated that the original language would remain part of the Administrative Code.

Mr. Cutrona described that the Charter gives this Board the authority to enforce the Code for officials and employees. He stated that candidates do not fall under the Charter.

Mr. Cutrona stated that much of the current amendment language is already part of State statutes. He stated that he cannot guarantee that this language won't be challenged if penalties are assessed for this issue.

Mr. Cutrona distributed possible substitution language for this amendment. He stated that the definition of contract will need to be added to the definition section. He stated that much of this amendment is also part of the 3rd Class City Code and PA Elections Law. He stated that these

sections will be cited in the amended language along with the appropriate sections of the State Ethics Law and the City Administrative Code.

Mr. Cutrona stated his hope that the City would enforce the integrity clause rather than the Board.

Mr. Swope questioned if the amended language would keep the intent the same. Mr. Cutrona stated that it would be generally the same.

Mr. Swope questioned if the definition of contract would be added regardless of which language is used. Mr. Cutrona stated that it would.

Mr. Cutrona stated that the possible substitution language also includes an update to amend gifts to include donations as receipts of gifts. He suggested that this section of the Code also refer to the gift form specifically.

Ms. Katzenmoyer stated that the section of the Administrative Code which includes this language does not contain enforcement powers or penalties. She questioned how this would be enforced by the City. Mr. Cutrona stated that the Administrative Code would need to be amended to include City enforcement and reference the Code of Ethics.

Ms. Katzenmoyer stated that the document can be edited and the new draft circulated via email for approval before moving before Council for action.

Dr. Amprey questioned the timing of the amendment as it is now campaign season. Ms. Katzenmoyer reviewed Council's upcoming meeting schedule.

Mr. Cutrona requested that Ms. Katzenmoyer send the Codes in word format to him via email so he can begin work quickly. Ms. Katzenmoyer explained that the Ethics Code is in word format but that the Administrative Code is available on the City's website in pdf format only.

Mr. Cutrona stated that Philadelphia has a separate code dealing with campaign issues .

Dr. Amprey moved, seconded by Mr. Swope, to redraft the amendment to include the substitution language and circulate the update via email for affirmation before Council action. Motion carried unanimously.

September 14, 2011 – Board of Ethics meeting

Mr. Schantz reported that this is a very complicated issue. He stated that each step forward raises more issues. He stated that a draft would be ready for the Board's review at the next meeting. He stated that a large issue is who would be given enforcement authority – the Board, City Council, others.

September 28, 2011 – Board of Ethics meeting

Mr. Stock reviewed the issue and stated that the existing legislation has no enforcement mechanism. He stated that violations cannot be enforced. He stated that adding this provision to the Code of Ethics is being reviewed. This would allow enforcement through the complaint procedure. He stated that this is proving to be more difficult than he anticipated and that he is concerned that other laws govern elections and that the Code would be pre-empted by State and Federal law.

Mr. Darlington questioned the timeline for this amendment. Mr. Stock stated that he should be able to have a draft complete by the end of 2011. He stated that it would be better for Council to consider this amendment when it is not election season.

November 29, 2011 – Board of Ethics meeting

Mr. Schantz reported that this amendment is close to being completed. He stated that it will be ready for review by the Board in early 2012.

Mr. Darlington stated that it was the Board's hope to have this before Council on a non-election year. Mr. Schantz stated that this timeline will be achievable.

March 29, 2012 – Board of Ethics meeting

Mr. Darlington stated that the reason for this meeting was to review the Code of Ethics amendment regarding the "Pay to Play" provision.

Mr. Schantz stated that the Code amendment has been finalized. However, the office received word that the State may be amending the Election Code in the near future. He stated that this would require the Code amendment to be updated. He stated that after a firm answer about the Election Code has been received, the amendment will be ready to move forward. He expressed his belief that the Code amendment should move forward and be further amended if necessary. He stated that he will be distributing the Code to members of the Board for their review and comment before the issue goes before City Council.

Mr. Richardson requested background on this issue. Mr. Schantz stated that it is a "Pay to Play" regulation which would prevent campaign contributions in exchange for favors. He apologized for the further delay as this issue has been pending before this Board since 2009.

Dr. Amprey questioned the amount of the delay due to Harrisburg. Mr. Schantz stated that he would have a firm indication within a month.

Dr. Amprey questioned when the Board should plan to meet again. Mr. Schantz suggested that the Board receive the amendment via email to review prior to their next meeting.

Mr. Darlington stated that the Board would like to meet on this issue in April.

October 2, 2012 – Board of Ethics meeting

Mr. Shantz gave a brief background of the issue. He stated that this amendment to the Code has been in process for some time. He stated that the issue started much broader but has been narrowed to include contributions and no-bid contracts. He stated that similar regulations are difficult to interpret and to apply. He expressed his belief that this amendment will be enforceable. He stated that enforcement and violations are clear and that the amendment includes State Ethics and Election Code language. He stated that he has reviewed Philadelphia's and Pittsburgh's regulations which have held up in Court. He stated that these regulations are consistent with State law.

Mr. Shantz stated that he received several comments from the City's Audit Committee who reviewed the draft.

Mr. Darlington questioned other City elected offices. Ms. Katzenmoyer stated that the City Auditor is also an elected position.

Mr. Darlington suggested adding the City Auditor. Mr. Shantz agreed stating that generally arguments against these regulations are based on an infringement of free speech. He stated that the contributor claims that their contribution allows the candidate to speak for them. He stated that the more uniformly the regulations apply the better.

Mr. Darlington questioned the monetary amounts included in the regulations. Mr. Shantz stated that these are based on State law.

Mr. Darlington expressed his support for the regulations. He questioned if there were other concerns.

Ms. Katzenmoyer stated that she had several questions when reading the regulations. She stated that the regulations name the City Clerk as the gatekeeper. She explained that the City Clerk does not get copies of all contracts, most especially no-bid contracts. She suggested that the City Auditor, purchasing office, or law department also have the ability to act as gatekeeper as they are more involved in the contract process. Mr. Shantz stated that he assumed the City Clerk would have copies of all contracts as others are obligated to file copies with the Clerk.

Ms. Katzenmoyer explained that if a contract is issued under the City Council approval cap, the Clerk's office does not always get copies. She stated that many times, rumors begin but that it can take the Clerk's office weeks or months to obtain copies of contracts.

Ms. Katzenmoyer questioned if these regulations would also apply to members of the City's boards, authorities and commissions. Mr. Shantz stated that the way the Code is currently written it would apply to officials and employees only.

Ms. Katzenmoyer stated that this was a question from a member of Council as individuals serving in this capacity may also contribute to local campaigns. Mr. Shantz suggested that since the regulations apply to the City and all its entities that it should also include members of boards, authorities and commissions. He stated that he would make this change.

Mr. Darlington questioned the advertising requirement as there is only one newspaper in Reading. Mr. Shantz stated that he will change this area to reflect the need to advertise in the largest local newspaper and on the City's website.

Ms. Katzenmoyer also noted her concern with the Spanish translation as there are many dialects spoken in Reading. Mr. Shantz questioned if the City translated other items. Ms. Katzenmoyer stated that the City only routinely translates items placed on election ballots as it is cost prohibitive. Mr. Shantz stated that he will remove this requirement as the City does not routinely translate other items.

Mr. Darlington questioned next steps. Mr. Shantz stated that he will make corrections based on this discussion. He stated that he will forward the corrected regulations via email but stated that he did not feel another meeting was necessary.

Ms. Eggert moved, seconded by Dr. Amprey, to correct the amendment as necessary and distribute it via email and instructed Ms. Katzenmoyer to distribute the corrected amendment to the Audit Committee, City Council and the City's Law Department for review. Motion passed unanimously.

December 11, 2012 – Board of Ethics meeting

Mr. Shantz stated that he has made revisions to the Code amendment based on comments by the Audit Committee and Ms. Katzenmoyer. He stated that he will be emailing the final version to Ms. Katzenmoyer for review by Council.

January 7, 2013 – Open Government, Rules and Intergovernmental Relations Committee meeting

Ms. Katzenmoyer explained that this amendment would add the "Pay to Play" provisions of the purchasing policies into the Code of Ethics so that they can be enforced by the Board of Ethics. She stated that this issue was a finding in a past external audit and that she has been trying to address the issue since 2008.

Mr. Acosta noted his understanding that only the Mayor can enforce these provisions as they are currently written in the purchasing policies. He noted the need for these provisions to be realistic for the City of Reading and stated that as presented this amendment may not be 100% applicable to Reading. He noted the need for protection to all by the amendment including vendors.

Ms. Snyder questioned if the City paid for this amendment. Ms. Katzenmoyer explained that it was as a Board of Ethics expense as the Board solicitor drafted the amendment.

Ms. Snyder and Mr. Acosta suggested that the City Law office review the document. Ms. Katzenmoyer stated that she will work with legal staff on a review. She stated that originally she and Ms. Butler were working on the draft but got tangled up in State provisions.

Mr. Sterner stated that this should move forward as it has been pending since 2008.

February 4, 2013 – Open Government, Rules and Intergovernmental Relations Committee meeting

Ms. Katzenmoyer stated that she sent this amendment to the Law office but has not had a response. Mr. Younger stated that he reviewed the information and apologized for not responding.

Ms. Snyder stated that Mr. Bembenick is also updating the procurement policies. Ms. Katzenmoyer explained that the procurement policies do not have enforcement powers attached.

Ms. Katzenmoyer stated that she must put these amendments into ordinance form and that this will be done before this Committee's March meeting.

March 4, 2013 - Open Government, Rules and Intergovernmental Relations Committee meeting

Ms. Katzenmoyer stated that at last month's meeting, she was asked to put the amendment into ordinance form. She stated that she has done that and has noted at the end of the document showing who created it and the date. She stated that the amendment attached to the agenda shows the amended language in the context of the full Code.

Mr. Sterner questioned if the Law office reviewed the amendment. Ms. Katzenmoyer stated that she forwarded the amendment to Mr. Younger and Ms. Butler but has had no response. She stated that she will follow up.

Mr. Sterner questioned the position of the Administration on this issue. Ms. Snyder questioned if this amendment followed the new process passed by Council *(note: as of this writing the Mayor has not yet signed this legislation)*. She suggested that the amendment note that the language was written by the Ethics Board solicitor and when the Board of Ethics took action to move the amendment forward. Ms. Katzenmoyer stated that she will add this information to the amendment and stated that she will request follow up from Mr. Younger before this committee's next meeting.

Ms. Snyder requested that Ms. Katzenmoyer forward this amendment to her, Mr. Younger and the Mayor's staff for comment.

Ms. Snyder noted Mr. Acosta's concerns with the financial limitations placed on candidates. Ms. Katzenmoyer stated that she will follow up with the Ethics Board solicitor to determine how these limitations were calculated. She stated that she can also add this information as a comment to the amendment. She will then follow up with Mr. Acosta.

April 1, 2013 - Open Government, Rules and Intergovernmental Relations Committee meeting

Ms. Katzenmoyer explained that she has added a history page at the end of the document. She stated that the amendment has been reviewed by Mr. Younger.

Mr. Younger stated that his only concerns were the financial figures as they were not familiar to him. He stated that the Ethics Board solicitor has confirmed the rational for the figures.

Ms. Snyder questioned if these items needed to be added to the Code if they can be addressed by the State. Ms. Katzenmoyer stated that if they are addressed by the State, complaints must be submitted to the State. If they are added to the Code, they can be addressed locally.

Ms. Snyder questioned adopting the State legislation rather than adding this to the City Code. Ms. Reed agreed.

Mr. Sterner questioned if other cities have Ethics Codes. Mr. Younger stated that the City Charter creates the Ethics Board and mandates an Ethics Code.

Ms. Reed stated that the Board has been served by good people.

Ms. Snyder questioned if the amendment was reviewed with the Mayor. Mr. Lloyd stated that he received a briefing but that a thorough review was not done.

Ms. Snyder suggested that requiring all the information for no bid contracts would create additional work for the Board of Ethics and increase legal fees. She questioned if the cost outweighs the benefits.

Mr. Marmarou stated that all campaign contributions are available for review at the County.

Ms. Snyder stated that this seems extensive. She stated that the City must provide this information to the Board. She questioned the practicality of using this method and noted the need for further review.

Mr. Younger stated that this is based on State Statute and that it is not an easy read. He explained that no bid contract information must be submitted only for those listed in the amendment – City employee, City official, immediate family of the employee or official or a for-profit business entity which the employee or official has a material interest. He stated that this does not apply to all no-bid contracts. Ms. Snyder thanked Mr. Younger for the explanation. She stated that this makes the provision much less onerous.

Mr. Sterner questioned who sets the limit at $500 for no-bid contracts. Ms. Katzenmoyer stated that this is taken directly from State Election Code.

Ms. Snyder questioned why campaign contributions were limited and why this amount was chosen. Ms. Katzenmoyer explained that the amounts are based on those used by the City of Philadelphia and that there are two different limitations. She stated that during an election cycle, individuals are limited to $2,600 to a specific candidate and organizations are limited to $10,000 to a specific candidate. She stated that a limitation of $10,000 is set for candidates to contribute to Political Committees. There is no limit on the amount that can be raised during an election year. She explained that during non-election years, candidates for Mayor may raise up to $250,000 per year and Council members may raise up to $100,000 per year.

Ms. Reed suggested that a member of Senator Schwank's staff be present at the next meeting for further discussion.

Mr. Sterner noted the need for further review of the amendment. Ms. Katzenmoyer was instructed to contact Senator Schwank's office.

Mr. Younger reminded all that former Councilor Fuhs initiated this issue during his tenure. Ms. Katzenmoyer explained that the provisions were added to a section of the Administrative Code that is difficult to enforce. She stated that adding them to the Code would make it easier to enforce.

Mr. Sterner stated that this topic will be discussed at the next meeting. He expressed the belief that the amendment is close to completion.

May 6, 2013 – Committee of the Whole meeting

Mr. Shantz, solicitor to the Board of Ethics, explained that this amendment to the Ethics Code was spurred by a repeat finding in the 2012 External Audit Findings. He said that this amendment addresses campaign finances and no bid contracts that exceed $500. He stated that the amendment is based on the Pay to Play legislation currently in effect in Philadelphia and the State Elections Code. He stated that the terms of the ordinance are not more restrictive than State regulations. Placing these regulations in the local code enables local enforcement by the Board of Ethics.

Mr. Sterner noted that originally this legislation was located within the City's Purchasing Policies. Mr. Shantz agreed, noting that having the regulations within the Purchasing Policies leaves them unenforceable. He stated that the challenge to the Philadelphia ordinance failed and the original regulations were upheld.

Mr. Shantz stated that these regulations provide increased transparency and prohibits all “no bid” contracts in excess of $500 without disclosure.

Mr. Younger stated that the Law Office has reviewed this ordinance and does not have any issues with the regulations as written.

Ms. Snyder suggested that everyone give the draft ordinance a final read through so questions can be addressed prior to enactment. Ms. Katzenmoyer asked everyone to submit questions in writing to her so she can send them directly to Mr. Shantz.

Ms. Goodman-Hinnershitz stated that if no one objects, the ordinance can be introduced at the May 13th regular meeting. No one objected.

May 28, 2013 – Committee of the Whole meeting

Ethics Solicitor Greg Shantz stated that the proposed ordinance is based on the one currently in place in Philadelphia, which has been challenged and upheld. He stated that he believes the Philadelphia ordinance was enacted in 2009 and immediately challenged. He stated that Pittsburgh and other municipalities are using the Philadelphia legislation as their model as it has been challenged and upheld.

Mr. Shantz explained that the proposed ordinance focuses on the disclosure of campaign contributions and campaign financial reporting and intended to provide increased transparency and prevent the appearance of kickbacks. He stated that the ordinance was originally placed into the procurement policies, when it should have been located in the Ethics Code.

Mr. Waltman inquired how this legislation works with the State Elections Code and how it affects contributions to those running for City positions. Mr. Shantz stated that there are gaps in the State Elections Code and this legislation corrects those gaps. He stated that the dollar amounts in this legislation are based from the Philadelphia ordinance and tailored for Reading. He stated that the proposed legislation limits those running for Mayor to a maximum of $250K and those running for City Council to a maximum of $100K. He again noted that the disclosure of those contributing is more important than the limits.

Ms. Goodman-Hinnershitz questioned the need to include references to this legislation in the City’s RFPs. Ms. Katzenmoyer stated that the ordinance covers only no bid contracts.

Mr. Marmarou thanked Mr. Shantz and Ms. Katzenmoyer for their work on this legislation.

May 28, 2013 – Regular meeting of Council

B. Bill No. 28-2013 - Amending the City of Reading Codified Ordinances Chapter 1 Administrative Code, Part J Code of Ethics by adding definitions, amending the Solicitation/Acceptance of Gifts; Rebuttable Presumption, adding a provision regarding the Awarding of Contracts, and adding a provision regarding Campaign Contributions and Reporting Requirements **(Board of Ethics/Council Staff)** ***Reviewed at 5-6 COW***

Councilor Corcoran moved, seconded by Councilor Reed, to enact Bill No. 27-2013.

Councilor Corcoran recognized the work of the Board of Ethics and Ms. Katzenmoyer to complete this legislation.

Councilor Goodman-Hinnershitz echoed the comments made by Councilor Corcoran and noted the need to create an instruction sheet about these regulations so they are easily digestable by the public.

Bill No. 28-2013 was enacted by the following vote:

> **Yeas: Corcoran, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Acosta, President - 7**
> **Nays: None - 0**