

CITY COUNCIL

Committee of the Whole

Wednesday, October 26, 2016

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. Budget

Reply to prior meeting follow up items

Expenditure review

Fire, Non Departmental & Public Works w/ Liquid Fuels & Sewer

Summarize this meeting's follow up items

II. WWTP Project Update

Award of Contract - for General Construction Contract for the Wastewater Treatment Plant Upgrade Project to Michael F. Ronco & Sons

Award of Contract - for Electrical Construction Contract for the Fritz Island Wastewater Treatment Plant Upgrade Project

III. Define Budget Review Schedule -Topics and Meeting Days

Remaining Meeting nights:

- Monday Oct 31st
- Wednesday Nov 2nd
- Monday Nov 7th
- Wednesday, Nov 9th
- Monday Nov 14th
- Wednesday Nov 16th

V. Parking Lot Review (see next page)

Budget Parking Lot

Oct 10th Meeting

- Parking Authority Contribution
- EIT Growth & EIT reserved for Capital expenses
- Revenue Collection – Per Capita, BPT and LST – *Bid award on 10-24 agenda*

Oct 12th Meeting

- Fire Tower Staircase Repair in Capital – Pagoda Skyline should explore grant opportunities
- IT Plan with implementation plan and timeline
Capital expense of \$1.7M is the repayment of the refresh short-term loan; Hansen replacement in 2017 IT Budget
- Liquid Fuel Regulations – *distributed 10-13-16; Pub Works w/ Liquid Fuels scheduled for review 10-24*
- Trash/Recycling – *Solid Waste/Recycling scheduled for review 10-31*

Oct 17th Meeting

- Fund balance assignments and/or trusts to address capital issues, liability, etc. *Dec Strategic Planning*
- Police expenses pre and post Act 47 – *Jan Strategic Planning*
- Pension Investments – actuarial estimate vs reality – *Dec Strategic Planning*
- Post-retirement Healthcare costs - *Jan Strategic Planning*

Oct 19th Meeting

- Fund balance

Oct 24th Meeting

- Strategic Plan Review – *Dec Strategic Planning Mtg*
- Economic Development Position – job description & check salary budgeted
- Filling the Planning position re 1 FT or multiple PT employees
- Breakdown of reimbursable CD salaries
- Committee and Policy re \$1M to rehab/demo blighted properties – consider placing the \$1M in contingency until the details are worked out

Budget Amendments

→ Reduce Mayor's Office Salary Line item by \$29K – PT position eliminated; Increase Contingency by \$29K

→ Check formula used to calculate Pension amounts – pension expenses is not adjusted when salaries are reduced



CITY OF READING,
PENNSYLVANIA

MEMORANDUM

TO: City Council/Mayor/Department Directors/Jessica Didow
FROM: Linda A. Kelleher, City Clerk
DATE: October 10, 2016
SUBJECT: 2017 Budget Development – Meeting Schedule & Agenda

All Public Hearings will be conducted in Council Chambers. All Budget Review meetings will be conducted in the Penn Room

COMPLETED

October 10, 2016 – Monday 5:00 PM to 6:00 PM

Matt Connell, Esq – VA relocation

Define Budget Review Schedule

- Revenue overview

- Revenue detail

- Summarize this meeting's follow up items

October 12, 2016 – Wednesday 5:30 PM to 7:00 PM

Albright Work Group 3:30 pm – Marmarou Kelleher

RAWA Committee 4 pm Waltman, Reed, Goodman-Hinnershitz, Steckman

- Reply to prior meeting follow up items

- Capital Improvement Plan

- Position Listing

- Expenditure Overview

 - List of major expenditure drivers – Pension & Healthcare

- Summarize this meeting's follow up items



October 17, 2016 – Monday 5:00 PM to 6:00 PM
Reply to prior meeting follow up items
2015 External Audit Report
Water & Parking Contribution
PFM – Recovery Plan and 2017 Budget – tentative
Expenditure review

October 19, 2016 – Wednesday 5:00 PM to 7:00 PM
Public Hearing Capital Program
Reply to prior meeting follow up items
Expenditure review
Mayor, Council, Auditor, Law Budgets
Administrative Services &
Expenditure review

October 20, 2016 – Thursday 5:00 PM
General Fund Public Hearing
BPRC Certification Hearing 6 pm – Twyman, Kelleher

October 24, 2016 – Monday 5:00 PM to 6:00 PM
Reply to prior meeting follow up items
Expenditure review
Community Development (GF & CDBG; Public Works w/ Liquid Fuels
Summarize this meeting's follow up items

October 26, 2016 – Wednesday 5:00 PM to 7:00 PM
Reply to prior meeting follow up items
Expenditure review
Fire, Non-departmental & Public Works w/ Liquid Fuels
Summarize this meeting's follow up items

October 31, 2016 – Monday 5:00 PM to 7:00 PM
Reply to prior meeting follow up items
Expenditure review
Police, HRC, Solid Waste/Recycling, Shade Tree,
Summarize this meeting's follow up items

November 2, 2016 – Wednesday 5:00 PM to 7:00 PM
Reply to prior meeting follow up items
Expenditure review
OPTIONAL Library, Ethics/ Charter Boards, Self Insurance, BCTV
Summarize this meeting's follow up items

November 7, 2016 – Monday 5:00 PM to 7:00 PM
State Rep Mark Rozzi

CHAPTER 449. LIQUID FUELS TAX FUNDS

Sec.

- 449.1. [Purpose and policy.](#)
- 449.2. [Definitions.](#)
- 449.3. [Advertising, bidding, and bond requirements.](#)
- 449.4. [Exceptions to Department specifications.](#)
- 449.5. [Failure to receive bids.](#)
- 449.6. [Escalator clause in contracts, materials purchases and equipment purchases.](#)
- 449.7. [Purchase of materials and equipment.](#)
- 449.8. [Equipment rental.](#)
- 449.9. [Construction and maintenance contracts.](#)
- 449.10. [Investment of funds, use of loan or bond issue proceeds.](#)
- 449.11. [Twenty percent funds.](#)
- 449.12. [Annual qualification.](#)
- 449.13. [Annual maintenance payments under Section 9511 of the Vehicle Code.](#)

Authority

The provisions of this Chapter 449 issued under act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.4), unless otherwise noted.

Source

The provisions of this Chapter 449 adopted December 12, 1975, effective December 13, 1975, 5 Pa.B. 3200, unless otherwise noted.

§ 449.1. Purpose and policy.

This chapter is promulgated for the purpose of effecting the fair and uniform administration of the provisions of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10) and 75 Pa.C.S. § 9511 (relating to allocation of proceeds), which provide a permanent allocation of a

part of the liquid fuels, fuels and oil company franchise tax proceeds to cities, boroughs, incorporated towns and townships, for their road, street and bridge purposes.

Authority

The provisions of this § 449.1 issued under act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511.

Source

The provisions of this § 449.1 amended March 2, 1984, effective March 3, 1984, 14 Pa.B. 732. Immediately preceding text appears at serial page (73613).

§ 449.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicated otherwise:

Alley—A narrow roadway, usually to the rear of abutting properties, designed for the purpose of access to the rear of the properties and not as a thoroughfare; and every roadway less than 16 feet in width.

Court—A dead-end roadway designed to provide access to properties abutting thereon which has a length of less than 250 feet or a vehicle turnaround area with a radius of less than 40 feet.

Department—The Department of Transportation of the Commonwealth.

Intergovernmental agencies—Councils of government, area governments or other affiliation of governments or government agencies as authorized by 62 Pa.C.S. Chapter 19 (relating to intergovernmental relations) to participate in, sponsor, conduct or administer a cooperative purchasing agreement and which expend public moneys for the procurement of supplies, services and construction.

Person—Individual, partnership or corporation; contracts with two or more companies owned or operated by the same person are regarded as one contract.

Road machinery and road equipment—Any machinery or equipment used primarily for the maintenance, repair, construction or reconstruction of public roads or streets, including bridges, culverts and drainage structures for which municipalities are legally responsible.

Roadway—That portion of a street or highway between the side ditch lines, face of curbs, outside edge of shoulders and gutters, or combination thereof, exclusive of slope areas.

Secretary—The Secretary of Transportation.

Way—A short stretch of roadway having both terminals in a street or road and designed to provide access to properties abutting thereon.

Way, court and alley—Any way, court or alley established after the effective date of this chapter will not be recognized as a road or street for purposes of Liquid Fuels Tax participation.

Authority

The provisions of this § 449.2 amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.2 amended July 21, 1978, effective July 22, 1978, 8 Pa.B. 2075; amended through October 10, 1980, effective October 11, 1980, 10 Pa.B. 4038; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial pages (240957) to (240958).

§ 449.3. Advertising, bidding and bond requirements.

(a) *General rule.* Advertising, bidding, and a performance bond are required by statute on purchases and contracts in excess of \$10,000, with certain exceptions indicated in subsection (b). See: sections 1.1 and 1.2 of the act of March 7, 1901 (P. L. 20, No. 14) (53 P. S. § § 23308.1 and 23308.2); sections 1901—1918 of the act of June 23, 1931 (P. L. 932, No. 317) (53 P. S. § § 36901—36918); sections 1401—1411 of the act of February 1, 1966 (P. L. (1965) 1656, No. 581) (53 P. S. § § 46401—46411); the act of May 27, 1953 (P. L. 244, No. 34) (53 P. S. § § 53201—53209); sections 1801—1811 of the act of June 24, 1931 (P. L. 1206, No. 331) (53 P. S. § § 56801—56811); sections 801—808 of the act of May 1, 1933 (P. L. 103, No. 69) (53 P. S. § § 65801—65809); and the Public Works Contractors' Bond Law of 1967 (8 P. S. § § 191—202).

(b) *Evasion prohibited.* While it is lawful to make a purchase or contract for up to \$10,000 without advertising and bidding, it is unlawful to enter into several less-than \$10,000 contracts with the same person or with several persons merely for the purpose of evading advertising and bidding requirements.

(c) *Bonds.* Bonds shall include the following:

(1) *Bid bond.* A bid bond guarantees that the bidder will execute the contract in the event he is declared the winning bidder.

(2) *Performance bond.* A performance bond guarantees that work, materials and equipment will be provided at the time specified in the contract. A performance bond does not guarantee the quality of the work, materials and equipment.

(3) *Payment bond.* A payment bond guarantees that the contractor or supplier will pay his workers, subcontractors and suppliers.

(d) *Emergency exception to advertising and bidding requirements.* Whenever municipal officials determine that an emergency condition exists rendering it essential to undertake immediate repair or maintenance work to protect the health, safety or welfare of the people, the emergency work may be contracted for by the municipality without the necessity of advertising for competitive bids for the project.

(1) An emergency which will warrant dispensing with advertising for competitive bids must be immediate, unforeseen and existing. A condition which may or may not arise in the future or a condition which should reasonably have been foreseen in time to advertise for bids will not warrant dispensing with normal advertising and bidding requirements.

(2) The determination of the emergency and the actions of the municipal officials in contracting for emergency work shall be fully documented for Department review.

(e) *Exception to advertising, bidding and bonding requirements for home rule charter municipalities.* In the case of any municipality which has adopted a home rule charter, the Department will recognize charter provisions which are contrary to the advertising, bidding and bonding requirements in this chapter or in the various municipal codes.

(f) *Brand names.* In advertising for equipment to be rented or purchased, or for materials to be purchased or delivered in place, it is unlawful to require or specify any particular make or brand thereof, thereby excluding other makes or brands. A particular brand name or its equivalent may be specified if equal consideration is given to all brands which are reasonably similar to the specified brand. The specifications shall be reasonable and not merely imposed to exclude some brands of equipment or material in favor of other brands.

Authority

The provisions of this § 449.3 issued under The Administrative Code of 1929 (71 P. S. § § 511.3, 512 and 513); and act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.3 amended through August 20, 1982, effective August 21, 1982, 12 Pa.B. 2802; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial pages (240958) to (240959).

§ 449.4. Exceptions to Department specifications.

(a) *General rule.* The Department specifications, as set forth in the current Publication 408, and supplements, apply to all purchases and contracts with the following exceptions:

(1) Prequalification of bidders under Section 102.01 of Publication 408 is not required, except on projects funded in part with State highway funds other than liquid fuels tax funds or with Federal-aid highway funds. See Chapter 457 (relating to prequalification of bidders). Section 106.01 of

Publication 408, relating to control of materials and approval of sources, does apply to all purchases and contracts.

(2) Marshall testing to determine the quality of bituminous paving materials (see Pennsylvania Test Method (PTM) 705) is not required if the material is produced in accordance with the master design approved by the Department (see Department Bulletin 27).

(3) Tailgate-type spreaders, for example, Temple spreaders, may be utilized for applying aggregate for surface treatment, seal coat, and the like.

(b) *Preapproved waiver.* The municipality may request the Department to waive other Department specifications in advance of advertising. Any such pre-approved waiver of specifications must be noted in the bid proposal.

(c) *Bituminous paving material equipment.* All machinery, equipment, and plants used in producing or applying bituminous paving materials, whether purchased with 20% funds or rented, shall be of a type approved by the Department.

Source

The provisions of this § 449.4 amended through January 20, 1984, effective January 21, 1984, 14 Pa.B. 232. Immediately preceding text appears at serial page (73616).

§ 449.5. Failure to receive bids.

If a purchase or contract over \$10,000 is advertised and no bids are received, the municipality may not proceed with the purchase or contract unless it is again advertised for bids. If again no bids are received, the municipality may negotiate the purchase or contract on the best terms available within 45 days of the second advertisement if no substantial changes are made in the terms, conditions and specifications contained in the bid proposal. If substantial changes must be made to procure the purchase or contract, the purchase or contract shall be re-advertised and bid on the basis of the changes.

Authority

The provisions of this § 449.5 issued under The Administrative Code of 1929 (71 P. S. § § 511.3, 512 and 513); and act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.5 amended through August 20, 1982, effective August 21, 1982, 12 Pa.B. 2802; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial page (240960).

§ 449.6. Escalator clause in contracts, material purchases and equipment purchases.

There is no requirement for an escalator clause in any contract. However, if, after reasonable inquiry, the municipality, by resolution adopted at a public meeting, determines that it is unlikely that flat unit price bids will be obtainable for certain materials or equipment, the municipality may prepare and insert an escalator clause in the bid proposal to provide that the price of such materials and equipment will increase or decrease over the bid price if and when the cost to the contractor of the materials and equipment or any material ingredient thereof increases or decreases, as a result of a general price increase or decrease by the supplier of the contractor and in an amount directly related to such increase or decrease. An escalator clause is optional; however, if used, it must be included in the bid proposal prepared by the municipality. An escalator clause may not be inserted by the contractor.

Source

The provisions of this § 449.6 amended through January 20, 1984, effective January 21, 1984, 14 Pa.B. 232. Immediately preceding text appears at serial pages (73617) and (73618).

§ 449.7. Purchase of materials and equipment.

(a) *Advertisement.* The advertisement for any purchase, whether to be picked up or delivered or, in case of materials, to be applied in place, shall contain a reasonably complete description and estimated quantities of the major items or categories of items. The advertisement shall also indicate the requirement of a bid or performance bond, or both.

(b) *Proposal.* The proposal shall contain the approximate number of items or tons, gallons, square yards, the metric equivalent, or other standard unit of measure, required, as reasonably estimated by the municipality.

(1) The bidder shall insert in the proposal:

(i) The unit price for each item.

(ii) The total price for each item (quantity x unit price).

(iii) The total price for any group of items which the proposal stipulates shall be supplied by a single bidder.

(2) Bids, without quantities, are not acceptable.

(3) Only like items may be required to be supplied by a single bidder.

(i) If this requirement is imposed, the proposal shall so indicate.

(ii) It is not permissible to require a single supplier to provide both tars and asphalts.

(iii) When tar is to be bid, it is not permissible to specify coal tar or to specify water tar.

and groups of like items ordinarily supplied by a single supplier—see subsection (b)(3)—which are estimated to exceed \$10,000 for the year. For materials estimates between \$4,000 and \$10,000, three telephone price quotes shall be obtained prior to the selection of a supplier. In lieu of the price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors service the market area within which it is practicable to obtain quotations until a satisfactory audit of the contract is completed by the Department of the Auditor General. If the cost during the year of an unadvertised item or group of like items ordinarily supplied by a single supplier exceeds \$10,000, or if the cost was between \$4,000 and \$10,000 and three price quotes were not obtained, the entire cost shall be ineligible for payment from the Liquid Fuels Tax fund unless it can be shown to the satisfaction of the Secretary that it was reasonably believed that the cost of the year's requirements of that item or group of like items would not exceed \$10,000 or be between \$4,000 and \$10,000 as specified in this section.

(e) *Purchases through Department of General Services or intergovernmental agencies.* Advertising, bidding and bonding requirements do not apply to “piggy back” purchases from suppliers under contracts with the Department of General Services or intergovernmental agencies. Compliance by an intergovernmental agency with the advertising and bonding requirements in this chapter shall be sufficient to relieve a municipality cooperating in the same purchasing agreement from compliance with the advertising, bidding and bonding requirements.

(f) *Purchases of gasoline subject to Federal Energy Administration regulations.* Advertising, bidding and bonding requirements do not apply to gasoline purchases which Federal Energy Administration regulations require be made from specified suppliers if a municipality utilizes 84,000 gallons or more a year.

Authority

The provisions of this § 449.7 issued under The Administrative Code of 1929 (71 P. S. § § 511.3, 512 and 513); and act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.7 amended through August 20, 1982, effective August 21, 1982, 12 Pa.B. 2802; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial pages (240961) to (240962).

Cross References

This section cited in 67 Pa. Code § 449.8 (relating to equipment rental).

[§ 449.8. Equipment rental.](#)

(a) *General rule.* A contract in excess of \$10,000 for the rental of equipment shall be advertised, bid and bonded and a contract between \$4,000 and \$10,000 shall be awarded only after three telephone price quotes are obtained, unless the work is performed by the municipality's own employee forces.

For contracts between \$4,000 and \$10,000, in lieu of the price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors service the market area within which it is practicable to obtain quotations until a satisfactory audit of the contract is completed by the Department of the Auditor General.

(1) The advertisement shall contain a reasonably complete description of the type of equipment, approximate length of time the equipment will be required and whether the equipment shall be provided with operators.

(2) The proposal shall contain the approximate number of hours, days, and the like that the equipment will be required, as reasonably estimated by the municipality.

(3) Annual contracts for equipment rental and labor shall be permitted.

(4) On equipment rental contracts over \$10,000, suppliers shall provide bonds in accordance with the chart in § 449.7(c) (relating to purchase of materials and equipment).

(5) If rented equipment is subsequently purchased, any rental paid in excess of an annual rate of 25% of the value of the equipment shall be regarded as a part of the purchase price in determining if the purchase must be advertised and bid.

(b) *“Local forces” defined.* “Local forces” are defined as follows:

(1) For the local forces exception to apply to equipment rented with operators, it must be shown that more than one half of the total man-hours of work on the project will be performed by municipal employees.

(2) Bona fide temporary employees of the municipality shall be counted as municipal employees. Employees of a contractor placed on the payroll of a municipality for the duration of a project will not be recognized as municipal employees.

(3) To substantiate a determination that a project is a local forces job, all man-hours shall be identified on payroll records.

(c) *Lease-purchase contracts of equipment.* When equipment is rented for general street and highway construction and maintenance use, rather than for a particular project, it may be desirable to enter into a lease containing a purchase option.

(1) If the total amount of the lease-purchase agreement, including trade-in allowance, all rentals and the amount paid under the purchase option exceeds \$10,000, advertising, bidding and a performance bond are required.

(2) The only Liquid Fuels Tax funds which may be used for a lease-purchase agreement is the 20% portion reserved for the purchase of equipment.

(3) Equipment purchased with Liquid Fuels Tax funds shall be used primarily for street and highway use.

Authority

The provisions of this § 449.8 issued under The Administrative Code of 1929 (71 P. S. § § 511.3, 512 and 513); and act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.8 amended through August 20, 1982, effective August 21, 1982, 12 Pa.B. 2802; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial pages (240962) to (240963).

§ 449.9. *Construction and maintenance contracts.*

- (a) *Cost comparison.* Before deciding to pave a road or street by purchasing materials and renting equipment with operators, the municipality should compare the cost of having the job done by contract.
- (b) *Advertisement.* The advertisement for a construction or maintenance contract shall contain a reasonably complete description of the project, including the scope of the project and the type of work involved, as well as bond requirements as indicated in subsection (f).
- (c) *Proposal.* The proposal shall contain the approximate number of tons or square yards of materials, or the metric equivalents, required, as reasonably estimated by the municipality. The bidder shall insert:
- (1) The unit price of each item.
 - (2) The total price for each item (quantity x unit price).
 - (3) The total price for any group of items, as to which the proposal requires a total or subtotal.
- (d) *Lump sum bids.* In special cases, the Director of the Bureau of Municipal Services of the Department may approve lump sum bids in lieu of the procedure in subsection (c).
- (e) *Prevailing wage requirements.* If the estimated cost of a construction contract, as defined in the memorandum of understanding between the Department, the Department of Labor and Industry and the former Department of Justice exceeds \$25,000, the municipality shall:
- (1) Determine the prevailing minimum wage rates from the Prevailing Minimum Wage Division of the Department of Labor and Industry.
 - (2) Indicate in the advertisement issued for the purpose of securing bids for the contract that prevailing wage rates shall be paid on the project.
 - (3) Specify the prevailing minimum wage rates in the bid proposals for the contract.

(f) *Bonds*. Construction and maintenance contractors are required to provide bonds in accordance with the following chart:

BOND REQUIREMENTS FOR CONSTRUCTION AND MAINTENANCE

| | First, Second, & 2A- Class Cities | Third Class Cities | Boroughs | First Class Townships | Second Class Townships |
|--------------------------------|--|---|---|--|---|
| Bid Bond | * | Requirement and reasonable amount discretionary with council. (53 P. S. § 36901(f)) Bond or irrevocable letter of credit, in amount sufficient to council, furnished within 20 days, but not less than 10 days, of award as specified by council. | Discretionary with council, in an amount determined by council. (53 P. S. § 46402(b)(1)) At council's discretion. If required, not less than 10% or greater than 100%, furnished within 20 days, but not less than 10 days, of award as specified by Council. | Not required | Not required |
| Performance Bond over \$10,000 | * | | (53 P. S. § 46402(c)) | (53 P. S. § 46402(c)) | Not less than 10% or greater than 100%, as specified by township supervisors, furnished within 20 days of award. (53 P. S. § 68102(g)) |
| Payment Bond over \$1,500 | * | (53 P. S. § 36901(g)) 50% to 100% at discretion of city. | 50% to 100% at discretion of the borough. (53 P. S. § 46406) | 50% to 100% at discretion of the township. (53 P. S. § 56804) | Not required unless covered under the Public Works Contractors' Bond Law of 1967. (53 P. S. § 68105) |

* See appropriate municipal code or charter.

NOTE: The Public Works Contractors' Bond Law of 1967 may supersede requirements of municipal codes. Please consult the appropriate statutes or consult with the appropriate municipal solicitor, or both, regarding bonding requirements for a particular contract or project.

(g) *Payment of engineering fees.* Reasonable engineering fees in connection with any contract made by a municipality under this chapter shall be payable out of the Liquid Fuels Tax fund of the municipality. Any fees in excess of 10% of the total contract price shall be documented and justified to the satisfaction of the Department.

Authority

The provisions of this § 449.9 issued under The Administrative Code of 1929 (71 P. S. § § 511.3, 512 and 513); and act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.9 amended through November 19, 1982, effective November 20, 1982, 12 Pa.B. 3984; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial pages (240964) to (240965).

§ 449.10. Investment of funds, use of loan, or bond issue proceeds.

(a) *Liquid fuels tax account.* All monies in the liquid fuels tax account may be invested so as to earn interest until expended and may be combined with other municipal funds for investment.

(b) *Loans or bonds.* All proceeds of any loan or bond issue made for road or street improvement purposes must be used exclusively for road or street improvement purposes. A single loan or bond issue shall not be made for both a road or street improvement purpose and a nonrelated purpose.

Source

The provisions of this § 449.10 amended April 13, 1979, effective April 14, 1979, 9 Pa.B. 1308.

§ 449.11. Twenty percent funds.

(a) *Accumulation of 20% funds.* A municipality may accumulate its road machinery and road equipment funds—20% funds—over a period of years subject to the following limitations:

(1) The full amount of 20% funds to be carried over from one year to the next shall be on deposit in the Liquid Fuels Tax account at the end of the calendar year, and shall be carried as part of the maintenance fund balance as reported on Form MS-965.

(2) If 20% funds are accumulated in an amount in excess of 100% of the most recent Liquid Fuels Tax allotment, the municipal budget shall indicate the kind of road machinery or road equipment which the municipality plans to purchase.

(b) *Payment of loans with 20% funds.* Loans or bond issues made to finance the purchase of road machinery and road equipment may be repaid from 20% funds.

(c) *Reimbursement of general fund expenditures with 20% funds.* Expenditures from the general fund made to finance the purchase of road machinery and road equipment purchased on or after August 6, 1971, may be reimbursed from 20% funds in the same or subsequent years.

Authority

The provisions of this § 449.11 amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.11 amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial pages (240965) to (240966).

§ 449.12. Annual qualification.

(a) *Requirements.* To qualify for its annual Liquid Fuels Tax allocation, each municipality shall submit to the Department the following documents and information:

(1) Evidence that its treasurer is bonded in accordance with law, or that its treasurer is a bank requiring no bond. This information is due on or before January 31 each year and shall be submitted on Department Form MS-965.

(2) A report indicating the manner in which its liquid fuels tax allocation was expended in the preceding year, the manner in which it plans to expend its Liquid Fuels Tax allocation in the current year and the amount of funds for road and street purposes to be raised by the levying of taxes in the current year. This information shall be due on or before January 31 each year on Department Form MS-965.

(3) A report of all elected and appointed officials, indicating the official and address to which Liquid Fuels Tax allocations and correspondence shall be forwarded. This information is due on or before January 31 each year and shall be submitted on the appropriate Department of Community and Economic Development forms:

(i) Form DCED-CLGS-19-2 for Cities.

- (ii) Form DCED-CLGS-19-3 for Boroughs.
- (iii) Form DCED-CLGS-19-4 for First Class Townships.
- (iv) Form DCED-CLGS-19-5 for Second Class Townships.

(4) A copy of Form DCED-CLGS-69 (survey of financial condition). This completed form must be received by the Department of Community and Economic Development by March 15 each year.

(b) *Waiver.* The Secretary, for good cause, may waive any of these requirements as prerequisites to qualification for the annual Liquid Fuels Tax allocation.

Authority

The provisions of this § 449.12 amended under the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511; and sections 1—10 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10).

Source

The provisions of this § 449.12 amended through January 20, 1984, effective January 21, 1984, 14 Pa.B. 232; amended May 16, 2003, effective May 17, 2003, 33 Pa.B. 2378. Immediately preceding text appears at serial page (240966).

§ 449.13. Annual maintenance payments under section 9511 of the Vehicle Code.

Annual maintenance payments under 75 Pa.C.S. § 9511 (relating to allocation of proceeds) shall be deposited into the municipality's liquid fuels tax account, and may be used on any streets and highways in the municipality in the same manner and subject to the same restrictions as liquid fuels tax funds paid under section 2615 of the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § 2615).

Authority

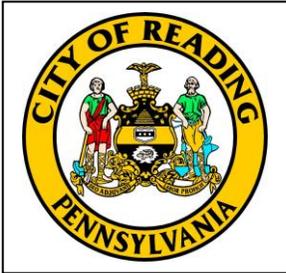
The provisions of this § 449.13 issued under the act of June 1, 1956 (P. L. (1955) 1944, No. 655) (72 P. S. § § 2615.1—2615.10); the Vehicle Code, 75 Pa.C.S. § § 6103 and 9511.

Source

The provisions of this § 449.13 adopted March 2, 1984, effective March 3, 1984, 14 Pa.B. 732.

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COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
October 10, 2016
5:00 P.M.

COUNCIL MEMBERS PRESENT:

S. Marmarou, J. Waltman, J. Slifko, B. Twyman, M. Goodman-Hinnershitz, D. Reed

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Younger, W. Scott, G. Steckman, M. Connell, Esq.

The Committee of the Whole meeting was called to order at 5:10 pm by Mr. Waltman.

I. Executive Session

Mr. Waltman announced the need for Council to enter executive session with Attorney Connell to discuss a litigation matter. Council entered executive session at 5:10 pm and exited at 5:47 pm.

Mr. Connell left the meeting at this time.

Ms. Encarnacion, Ms. Castner, Mr. Murray, and Mr. Johnson arrived at this time.

II. Downtown Holiday Decorations

Mr. Steckman stated that the City has received funding earmarked to purchase an artificial tree to be placed at 5th & Penn. He requested a resolution be added to this evening's agenda authorizing the deposit.

Mr. Scott explained that Mr. Broad approached him about purchasing an artificial tree. He stated that he was against an artificial tree until he went to view it. He explained that the tree should have a 20 year life span and that it is pre-lit and decorated. He stated that the

initial purchase will be for a 34 foot tree but that additional sections can be added up to 50 feet.

Mr. Scott expressed the belief that the City should continue to embrace the “Charlie Brown” theme and suggested that a tree on the mountain be chosen and lit so that it is visible from downtown. He stated that the live tree would be the “Charlie Brown” tree looking down at the artificial tree downtown. He expressed the belief that this tree should be located near the pagoda so both trees are visible from downtown.

Mr. Cituk and Mr. Palacios arrived at this time.

Mr. Scott suggested continuing to build on this theme and to add lights to trees in parks. He stated that he prefers live trees but that he will also be using artificial trees at his location at 9th & Washington beginning in December 2017. He stated that the downtown display will also include the nativity, the menorah and the doghouse.

Mr. Scott stated that if the downtown tree grows to 50 feet it will be visible from the Penn St Bridge.

Mr. Marmarou suggested that the tree be placed in the intersection at 5th & Penn where the circle was formerly located.

Mr. Twyman noted support for the artificial tree. He stated that Mr. Broad has been researching this for several years and it will save money.

Ms. Reed stated that the Committee provided everything in 2015 at minimal cost to the City.

Mr. Waltman stated that there is no right or wrong way to celebrate the holidays. He stated that an additional tree could also be located at 2nd & Penn. Ms. Reed and Ms. Goodman-Hinnershitz stated that the building owner will not allow that.

Ms. Goodman-Hinnershitz stated that she chaired the holiday committee last year. She stated that she was unable to organize the committee this year. She expressed the belief that the Mayor is very passionate about the holidays. She stated that she prefers live trees but that she will support this initiative. She noted the need to respect all holidays.

Mr. Pottiger arrived at this time.

Ms. Reed suggested that the former members of the Committee be contacted to continue their involvement.

III. 2015 External Audit Report

Mr. Cituk stated that the draft audit was distributed to Council electronically. He stated that the Audit Committee meets tomorrow and that the audit report will be reviewed with Council on Monday, October 17. He stated that the formal presentation will occur at the October 24 regular meeting.

Mr. Cituk stated that the City does have a fund balance but that the pension liability eliminates the fund balance.

Mr. Scott left the meeting at this time.

Mr. Cituk requested that Councilors submit questions to him.

IV. 2017 Budget

Ms. Goodman-Hinnershitz reviewed the draft budget meeting schedule.

Ms. Goodman-Hinnershitz stated that Council has not yet received the 2017 Position Ordinance. Mr. Steckman stated that the draft has been prepared. He stated that the Administration did not get timely feedback from Mr. Mann. He stated that a proposed position in the Mayor's office was not added so that a police officer can be added.

Ms. Encarnacion distributed the draft Position Ordinance.

Mr. Steckman reviewed revenues as follows:

- Earned Income Tax – the increase is based on current collection levels. He stated that Council will be asked to approve a contract with a new collection agency in the near future for Per Capita, LST and BPT.
- Reading Parking Authority – the contribution will be reduced by \$1 million to allow the Parking Authority to address its capital and maintenance needs.
- Business Privilege Tax – the City is working to find businesses that are not paying their BPT and will collect more in the future.
- Real Estate Transfer Tax – properties in the City are selling quickly at their full price and the market is recovering.
- Sidewalk and Curb Permits – this line item will be removed as there were never any permits issued.
- Quality of Life Tickets – there is a reduction in this line item as the goal is to use the tickets as a last resort after educational methods have failed.
- Housing No Show Fees – many property owners are not keeping their appointments so the number of times this fee is issued is increasing.

Mr. Steckman stated that he works on “carry forward” budgets. He stated that he will be asking Council to assign \$1.5 million into the current budget after the external audit is complete. He stated that this is part of the 2016 surplus. He stated that these funds will be earmarked for blight (\$1 million) and legal costs (\$200,000) associated with anticipated labor arbitration. He stated that without these two items, the City would spend less in 2016 than it did in 2015.

Mr. Waltman questioned if collection of the property tax was still strong. Mr. Steckman stated that it is.

Mr. Waltman stated that the City realizes that collection of the Business Privilege Tax is a weakness. He questioned if other operations that are tied to revenue are strong. Mr. Steckman stated that the City is working to reduce costs. He stated that the City is examining the cost of cell phones at this time. He explained that earmarking funds for blight opens additional grant opportunities for the City.

Mr. Steckman explained that the City requested an additional \$100,000 from CDBG in 2017. He stated that Property Maintenance is now fully staffed.

Mr. Slifko questioned if the contribution from the Parking Authority was realistic. Mr. Steckman expressed the belief that it is. He stated that the Parking Authority is dealing with long-term maintenance issues. He stated that the \$1 million budgeted is per the current lease agreement and that the other line item is money paid for parking tickets issued by the Police Department. He stated that the City requested only \$310,000 additional funding from the Parking Authority for 2017.

Mr. Waltman stated that a future review will look at the budget in conjunction with the Recovery Plan. He stated that future years will also be projected. Mr. Steckman agreed and stated that the City needs to begin long-term discussions with the Parking and Water Authorities regarding their lease agreements.

Mr. Waltman stated that Mr. Mann will project 2017 and 2018. Mr. Steckman suggested that the Parking and Water Authority lease agreements include CPI increases and windfall clauses.

Ms. Goodman-Hinnershitz noted her concern that the City will not collect the projected revenues. Mr. Steckman stated that the Recovery Plan calls for annual increases in property taxes. He stated that the City has worked hard to avoid the tax increase and stated that it is beneficial to the City to have affordable taxes. He noted the need for the City to prepare for the loss of the commuter tax. He expressed the belief that there is approximately \$500,000

to \$1 million of uncollected Business Privilege Tax and that the City continues to look at cost-cutting measures. He stated that they recently cancelled their lease warranties on all the copiers in City Hall saving \$12,000. He stated that cell phones are currently being examined as well as the size of the fleet.

Ms. Goodman-Hinnershitz stated that she was tentative about the contribution from the Parking Authority in the past. She noted the need for additional dialog about this subject.

Mr. Waltman noted the need to be realistic about the contribution from the Parking Authority. He suggested that this be the first "Parking Lot" item.

Mr. Marmarou stated that Parking Authority officials indicated that the funding was available for the City contribution in the past.

Mr. Cituk stated that he is currently reviewing the draft budget. He expressed concern with the increased amount of commuter EIT being earmarked for capital. Mr. Waltman suggested that this item also be added to the "Parking Lot."

Ms. Goodman-Hinnershitz noted the need for Councilors to be comfortable with the budget before it is enacted.

Mr. Steckman explained that he drafts a budget based on revenue. He stated that the revenues must be realistic. He explained that the timing of revenue is not consistent and noted the need for departments not to spend if revenues are not collected. He stated that this is public money and that it needs to be managed well.

Ms. Goodman-Hinnershitz noted the need to review the interaction between the general fund, the capital budget and the CDBG budget. Mr. Steckman stated that Councilors were emailed the draft CDBG budget. He explained that \$1.1 million in the capital budget was not spent in 2016. Ms. Kelleher stated that the CDBG budget is scheduled for review on October 19.

Mr. Slifko questioned if the unexpended capital funds will show on the 2017 draft capital budget. Mr. Pottiger stated that it will.

Ms. Goodman-Hinnershitz reminded all that topics will be revisited as Council moves through the review process.

V. Agenda Review

Ms. Kelleher stated that the Administration has requested the addition of a resolution authorizing the deposit of the funds for the payment of expenses associated with decorating the downtown. She stated that she has requested adding an award of contract to supplement the City Code of Ordinances with a new vendor.

Council reviewed this evening's agenda including:

- Award of Contract – to American Legal Publishing to supplement the City's Code of Ordinances

Ms. Kelleher stated that this is the cost of the initial buy-in and that future updates will be an additional fee. She stated that the initial cost is \$17 per page. She explained that the new vendor will host the Code on their website and do real time updates at no additional cost. She also explained that the vendor will do a full legal review. She estimated that this will save the City approximately \$5,000.

- Resolution authorizing the deposit of funds earmarked to cover expenses associated with decorating the downtown

Ms. Goodman-Hinnershitz stated that the government should remain secular and suggested that the language in the resolution be changed from "Christmas" to "holiday."

Mr. Waltman stated that this seems agreeable. Mr. Younger stated that the Mayor may not agree. Mr. Steckman stated that although the Mayor is sensitive to this issue he does not believe that the Mayor would object to this change. He stated that the project account will be set up.

- Ordinance setting the salary of the Community Development Director at \$82,000 per year

Mr. Steckman stated that the actual amount should be \$82,900.

Mr. Slifko requested an explanation of the increase. Mr. Steckman stated that Mr. Palacios is currently earning \$82,900 as acting director and that the Mayor indicated that there would be no decrease.

Ms. Kelleher stated that the wording of the ordinance itself states \$82,800. Mr. Waltman noted the need to amend the ordinance. Mr. Cituk left the meeting to confirm the current salary. *(Note: Mr. Cituk returned several minutes later and stated that the current salary is \$82,000.)*

- Ordinance authorizing an intergovernmental cooperation agreement between the City and the Reading School District regarding the collection and recycling of recyclables

Mr. Johnson stated that this is an ongoing agreement and that it is a win-win. He stated that this encourages recycling and teaches the youth the importance of recycling.

- Ordinance adding a budget line item for the PA DCED reimbursement grant for the Asset Conditions Assessment project

Mr. Steckman stated that the assessment is required by the Recovery Plan and funded by a DCED grant and will study the condition of the City's properties.

- Ordinance transferring funds from cash reserves in the Sewer Fund to the Sewer Fund Engineering line item for engineering related to the waste water treatment plant upgrade

Mr. Johnson stated that the revenue did not match the expense in the budget and the budget amendment is necessary. This will correct an accounting error for this and the next three ordinances.

- Ordinance transferring funds from cash reserves in the Sewer Fund to Engineering Costs for engineering related to the 19th Ward Pump Station

Mr. Johnson explained that this is for the design of the pump station.

- Ordinance transferring funds from cash reserves in the Sewer Fund to Engineering Costs for program management costs for all consent decree projects

Mr. Johnson explained that a consultant is used to manage all the consent decree projects.

Mr. Slifko asked for clarification that funds were being transferred from the Sewer Fund to the General Fund. Mr. Johnson explained that the funds must show as revenue in order to pay the expenses.

- Ordinance transferring funds from cash reserves in the Sewer Fund to Engineering Costs for engineering related to the 6th & Canal Pump Station Phase II

Mr. Johnson explained that this is also a consent decree project and that this revenue is needed to match the expenses.

Mr. Slifko noted the need for an explanation of all these transfers to the public for their understanding.

- Ordinance amending the 2016 Position Ordinance by removing the Public Property Foreman and adding Public Property Manager, creating a Services Team

Mr. Steckman stated that the Administration already has a person in mind to fill this position. He stated that this will allow the Administration to hold one person accountable.

Mr. Slifko questioned if this was promotion from within. Mr. Steckman stated that it will allow better building maintenance.

VI. Petition to Add Agenda Item

Mr. Waltman questioned when the Petition was received. Ms. Kelleher stated that it was received on Thursday.

Mr. Waltman questioned if Ms. Morrison (the person who presented the petition was in the audience) objected to adding the topic to the October 24 agenda. Ms. Morrison expressed the belief that the next meeting was the one being held this evening.

Mr. Waltman stated that this discussion item will be added to this evening's agenda before Council Comment. He clarified that it will be for discussion only and that if Ms. Morrison planned to make Public Comment that she would be allocated five minutes.

VII. Redesign of Rockland St

Mr. Steckman stated that a meeting of the planners was held after the public meeting. He stated that the plan will be revised if it can meet the safe streets standards. He expressed the belief that four traffic lanes plus two bike lanes will replace the medians. He stated that lighting and beautification will be added to the curb areas. He stated that it is important to remember that the Administration was also caught off-guard by this project as it began before the transition. He stated that the Administration listened to residents. He cautioned that if the funding is not available for the revised plan the Administration may need to re-think the project.

Mr. Waltman noted the need for the residents to review the revised plan before it moves forward.

Mr. Steckman stated that the revised plan will not include the medians. He stated that there are other alternatives.

Mr. Waltman stated that he was in this area this afternoon and that two traffic lanes will not be enough.

Mr. Slifko expressed concern that the TAP funding will not be available to the revised plan. He expressed the belief that this may be why traffic was squeezed to two lanes.

Mr. Steckman stated that the project began as a way to calm traffic due to speeding complaints. He expressed the belief that the revised plan is eligible for TAP funding since the bike lanes will remain. He stated that if TAP funds are not available, he will look at TIF funding. He stated that using the TAP funds also saves the City \$50,000 for installation of ADA curbing. He stated that the City is responsible for this portion of the project if grant funding is not received.

Mr. Steckman stated that when he exited the Weis parking lot he noticed that a sign is posted prohibiting left turns onto Rockland St from their parking lot. He stated that many people turn left anyway. He stated that enforcement of these left turns may also address some problems with traffic flow and speeding.

Mr. Marmarou expressed the belief that the bike lanes will cause additional problems.

Mr. Steckman explained that the draft Comprehensive Plan, which will be before Council shortly for approval, contains an increase in bike lanes. He explained that bike lanes will be installed on the bridges as work continues. He stated that federal guidelines require bike lanes and if they are not installed the federal government considers the bridge deficient. He stated that adding bike lanes increases bike safety. He clarified that the traffic study for this project occurred while Giant was still open.

Mr. Waltman expressed the belief that changing traffic from four lanes to two lanes will stop traffic, not slow it down. He stated that the street can still have a great entrance feeling without the medians.

Ms. Reed noted the need for the project not to expend City funds.

Ms. Goodman-Hinnershitz stated that biking is increasing around the country. She requested additional information and research about biking. She questioned if the bike lanes end after the portion of the street that is affected by the project. Mr. Steckman stated

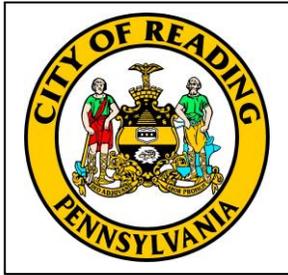
that bike lanes will be addressed as each street receives maintenance. He reminded all that the local police cannot monitor speed with radar but that a special detail will be logging speeds on Hampden Blvd. He stated that this would also be a great location to add bike lanes.

Mr. Marmarou stated that he has lived in this neighborhood since the 1970's and there have never been bikes on Rockland St.

Mr. Waltman explained that grant funding is only available if streets are accessible with bike lanes.

The meeting adjourned at 6:56 pm.

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



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
October 17, 2016
5:00 P.M.

COUNCIL MEMBERS PRESENT:

S. Marmarou, J. Waltman, J. Slifko, B. Twyman, M. Goodman-Hinnershitz, D. Reed

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Younger, G. Steckman, C. Turtell, D. Cituk, H. Tangredi, M. Thompson

The Committee of the Whole meeting was called to order at 5:05 pm by Mr. Waltman.

I. 2015 External Audit Review

Mr. Turtell and Ms. Thompson from Herbein & Co reviewed a power point presentation highlighting the 2015 external audit.

Ms. Encarnacion arrived at this time.

Mr. Turtell detailed the City's pension obligation. He stated that one of the Police actuarial assumptions was slightly skewed as they estimated the number of FOP members who purchase "ghost time" lower than the 80% who actually take advantage of this option.

Mr. Steckman stated that the State pension aid will increase in 2016.

Mr. Turtell explained that the low return on investments is due to the current market conditions.

Ms. Goodman-Hinnershitz noted the need for additional follow up on the return on investments. Mr. Cituk stated that he will provide additional information.

Mr. Pottiger arrived at this time.

Mr. Steckman stated that a new actuarial study will be performed in 2016. He stated that the three pension funds combined are currently at distress level 2 but when considering the Police Pension alone it is approaching distress level 3. He stated that the City has other options. He stated that an aggregated fund with representatives from all three Pension Boards would allow one firm to oversee the fund and would reduce hidden costs and fees. He stated that the individual Boards would remain in place and would make recommendations to the aggregated board.

Mr. Slifko questioned if this could be done without union approval. Mr. Steckman stated that it can since the liability belongs to the City.

Mr. Turtell stated that the market is not in good condition to sustain a high rate of return. He noted the need for the actuarial to look forward to set the new rate of return.

Mr. Twyman stated that GASBS 68 requires the pension liability to be included in the audit. He questioned if it was included in the past. Mr. Turtell stated that it was included as a footnote. He stated that this is the first year that it is required to be reported in this way. Mr. Steckman stated that the City knew about the issue and that GASBS 68 was phased in. He stated that the full liability must now be shown on the balance sheet. He stated that this obligation was always shown on private company's balance sheets. He stated that this will not affect the City's bond rating as the pension obligation was always reported in the past.

Ms. Goodman-Hinnershitz noted the need to use the audit to provide direction for moving out of Act 47. She noted the need to use this tool to determine the condition of the City as it moves out of recovery and into the possibility of receivership.

Mr. Turtell and Mr. Steckman stated that even a small change in the return on investment will have a large impact on the pension funding obligation. Mr. Steckman stated that he is already in conversations with Mr. Mann about the pension obligation.

Mr. Waltman expressed the belief that the pension obligation has been the elephant in the room for many years. He expressed the belief that the State has failed to approve pension reform and that the State should be managing all the pension funds. He stated that the pension obligation continues to cause tax increases. He reminded all that the City funded 70% of the pension obligation with a bond on the eve of the most recent market collapse. He stated that this proves that the pension funds require professional oversight. He noted the need for the State to make decisions on this issue.

Ms. Goodman-Hinnershitz suggested that pension and healthcare costs be discussed in more detail at a Saturday work session. She noted the need to look forward and not backward.

Mr. Marmarou noted his disagreement with Mr. Waltman and stated that the City caused its own problem with the Police pension.

Mr. Steckman stated that the aggregate pension board or a pension trust fund are options for the City. He stated that the City also has the opportunity to create a cash balance (401 K) or hybrid plan for new employees. He stated that this would be a pre-tax contribution. He also noted the need for the City to address post-employment healthcare costs. He explained how the City can assign a portion of the fund balance to cover the post-employment benefit costs. He stated that the Administration will be making a recommendation on this issue.

Ms. Goodman-Hinnershitz noted the need for more detail.

Mr. Steckman stated that if the City does not assign a portion of the liability to the fund balance it creates the appearance that the City has money available due to the General Fund surplus. He stated that this is a false impression of wealth.

Ms. Goodman-Hinnershitz suggested a separate session on this issue. Mr. Slifko agreed with the need for a separate session on this issue and suggested a Saturday meeting.

Mr. Slifko questioned if assigning a portion of the fund balance is legal. Mr. Steckman stated that it is but that it will apply to AFSCME only. He explained that FOP and IAFF are governed by State regulations.

Mr. Marmarou questioned how all this affects the current pensioners. He stated that they call him with questions because City staff is not available. Ms. Goodman-Hinnershitz cautioned against answering their questions since Councilors are not pension experts.

Mr. Mann arrived at this time.

Mr. Slifko questioned if the recommendation will be to dedicate \$7 million of fund balance to the pension liability. Mr. Steckman stated that there are many options. He stated that a portion could also be assigned to capital. He expressed the belief that the fund balance should provide some comfort that the City finances are now being managed properly. He stated that the Administration would be making a presentation on assigning the fund balance.

Ms. Goodman-Hinnershitz questioned if the presentation would be before passage of the budget. Mr. Steckman stated that it would not.

Mr. Daubert requested Mr. Mann's opinion on this matter. Mr. Mann suggested that the City not assign the entire amount of fund balance over the required two month balance. He noted the need to continue to grow the fund balance.

Mr. Steckman noted the Administration's hope that there would be a \$5 million surplus for 2016. Mr. Mann noted the need for the City to be thoughtful and to do valuable things with the fund balance. He cautioned that 2017 would be another difficult year.

Mr. Slifko requested to see all the possible options for use of the fund balance. He noted the need to see them all and to look at the big picture. Mr. Steckman stated that the pension issue is very involved and requires time. He agreed with the need for the City to be thoughtful through this process. He stated that once the funds are assigned that the City loses the liquidity to use these funds for other purposes. He stated that there are also options regarding the self-insurance fund.

Mr. Waltman noted the need for all these options to correlate with the Recovery Plan. He expressed the belief that it is good to have the pension obligation on the balance sheet.

Mr. Turtell stated that this is positive conversation of deciding how to use the fund balance. He reminded all that for many years the City had a deficit.

Mr. Twyman requested that the Administration provide a list of options to Council so that Councilors can conduct their own research. He stated that guests can also be invited to meetings to speak about how different options worked in their municipalities, what they learned and what they may change. He noted the need to be thorough.

Ms. Goodman-Hinnershitz noted the need for Council to make informed decisions. She stated that when the funds are assigned it will affect future decisions. Mr. Mann agreed and offered to participate in these conversations. He stated that the City will be under the Recovery Plan for three more years.

Mr. Turtell stated that the surplus in the Trash/Recycling Fund includes the settlement of the recycling truck lawsuit. He stated that without the lawsuit this Fund would have had a \$763,000 surplus.

Mr. Turtell praised the City's accounting staff and stated that the current staff is stronger than in many past years. He apologized to Council for the delay in providing the audit report.

Mr. Slifko questioned if there was an increase in the findings. Mr. Turtell stated that there is an increase but that some have already been corrected. He also praised CD staff for their timely monitoring and follow up of funds.

Ms. Goodman-Hinnershitz questioned if the report would be reviewed at a public meeting. Mr. Turtell stated that he will be making a public presentation at the October 24 Council meeting.

Ms. Goodman-Hinnershitz noted the need for the public to have this information and to get a better understanding of the City's finances. She stated that this was a great presentation.

Mr. Turtell and Ms. Thompson left the meeting at this time.

II. 2017 Budget versus Act 47 Recovery Plan

Mr. Mann stated that PFM is currently reviewing the draft 2017 budget. He stated that he will make recommendations for modifications as necessary.

Mr. Waltman questioned if the Recovery Plan assumed a certain level of employees but used the real costs. Mr. Mann stated that it did.

Mr. Steckman stated that there was a trigger in the Plan for 2017. He stated that Police would need to take a 3.5% salary cut or give back the purchase of "ghost time." He stated that when the contract expires that all provisions are frozen.

Mr. Waltman questioned this Plan language. Mr. Mann stated that the intention was to bring the parties to the table to negotiate a reduction in post-employment benefits. He stated that the savings in post-employment benefits costs could then be used to offset the 3.5% salary reduction. He explained that the cost of the assumed personnel in each category was used to set each of the salary caps.

Mr. Waltman stated that the City cannot meet this provision of the Recovery Plan. Mr. Steckman stated that there may be other options.

Mr. Waltman stated that the Recovery Plan required the City to reduce its costs. He stated that residents continue to make a large investment in the City. Mr. Mann agreed and stated that the Plan is not allowed to affect retiree benefits. He noted his work to get the City into

a stronger financial position to exit Act 47. He stated that the City cannot recover if pension costs continue to rise.

Ms. Goodman-Hinnershitz stated that depending on additional discussion, an executive session may be needed.

Mr. Waltman expressed the belief that Act 47 cannot fix this problem.

Mr. Waltman noted the need for another session with Mr. Mann to discuss the specific 2017 draft budget and possible modifications. Mr. Steckman stated that he has been in contact with Mr. Mann during the budget preparation process.

Mr. Steckman described a possible vacancy allowance solution that Easton and Pittsburgh used to avoid the salary reduction and the reduction in the number of officers. He stated that the Administration has heard the community's concern with reducing the number of police officers. He stated that there is frequent turnover in Police because they have many other opportunities. He suggested that this turnover be used to the City's advantage and suggested that a \$500,000 vacancy allowance line item be added to the budget. He stated that when positions are vacant it takes time to fill them due to the timing of academy classes and the use of the civil service list.

Mr. Waltman stated that the City often has reduced spending in salary line items when positions are vacant. He cautioned that this can also lead to increased spending in Police overtime. He noted his support of this option for the 2017 budget.

Mr. Marmarou questioned if this approach worked in Easton and Pittsburgh. Mr. Mann stated that it does and that there is always a delay when hiring new staff.

Ms. Goodman-Hinnershitz suggested that the City consistently report the number of officers to allay the community's fears. Mr. Steckman stated that this information should not be publicized.

Mr. Mann stated that the 2017 post employment costs for Police cannot be addressed. He stated that the timeline is now too short.

III. Executive Session

Mr. Waltman announced the need for Council to enter executive session to discuss a litigation matter. Council entered executive session at 6:49 pm and exited at 7:18 pm.

Ms. Goodman-Hinnershitz stated that the remaining agenda items would be deferred to a future meeting.

The meeting adjourned at 7:18 pm.

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



CITY OF READING,
PENNSYLVANIA

M E M O R A N D U M

TO: City Council/Mayor/Department Directors/Jessica Didow
FROM: Linda A. Kelleher, City Clerk
DATE: October 10, 2016
SUBJECT: 2017 Budget Development – Meeting Schedule & Agenda

All Public Hearings will be conducted in Council Chambers. All Budget Review meetings will be conducted in the Penn Room

October 10, 2016 – Monday 5:00 PM to 6:00 PM

Matt Connell, Esq – VA relocation

Define Budget Review Schedule

Revenue overview

Revenue detail

Summarize this meeting's follow up items

October 12, 2016 – Wednesday 5:30 PM to 7:00 PM

Albright Work Group 3:30 pm – Marmarou Kelleher

RAWA Committee 4 pm Waltman, Reed, Goodman-Hinnershitz, Steckman

Reply to prior meeting follow up items

Capital Improvement Plan

Position Listing

Expenditure Overview

List of major expenditure drivers – Pension & Healthcare

Summarize this meeting's follow up items

October 17, 2016 – Monday 5:00 PM to 6:00 PM

Reply to prior meeting follow up items

Water & Parking Contribution

PFM – Recovery Plan and 2017 Budget – tentative

Expenditure review

Mayor, Council, Auditor, Law Budgets

Summarize this meeting's follow up items



October 19, 2016 – Wednesday 5:00 PM to 7:00 PM
Public Hearing Capital Program
Reply to prior meeting follow up items
Expenditure review
 Administrative Services & Community Development (GF & CDBG)
 Expenditure review

October 20, 2016 – Thursday 5:00 PM
General Fund Public Hearing
 BPRC Certification Hearing 6 pm – Twyman, Kelleher

October 24, 2016 – Monday 5:00 PM to 6:00 PM
Reply to prior meeting follow up items
Expenditure review
 Public Works w/ Liquid Fuels
Summarize this meeting's follow up items

October 26, 2016 – Wednesday 5:00 PM to 7:00 PM
Reply to prior meeting follow up items
Expenditure review
 Police, Non-departmental
Summarize this meeting's follow up items

October 31, 2016 – Monday 5:00 PM to 7:00 PM
Reply to prior meeting follow up items
Expenditure review
 HRC, Solid Waste/Recycling, Shade Tree, Sewer
Summarize this meeting's follow up items

November 2, 2016 – Wednesday 5:00 PM to 7:00 PM
Reply to prior meeting follow up items
Expenditure review
 OPTIONAL Library, Ethics/ Charter Boards, Self-Insurance, BCTV
Summarize this meeting's follow up items

November 7, 2016 – Monday 5:00 PM to 6:00 PM
Open