CITY COUNCIL

Finance, Audit & Budget Committee

Monday, August 15, 2016
City Council Office
5:30 pm

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

Committee Members: Ms. Goodman-Hinnershitz, Mr. Slifko and Mr. Twyman

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

I. PFM Act 47 Update

II. Legislation Review –

1. **Proposed Ordinance -** amending the City Code, Chapter 5 Administrative Code, Section 5-806 Fiscal Provisions to provide improved clarity by providing a new Section 807 for the Annual Budget and Capital Program, incorporating the Purchasing Policies currently identified as Section RE3117-OO5a-Ex A to Section 809, adding reserved sections for future use and renumbering Section 800 in its entirety, as attached in Exhibit A.

2. **Ordinance** – authorizing the purchase of the East Reading Pool site

3. **Ordinance –** amending the 2016 budget by adding the PA DCNR Reimbursement Grant for the Keffer Park Playground

4. **Ordinance –** amending the 2016 budget by adding the PA DCNR Reimbursement Grant for the 11th & Pike Playground Phase II Rehabilitation Project.

5. **Ordinance –** amending the 2016 budget by adding the PA DCNR Reimbursement Grant for the Pendora Park Playground Rehabilitation Project.

III. Update on 2015 External Audit

- Draft Audit Report Sept 12th
- Audit Committee Meeting Sept 13th at noon
- Final Audit Report Presented Sept 26th COW and Regular Meeting

IV. Update:

- Berks EIT re EIT Collection (Act 32), LST, Per Capita, BPT
- Pension Reform
- Healthcare costs (active and retirees) and coverage for retirees who currently are reemployed

WRITTEN REPORTS REQUESTED FOR THE FOLLOWING ITEMS:

Please distribute the reports electronically

V. Timelines to Correct 2014 External Audit Findings (attached)

- Set Audit Committee meeting
- PFM Recommendations:
  1st priority: Reconciling the General Disbursement Account 2007-2014
  2nd priority: Account reconciliations 2012-2014
  3rd priority: Monitoring State Grants 2010-2014

VI. Review Finance Reports

- Review Expenditures/Revenues
- Review Bank Statement Activity
- Review Transfers
- Review Investments
- Compliance with SEC Regulations

VII. Update from City Auditor

- Define operational audits for 2016 i.e. Property Maintenance and Zoning
- Define general internal audits for 2016

FOLLOW UP ISSUES

March

Staffing needs of Accounting/Finance

April

Containing Legal Costs

Review of City's Investment Accounts (Quarterly)

May

- BPT collection
- Retention of the Commuter Tax
- Discussion with the Parking Authority re 2016 contribution
- Health insurance cost and exploration of alternatives
- Remove re-employed retirees who have access to similar healthcare coverage
- Pension reform
- Pension fund management
- Timeline to resolve Account reconciliations and State Grant Management

June

- BPT & Per Capita collection
- Retention of the Commuter Tax
- Health insurance cost and exploration of alternatives
- Remove re-employed retirees who have access to similar healthcare coverage
- Pension reform
- Pension fund management
- Timeline to resolve Account reconciliations and State Grant Management

July

CITY COUNCIL

Finance Committee

Meeting Report
Monday, June 20, 2016

Committee Members Attending: M. Goodman-Hinnershitz, B. Twyman, J. Slifko

Others Attending: J. Waltman, L. Kelleher, B. Rivera, C. Younger, D. Cituk, D. Pottiger, J. Encarnacion, G. Steckman.

Ms. Goodman-Hinnershitz called the meeting to order at approximately 5:05pm.

I. Legislative Review – Berks EIT Collection Fee

Ms. Goodman-Hinnershitz stated that this issue has been on the agenda for some time now and the administration was to follow up and give council an update on what course of action will be taking place to move this forward.

Mr. Steckman stated that he and Ms. Encarnacion have been involved in discussions and he stated that what Berks EIT is requesting is not proper under Act 32. He stated that Berks EIT should have the capability to do garnishments and not hire a third party to perform this work then require the City to take a 25 percent cut. He stated that he has requested a meeting with Berks EIT and copied the Mayor to discuss the inappropriateness of their request. He stated that he will also request information on the City's Business Privilege Tax (BPT) and a list of EIN numbers and the companies to ensure the proper accounting is obtained. He is also requesting a copy of the contract between Berks EIT and all the municipalities participating in the TCC. He stated that the Berks County Tax Collection Committee (TCC) is comprised of members representing the municipalities who levy EIT taxes and they should be holding Berks EIT

accountable for the collection of EIT taxes due.

Mr. Slifko inquired if Berks EIT makes a certain percentage of their collections. Mr. Steckman responded affirmatively stating that it likely is a substantial figure.

Mr. Steckman stated that he put in a "Right to Know" request to Berks EIT for all the information on their collections procedures. He stated that there are individuals and businesses that deliberately have not filed tax returns. It is Berks EIT's job to ensure that everyone pays the portion Berks EIT is under contract to collect.

Mr. Waltman stated that he was of the understanding that Berks EIT was doing a good job in their collections as evidenced by the City's higher EIT revenues once they were contracted to do the collections by the TCC.

Mr. Steckman stated that prior to Act 32 the proper municipality would not get the EIT because paychecks were issued at corporate headquarters which may be outside of the municipality. He stated that once the collections were made county-wide, this was looked at more closely which in turn resulted in higher EIT revenues for many municipalities.

Ms. Goodman-Hinnershitz questioned if the ordinance should continue to be part of the agenda for more discussion or if it should be tabled or even removed at this point.

Mr. Steckman made the suggestion to table it at the very least as he is of the belief that this will not be resolved in the immediate future. Ms. Goodman-Hinnershitz asked that the ordinance be removed from the agenda as the ordinance will require additional amendment.

Ms. Kelleher stated that the leadership at Berks EIT has changed and that may also play a role in how the current dealings are being handled.

Mr. Slifko questioned if the other taxes (BPT, LST) be put on hold until this issue with Berks EIT has been resolved. Mr. Steckman stated that he believes it is imperative to move forward with those regardless of the Berks EIT ordinance to apply a 25% fee for EIT delinquencies.

Mr. Steckman stated that the problem is that Berks EIT is not interested in the collection of those other taxes. Berks EIT is looking to renegotiate the terms as they are not making enough money. He stated that when the agreement was put into place, Berks EIT was willing to take a loss and now they are not. In fact, there was a specific clause in the contract stating that Berks EIT will give the City six months' notice to terminate and they're willingness to breach that part of the contract.

Mr. Waltman stated that he understood that Berks EIT was collecting the Business Privilege Tax. Mr. Steckman clarified that Berks EIT is collecting the license fee, not the BPT. He expressed the belief that this practice is backwards as the City should be collecting the license fee and Berks EIT should be collecting the BPT.

Mr. Twyman stated that as he is assigned to the BPT issue and he is waiting to hear from the administration on when to meet to discuss this moving forward so that he can in turn report back to Council.

Mr. Steckman stated that he and the rest of the administration are having weekly financial meetings to keep abreast of all revenues. He stated that he doesn't believe our organization is capable of doing our own BPT auditing. He strongly suggests a third party be utilized to do the BPT auditing.

Mr. Pottiger stated that there are a couple of issues that create problems. He stated that there are a select few businesses that understate their BPT revenue when they file a return and others who do not file at all. The City has one person internally who is tasked with going out and looking for those who are guilty of both. Unfortunately, this task is more consuming than one person can manage.

Mr. Steckman agreed stating that the City needs an individual to go out and ask to see licenses of City businesses. He suggested that the City print out different colored licenses each year so as to identify quickly that a license is current.

Mr. Waltman concurred adding that firmer policies should be put in place so that if a business owner does not display a license or it is not current, there should be a penalty imposed and if the business does not have one at all, that business should be shut down.

Mr. Steckman stated that the City should comprise a data base that, together with Mr. Tangredi, will help track the businesses with a current license versus those who have let it lapse. The City can send out reminders to help business owners know when it is time to renew their business license.

Mr. Waltman stated that it is his belief that a large number of revenue is not collected due to not knowing what businesses are operating with current business licenses.

Mr. Steckman stated that one of the projects he's working on with parts of the administration is the creation of GIS map overlays to make the process even more efficient.

Mr. Twyman questioned if there's currently information available from Berks EIT that will

provide the City with a baseline. He also questioned if the City's IT division is capable of composing GIS maps and what is needed to push this idea forward as this would provide Council with a clearer picture of what it working and what is not working.

Mr. Slifko stated that with a city of 85,000 people, there needs to be more personnel to handle this undertaking adequately; not just one individual tracking this from City Hall.

Mr. Steckman stated that he will meet with staff to discuss all of what has been said and proposed. He will provide council and the mayor with an update.

Mr. Waltman stated that the City has had very promising initiatives; however, the execution has always been where the City lacks consistently. That was clear to him when Berks EIT took over EIT collections.

Mr. Steckman expressed the importance of having a consistent policy instituted where businesses will understand the ramifications of not holding up their end by keeping their business licenses up to date. He said the only way to ensure this happens is if the City finds a way to track the licensing effectively so collections will be equally effective.

Mr. Cituk stated that if Berks EIT is imposing a 25 percent surcharge, that surcharge should be the delinquent individual's responsibility and not the City's.

Mr. Steckman stated that he still would like to address the 25 percent surcharge with Berks EIT and continue to request that they do the garnishing that their organization is responsible for collecting.

Mr. Twyman questioned when would be an agreeable time to meet with Mr. Steckman and discuss the collections process as he has been assigned that task by Council.

Mr. Waltman stated that in looking forward to the 2017 budget which should include having policies implemented so that, at the very least, our projections for 2017-18 look promising.

Mr. Steckman responded to Mr. Twyman's request of meeting with him. He stated that he will reach out to him in a few weeks to discuss the BPT, Per Capita and EIT. He's unsure of the Per Capita tax and if it is something that the City should continue to collect as it is very costly to do so.

Mr. Slifko stated that the Per Capita tax was something that was going to be reviewed starting last year to determine whether or not it is feasible to continue collections.

Ms. Reed questioned abandoning the Per Capita tax before attempts are made to properly collect it.

Ms. Kelleher pointed out the Berks EIT was responsible for the collection of the Per Capita tax and did not follow through.

- **Proposed Ordinance –** amending the City Code, Chapter 5 Administrative Code, Section 5-806 Fiscal Provisions to provide clarity by providing a new Section 807 for the Annual Budget and Capital Program, incorporating the Purchasing Policies currently identified as Section RE3117-OO5a-Ex A to Section 809, adding reserved sections for future use and renumbering Section 800 in its entirety.

Ms. Goodman-Hinnershitz questioned if Mr. Steckman has any information regarding this proposed ordinance. Mr. Steckman replied that at this time he does not as he has not had a chance to carefully review this.

Ms. Kelleher stated that she and Mr. Coleman have been working together to rewrite Section 806 of the Administrative Code. She stated that Section 806 of the Administrative Code needs substantial work. This section contains language on the budget, allocations, the reserve, capital budget, etc. The section has become very confusing for those who try to use it.

Ms. Kelleher and Mr. Coleman have suggested expanding the numbering in Section 800 and moving the Capital and General Fund Budget pieces into its own section. She stated that they also suggest moving the Purchasing Policies into its own section. In 1996 when the Code was first adopted, purchasing policies didn't exist so the policies were originally referenced as an attachment to the Administrative Code. She stated that she and Mr. Coleman have worked to ensure that the dollar amounts align with the specific purchasing policies so as to create consistency without conflicts. She stated that she should have a draft to distribute by the end of the week.

Mr. Steckman questioned if Ms. Reinhart had a chance to review this proposed ordinance and the changes, including the MERC component. Ms. Kelleher replied affirmatively stating that Mr. Coleman has included all the recent changes that have been implemented.

II. Baker Tilly Forensic Audit Report

- **Administration's recommendation**

Ms. Encarnacion stated that as she understands, there are specific areas that the City is looking to have Baker Tilly's services utilized for forensic auditing. Those areas include the Water Authority and the Parking Authority.

Mr. Twyman stated that he understood the WWTP to be also included in the scope of the Baker Tilly's services. He questioned what the Administration's stance is regarding the WWTP.

Mr. Steckman replied that the Sewer Fund is a City Enterprise fund that can be reviewed by the City external auditors rather than Baker Tilly. He stated that WWTP personnel has begun addressing some of the issues identified through the initial Baker Tilly forensic audit report and the City's own external audit so he does not feel it necessary to include WWTP in services rendered by Baker Tilly.

Mr. Waltman stated that the WWTP may need to be reviewed more closely as there were several transactions regarding the consent decree project and the allocations of funds. He stated that the City may want to perform a more comprehensive audit first and then determine if it should also be included in Baker Tilly's scope of services.

Mr. Steckman stated that the City has started to closely review the Black and Veatch transactions. He stated that RKK is also being reviewed regarding change orders. He stated that the term "change order" can refer to several different scenarios such as unforeseen circumstances or architectural or engineering matters that come up. He stated that he's had conversations with Ms. Snyder, Mr. Miravich, Mr. Johnson, RKK and Mr. Lachat and he made it clear that for the City to request any changes moving forward, there will need to be a very good reason. Mr. Steckman stated that he feels this is more about the execution of contracts rather than a WWTP issue. He will continue to ask many questions and based on responses, move in whatever direction is required.

Mr. Slifko stated that he is of the belief that where the City spends the most money is where a deeper analysis is warranted and crucial in determining if any mistakes have been made or indiscretions have occurred.

Mr. Waltman stated that the City has spent so much on legal fees and other costs related to WWTP that it has become very concerning. He questioned if at this point any dollars are recoverable, what will be the added costs to recuperate those funds and will it be feasible to do so.

Mr. Steckman stated that he wanted to reiterate that the $300M figure is for numerous projects and not just Black and Veatch.

Mr. Waltman stated that the only changes that should be made are those that literally pay for themselves. The City cannot continue to spend without seeing that there is something to gain in return.

Mr. Twyman stated that the City owes its residents an explanation in regard to all the expenditures that have taken place with WWTP and whether or not those expenditures have been warranted.

Mr. Waltman stated that regarding the consent decree on the Inter-Municipal Agreements (IMAs), if the City loses credibility, things will only get worse. He stated that he fears that this will turn into a legal battle.

Mr. Steckman stated that the plant that is being built covers 50 percent City customers and 50 percent customers outside of the City. He agrees with Mr. Waltman in that the IMAs are critical. There have been internal discussions regarding the possibility of imposing permit fees to lower the costs for City residents. He noted that the originally Black and Veatch designed a plant that was too large for the City's needs.

Ms. Goodman-Hinnershitz suggested that the IMA issue be discussed in an executive session sometime in the near future.

Mr. Slifko questioned if an approximate cost has been determined regarding the audits for the Parking Authority and the Water Authority.

Ms. Encarnacion stated that the cost of a forensic audit would depend on the scope of services requested.

III. Update on Healthcare costs

Ms. Goodman-Hinnershitz apologized for not being able to attend the meeting due to a scheduling conflict.

Mr. Steckman stated that he has asked Ms. Encarnacion to work with Mr. Younger to get letters out to all retirees who are now re-employed with an organization that offers health care packages and to sign an affidavit so that an audit can be performed to comparison the two healthcare plans. He stated that there will be a meeting with EHD to explore healthcare costs. He stated that he is aware that staff is not satisfied with EHD and he will be looking at the contract to determine how to move forward. He will continue to keep Council updated as he obtains information.

Ms. Goodman-Hinnershitz reiterated the importance of receiving financial reports electronically which has been done and she wants to make certain that continues to be the case even if Council does not have time to address those reports during committees.

Ms. Goodman-Hinnershitz adjourned the meeting at 6pm.

Respectfully submitted by
Bea Rivera, Legislative Aide & Linda A. Kelleher CMC, City Clerk

Drafted by City Clerk/Acting Solicitor
Sponsored by/Referred by
Introduced on
Advertised on

BILL NO. _____-2016
AN ORDINANCE

AMENDING THE CITY OF READING CODE OF ORDINANCES, CHAPTER 5 ADMINISTRATIVE CODE, SECTION 5-806 FISCAL PROVISIONS TO PROVIDE IMPROVED CLARITY BY PROVIDING A NEW SECTION 807 FOR THE ANNUAL BUDGET AND CAPITAL PROGRAM, INCORPORATING THE PURCHASING POLICIES CURRENTLY IDENTIFIED AS SECTION RE3117-OO5a-Ex A TO SECTION 809, ADDING RESERVED SECTIONS FOR FUTURE USE AND RENUMBERING SECTION 800 IN ITS ENTIRETY.

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

Section 1. Amending the City Code, Chapter 5 Administrative Code, Section 5-806 Fiscal Provisions to provide improved clarity by providing a new Section 807 for the Annual Budget and Capital Program, incorporating the Purchasing Policies currently identified as Section RE3117-OO5a-Ex A to Section 809, adding reserved sections for future use and renumbering Section 800 in its entirety, as attached in Exhibit A.

Section 2. This ordinance shall become effective ten (10) days after it adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: _____, 2016

_____
President of Council

Attest:

_____
City Clerk
Submitted to Mayor: _____
Date: _____

Received by the Mayor's Office: _____
Date: _____
Approved by Mayor: _____
Date: _____
Vetoed by Mayor: _____
Date: _____

EXHIBIT A

§5-806 Fiscal Provisions

A. Fiscal year.

Editor's Note: Provisions of the Charter are set forth below:

§ 901. Fiscal year.

The fiscal year of the City shall be the calendar year. If not prohibited by law, the Council may, by ordinance, adopt a different fiscal year, specifying an orderly procedure for financial and budgetary controls in making such transition.

B. Administrative Services Director.

(1) Bonding. The Administrative Services Director shall be bonded in such amount as determined by the Administrative Code. He/She shall assist the Managing Director in determining which personnel in the Administrative Services Department shall be bonded.

(2) Policies and procedures. The Administrative Services Director shall be responsible for preparing policies and procedures as required by the Administrative Code. These policies and procedures shall be available to the public for inspection. Copies may be made for the public at a reasonable cost not in excess of reproduction which may include both direct and indirect costs of such reproduction.

(3) Securities. The Administrative Services Department is authorized and empowered on behalf of the City to establish and maintain accounts with those banks and brokers as are necessary and convenient for the purchase and sale of any and all forms of securities which are in accordance with the City's investment policy as per Part D herein.

C. Regulations concerning appropriations and transfers

(1) The authorization and expenditure of all funds and preparation of department budgets shall be in accordance with a policy adopted by the Council and a financial procedure manual to be prepared and periodically reviewed and

updated by the Administrative Services Department. Expenditures shall be executed in a uniform manner for every City Department.

(2) The Administrative Services Director shall prepare and submit a monthly report to the Mayor, the Managing Director, and Council. This monthly report shall include all revenues, expenditures, borrowing, and any use for each City department and each City Fund account, and status reports comparing those expenditures with the adopted budget. The report shall include an estimate of the fiscal year end projections for both revenues and expenditures. All reports shall also include the receipt or forecast of nonrecurring revenues. For the purpose of this policy, nonrecurring revenues shall include land or asset sales, use of fund balance, transfers from other funds that exceed ongoing and sustainable levels, and transfers from other funds that exceed legal limits. Nonrecurring revenues also include any revenue that is anticipated to be received for only one year.

In addition to these monthly reports, the Managing Director shall also submit quarterly financial reports as outlined in initiative FI04 of the City's Act 47 Recovery Plan dated June 11, 2010.

(3) In order to allow flexibility in the administration of the City's business, departments may transfer money between line items within the department. A majority of Council may place a limit on the amount of additional-excess expenditure allowed for any program or line item. This is not intended to-restrict unduly the Mayor's and/or Managing Director's ability to manage and administer the budget.

(4) Justification for transferring, borrowing or any use of funds between departments and/or City Fund accounts must be presented to and approved by Council ordinance. The financial procedures manual will stipulate the following:

(a) Expenditure procedures.

(b) Justification procedures for transferring money between line items.

(c) Justification procedures for transferring money between departments.

(d) Administration of petty cash funds.

(e) Justification procedures for transferring, borrowing, or any use of money between City Fund accounts.

(5) Interfund Borrowing: The City will limit its use of interfund borrowing to obtain cash from one fund type or reserve to fund activities of another fund type or reserve, and will apply the following conditions to limit such borrowings:

(a) The borrowing deemed a lawful use of such funds;

(b) The Director of Administrative Services has determined that the funds to be borrowed will not be needed by the lending fund during the lending period;

(c) The borrowing is for a temporary period with repayment scheduled during the same fiscal year;

(d) Any borrowing activity that cannot be repaid by the end of the fiscal year, other than temporary lags in reimbursements, will be disclosed along with a plan for replenishment within ten (10) calendar days of the transaction;

(e) No such borrowing shall cause the City to be in noncompliance with its policy on structurally balanced budgets;

(f) No such borrowing shall cause the City to be in noncompliance with applicable federal and/or state requirements or agreements; and

(g) For existing borrowings that are not in compliance with this policy, the City shall adopt budgets and a plan to come into compliance by the end of 2015.

Any actions taken to borrow money under these conditions must be separately disclosed in the City's periodic financial reports to City Council with an anticipated repayment date. If the cumulative amount that one fund borrows from another fund(s) during the calendar year is more than $500,000, any amount in excess of $500,000 must be approved by Council. Similarly, if the cumulative amount borrowed from one fund by any other fund(s) during the calendar year is more than $500,000, any amount in excess of $500,000 must be approved by Council.

(6) Fund Transfers and Subsidies: The City may make permanent, annual transfers from other City funds into the General Fund under the following conditions:

(a) Use a cost allocation method to allocate administrative and overhead costs to other funds or programs receiving administrative services from the City. The cost allocation method must be applied consistently across funds and years. The cost

allocated to each fund must be sustainable by those other funds. A summary of cost allocation method for each allocated cost shall be maintained in writing.

(b) There shall be an adopted schedule for transfers included in the annual budget. Transfers that are not annual shall occur at least quarterly. The City may also make transfers from enterprise funds according to the following conditions:

(1) The transfer complies with all applicable federal and/or state requirements and agreements.

(2) The transfer is based on an adopted calculation methodology applied each year. This methodology may be based on percentage of revenues, return on investment, percentage of net revenues, or other calculation adopted by the City Council. The methodology should be adopted consistently each year.

(7) Requiring an amendment to the City's annual Budget Ordinance to authorize any cumulative modification to any departmental overall budget or line item exceeding $10,000 including fund transfers and subsidies. The request for a budget amendment must be submitted to City Council with an agenda memorandum explaining the justification for transfer and the proposed use for the funds transferred, borrowed or used at least two weeks before the transfer is required.

(8) Requiring City Council approval, via ordinance, for the following:

(a) Salary increases for Department Directors that were not approved in or included in the budget for the fiscal year and fall outside the labor contract for union employees. Please see Personnel Code Section 701 for salary increases for other employees.

(b) All expenditures not approved and listed in the operating or capital budgets for the fiscal year prior to those expenditures occurring.

(c) All ~~expenditures and allocations~~ ***transfers and appropriations*** of $10,000 or more from and to and any and all line items falling in the Departmental and Non-departmental area of the General Fund.

(9) Any transfer from the Reserve.
Structurally Balanced Budget and Reserve: The City's objective is to achieve and maintain a structurally balanced budget in all funds such that

recurring revenues fund recurring expenditures. Beginning in 2015, the City shall maintain a reserve containing a minimum of two months' of regular general fund operating expenditures. Should the level of the reserve fall below the value of two months' of regular general fund operating expenditures, non-recurring revenues and budget surpluses should replenish reserve levels to the above minimum level. Excess amounts above the minimum level may be used to pay down outstanding long-term debt and fund capital budget projects, in that order.

To that end, the Director of Administrative Services shall report to the Managing Director and City Council on the inclusion of any non-recurring revenues in each budget, forecast or actual report of financial results. That report should include the amount and use of any non-recurring revenues. For the purpose of this policy, non-recurring revenues shall include land or asset sales, use of fund balance, transfers from other funds that exceed ongoing and sustainable levels, and transfers from other funds that exceed legal limits. Non-recurring revenues also include any revenue that is anticipated to be received for only one year.

(10) Report on Policy Compliance: The elected City Auditor will report quarterly to City Council on the City's compliance with these policies. This report shall be made available to the public.

D. Bank and investment accounts

(1) The City of Reading City Council shall, annually, authorize all bank and investment accounts opened and used by the City by resolution on or before the last day of January of the new calendar year.

(2) New bank and investment accounts shall only be opened under the signature of the Director of Administrative Services, the City Auditor, Mayor or the Managing Director and shall be approved by Council resolution before any funds are deposited.

E. Purchasing

(1) Responsibility. The Administrative Services Director, in consultation with the Managing Director, shall develop a purchasing policy and procedure for the purchase of supplies and materials and the sale of personal and real property; such policy and procedure under these fiscal provisions is made a part hereof ***in***

Section 809 Purchasing Policy and Procedure ~~and marked "Exhibit A" and hereafter referred to as "Policy and Procedure."~~

(2) Purchasing policy – ***See Section 809***

(a) The overall authority and responsibility for City purchasing is centralized within the Department of Administrative Services.

(b) The purchasing policy and procedure is applicable to all departments, offices and agencies and shall include the service function of ***the disposal of surplus property or unused material supplies or equipment after they have been declared as surplus by the Department Director***, ordering and buying goods and services. In addition, functions such as planning and scheduling purchases, seeking competition, assuring the preparation of proper specifications, and enforcing compliance with all purchasing regulations and procedures shall be part of the purchasing policy and procedure.

(3) Purchasing ~~Manager~~ ***Coordinator – See Section 809***

F. Investments

(1) Responsibilities. The Administrative Services Director shall be responsible for identifying money (except monies belonging to pension funds) to be invested, understanding the options available and for what time period, communicating this information to the Managing Director, implementing the decision, and making regular reports regarding these actions to the Mayor, Managing Director and Council. All investments shall comply with PA Act 72 as currently constituted.

(2) Types of investments. The Administrative Services Director shall invest in these types:

(a) Any obligations of the United States government for one year or less.

(b) United States Treasury Bills.

(c) Short-term obligations of the United States government or its agencies.

(d) Savings accounts or time deposits of Pennsylvania institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share

Insurance Fund up to the amount covered by insurance with the remainder covered by approved collateral pledged by the depository.

(e) Obligations of the United States, State of Pennsylvania, any political subdivision of the state and any of their agencies or instrumentalities, backed by their full faith credit.

(f) Prime commercial paper (unsecured promissory notes issued by any industrial, common carrier, public utility or finance company or corporations of $1,000,000,000~~,000~~ of assets or more) having no litigation pending or threatened against the prime commercial paper, being not in default upon any of its outstanding obligations, whose credit has been approved by the national credit office, incorporated or its successor and the investments make up 10% or less of the City's total portfolio.

(g) Certificates of deposit from institutions having their principal place of business in the state and insured and collateralized as in Subsection F(2)(d) above.

(h) Shares of investment companies properly registered investing only in the investments in Subsection F(2)(a) through (g) above.

(3) Combining investments. Investment monies may be combined to purchase investment(s), provided such funds are accounted for separately in all respects and earnings from investments that are separately and individually computed and recorded and credited to the accounts from which the investment was purchased. Investment monies can be combined to purchase investment(s) pooled with other political subdivisions and municipal authorities in accordance with P.L. 180 of July 12, 1972, 53 Pa.C.S.A. § 2301 et seq., provided there is separate and equal computation, recording and distributions of earnings. All investments shall comply with PA Act 72.

G. Signing checks

(1) Documentation. The issuing and signing of all City checks shall be in accordance with the following:

(a) The amount expressed in the request is allocated for in the department budget.

(b) The person presenting the request shall provide evidence that the amount due is for the payee in whose name it is drawn.

(c) Supplies, services or other consideration for payment has been processed by purchasing regulations if required.

(d) Supplies, services or other consideration for payment has been verified that they have been furnished or performed according to law or contract.

(2) Check signatures

(a) The Administrative Services Director and the City Auditor shall sign all checks drawn against the City Treasury. Facsimile signatures may be used.

(b) In the event of the absence of the Administrative Services Director, the Mayor shall have the authority to sign checks in his/her place and stead.

(c) In the event of the absence of the City Auditor, the auditing coordinator in the office of the City Auditor ***or the City Solicitor*** shall have the authority to sign checks in his/her place and stead.

(d) "Absence," as used in this section, is hereby defined as failure to be present in Reading City Hall for a period of three consecutive full business days or more for any reason including, but not limited to, vacation, illness, mental or physical incapacity or death.

(3) Limitations. No signed check shall be distributed, mailed, or released unless there is sufficient money in the particular budget from which it is drawn, as well as the checking account to cover it at the time the check has been issued. Exception is made for payroll as it is subject to FLSA and Federal wage and overtime regulations.

H. Record of assets. The Administrative Services Director shall keep a complete record of books and accounts under appropriate titles, to show separately and distinctly all of the assets, property inventory, trusts, and indebtedness and all of the receipts and expenditures of the various departments. He/she shall supervise and control the accounts of all of the departments, and may require a written statement of all money or property of that department.

I. Annual budget – ***See Section 807***

J. Capital Program – ***See Section 807***

[Amended 10-22-2012 by Ord. No. 98-2012]

L. Annual Financial Report

(1) Section 308 of the Charter provides:

§ 308. Powers and duties of the Mayor.

The Mayor shall have the following powers and duties:

(c) Inform City Council and the public each January of the financial and general condition of the City.

(2) The Mayor, with the assistance of the Managing Director, Administrative Services Director and other appropriate department directors, shall:

(a) Inform Council and the public by the end of each January of the financial and general condition of the City. This report shall be as complete as possible but shall not be in the detail required under Subsection K(2)(b).

(b) Report (under oath) to the Council and appropriate state agency, by the end of each March, a comprehensive financial report in accordance with the standards set forth by GASB and GAAP.

(c) Prepare, review and update as necessary procedures necessary to implement this section, which shall include the following:

[1] The format of the report (taking into consideration the maximum standards of the GASB and the commonwealth).

[2] Dissemination to the public.

[3] A descriptive and textual analysis of the state of the City, and the City's finances.

(d) When a new Mayor has been elected, the Mayor leaving office must submit as comprehensive a report as possible by December 31 of the final year of his/her term. The new Mayor shall review this report by January 31 of the year he/she takes office and proposed comments and additions to the report in preparing his/ her report pursuant to Subsection K(2)(a).

M. Risk Management.

(1) Responsibility. The Administrative Services Director shall collaborate with the Managing Director in developing a risk management procedures manual. Additionally, the Administrative Services Director is responsible for joint reports to the Mayor, Managing Director and Council.

(2) Reports. Reports issued by the Administrative Services Director shall include the following:

(a) Status of insurance (including self-insurance, requests for proposals for insurances which shall be considered professional services under this code), competitive bidding procedures.

(b) Claims.

(c) Bonds.

(d) Other items under risk management.

N. Contracts

(1) Approval of contracts.

(a) Section 915 of the Charter provides:

§ 915. Bidding process.

(a) Whenever the estimated cost of any construction, erection, installation, completion, alteration, repair of, or addition to, any project subject to the control of the City shall exceed $10,000, it shall be the duty of said City to have such work performed pursuant to a contract awarded to the lowest responsible bidder [subject to Subsection d)], after advertisement for bids. Every such contract shall contain a provision obligating the contractor to the prompt payment of all material furnished, labor supplied or performed, rental for equipment employed, and services rendered by public utilities in or in connection with the prosecution of the work, whether or not the said material, labor, equipment or service enter into and become component parts of the work or improvement contemplated. Such provision shall be

deemed to be included for the benefit of every person, co-partnership, association or corporation who, as subcontractor or otherwise, has furnished material, supplied or performed labor, rented equipment or service in or in connection with the prosecution of the work as aforesaid, and the inclusion thereof in any contract shall preclude the filing by any such person, co-partnership, association or corporation of any mechanics' lien claim for such material, labor or rental of equipment.

(b) The City may make contracts for carrying into execution the provisions of the Code, ordinance and the laws of the State of Pennsylvania. Council approval shall be required of all contracts with a value of $35,000 and over, and all collective bargaining agreements. Council approval shall be required ~~of~~ ***for*** all contracts with a value of $35,000 and over, and all collective bargaining agreements. Any contracts ~~for~~ ***with a value of*** $34,999.99 or less shall be entered into by the Mayor and Managing Director ~~as shall be determined~~ without requirement of approval by Council ***as per Section 809 Purchasing Policies***. ~~All contracts or purchase not in excess of $10,000 shall be approved by the Mayor and the Managing Director~~

(c) Ethics Code §6 Prohibited Behaviors Letter H Awarding Contracts

~~H~~ O. Awarding Contracts

1. *To the extent that it is not inconsistent with federal or state law: (i) a City Employee, (ii) a City Official, (iii) any Immediate Family of a City Employee or City Official; or (iv) any for-profit business entity in which the City Employee, City Official, or any Immediate Family has a Material Interest, shall not enter into any Contract valued at Five Hundred Dollars ($500.00) or more with the City or any City agency or instrumentality, unless the Contract has been awarded through an open and public process, in accordance with Pennsylvania law, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the City Official or City Employee shall not have any supervisory or overall responsibility for the implementation or administration of the Contract. Any Contract or subcontract made in violation of this subsection may be subject to further penalties, pursuant to the terms and provisions of the Pennsylvania Public Official and Employee Ethics Act (65 Pa. C.S.A. §1101.1, et. seq.).*

2. *Prior to entering into or awarding any No-Bid Contract, the City Employee, Official, agent or instrumentality entering into such No-Bid Contract on behalf of*

the City, must immediately provide the Board of Ethics with the following information:

i. The name and address of all contracting parties;

ii. A draft copy of the contract to be entered into;

iii. A report, in compliance with 25 P.S. §3260a (Section 1641 of the Pennsylvania Election Code), as amended, which shall provide the following:

a. An itemized list of all political contributions known to each contracting party by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:

1. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family of the aforementioned parties when the contributions exceed an aggregate of One Thousand Dollars ($1,000.00) by any individual during the preceding year; or

2. Any employee or members of his or her immediate family whose political contribution exceeded One Thousand Dollars ($1,000.00) during the preceding year.

iv. Any other information that the Board of Ethics may require.

3. In the event that the intended recipient of a City No-Bid Contract or any officer, director, associate, partner, limited partner, individual owner, member, employee, or Immediate Family of any of the aforementioned parties has made a donation to a political committee of a City Employee, City Official, agent or instrumentality, in excess of the contribution limitations set forth in Section 1-199.22 during any of the preceding two (2) calendar years from the date the draft copy of the proposed contract is submitted to the Board of Ethics, then and in that event the City is prohibited from awarding that No-Bid Contract to that intended party.

4. For purposes of this Section, the office that is considered to have ultimate responsibility for the award of the Contract shall be as provided for by the established purchasing policies of the City of Reading.

§5-807 Budget and Capital Program

A. General Fund Budget

(1) Submission and adoption.

Section 902 of the Charter provides:

§ 902. Submission of Balanced Budget and Capital Program.

On or before 90 days prior to the ensuing fiscal year the departments heads will submit a proposed budget and capital program to the Managing Director. On or before 90 days prior to the ensuing fiscal year the Mayor will submit to the City Council a balanced budget, capital program, and an accompanying message. The proposed balanced budget and capital program shall be in such form as the Mayor deems desirable, unless otherwise required by Council.

(2) Budget message

(a) Section 903 of the Charter provides:

§ 903. Budget message.

The budget shall be accompanied by a message which shall include:

A. An explanation of the expenditures and revenues in the proposed budget, indicating and explaining major changes from the current year and the prior year.

B. An outline of proposed programs and an explanation of new, expanded, or abolished programs or functions.

C. A summary of the City's debt position.

D. Such other material that will inform the Council and the public of municipal goals.

(3) Budget organization and content.

(a) Section 904 of the Charter provides:

§ 904. Budget

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year in accordance with all generally accepted accounting principles and, except as required by this Charter, shall be in such form as the Mayor deems desirable or the Council may require. In organizing the budget, the Mayor shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity, and object. The budget shall contain, among other things, the following:

A. It shall begin with a general summary of its contents.

B. It shall show in detail all estimated income, indicating the existing and proposed tax levies, as well as other assessments, fees and charges.

The estimated income shall mean the total of estimated revenue plus the prior fiscal year's fund balance. If a deficit exists, a plan to eliminate that deficit must be included in the budget.

C. It shall show all proposed expenditures, including debt service, for the ensuing fiscal year.

D. It shall show the number of proposed employees in every job classification and the proposed salaries of all exempt employees beginning in 2009.
[Amended 1-26-2009 by Ord. No. 3-2009]

The budget shall include the position ordinance, defined in § 5-212, Ordinances, which shows the number of all proposed employees in every job classification, as defined in § 70-201, Categories of employment, highlighting *changes and the proposed salaries of all exempt employees beginning in 2009* (plain italic language required by Bill No. 3-2009 enacted January 26, 2009, and approved by the Mayor January 27, 2009).
[Amended 10-26-2009 by Ord. No. 60-2009; 8-27-2012 by Ord. No. 86-2012]

[a] In some cases, however, prudent succession management may call for temporarily exceeding the position allowance in a particular department. Some examples are:

[i] When there is a known planned retirement of an individual in a highly technical position, smooth operations would call for an extended period of knowledge transfer that would require hiring the replacement individual prior to the retirement.

[ii] In the case of extended apprenticeships or training periods, such as police, it would make sense to consider the historic rate of attrition when determining the ideal class size. This would provide a more consistent number of trained staff versus the current system which can produce peaks and valleys.

[b] Therefore, in order to manage the operations of the City more effectively, City Council may, by ordinance, authorize the Managing Director to exceed the position ordinance for any department with the following conditions:

[i] No departmental position ordinance will be exceeded for a period of time greater than six months.

[ii] The temporary addition of employees will not cause the total wages of the City to exceed budgeted levels.

[iii] The Managing Director will report to Council on all planned hires which will exceed any position ordinance and will report on the status of all such hires on a regular basis.

[iv] At no time will the total number of City employees exceed the total number of employees authorized under position ordinances by more than 10 employees.

E. It shall be so arranged as to show comparative figures for actual and estimated income and expenditures for the current fiscal year and actual income and expenditures of the preceding four fiscal years.

F. It shall indicate proposed expenditures during the ensuing fiscal year, detailed by offices, departments and agencies, in terms of their respective work programs and the methods of financing such expenditures.

G. It shall indicate proposed capital expenditures during the ensuing fiscal year, detailed by office, departments and agencies when practicable, and the proposed method of financing each such capital expenditure. The Mayor will include this separate capital program section in the annual budget and submit to Council with appropriate supporting information as to the necessity for such programs.

H. It shall indicate anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition; subsidiary budgets for each such utility giving detailed income and expenditure information shall be attached as appendices to the budget.

The total of proposed expenditures shall not exceed the total of estimated income.

Editor's Note: Section 901 of the Charter provides:

§ 901. Fiscal year.

The fiscal year of the City shall be the calendar year. If not prohibited by law, the Council may, by ordinance, adopt a different fiscal year, specifying an orderly procedure for financial and budgetary controls in making such transition.

(4) Adoption.

(a) Section 905 of the Charter provides:

§ 905. City Council action on budget.

1. Notice and hearing. Council shall publish in one or more newspapers of general circulation in the municipality the general summary of the budget with a notice stating:

A. The times and places where copies of the budget message and budget document are available for inspection by the public.

B. The time, place, and date, not less than 15 days or more than 30 days after such publication, for a public hearing on the budget. The public hearing shall not be on the date of a regular Council meeting.

C. The proposed budget shall be available for public inspection at City Hall and copies shall be available for the public at a reasonable fee to be set by the Council.

(5) Amendments.

(a) Section 905 of the Charter provides:

§ 905 (b) Amendment before adoption.

After the public hearing, the City Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income and thereby allowing for line item changes by the City Council.

If the amended budget increases, decreases, or readjusts funding requirements by more than 5% or adds or deletes a program, the budget shall be returned to the Mayor immediately for comment and resubmission to the Council within three normal City workdays.

Council shall provide for another public hearing to be held within five days after the Mayor has resubmitted the budget.

(b) *After the public hearing, the City Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income and thereby allowing for line item changes by the Council.*

(c) If the amended budget increases, decreases, or readjusts funding requirements by more than 5%, or adds or deletes a program, the budget shall be returned to the Mayor immediately for comment and resubmission to the Council within three normal business days.

Three normal City work and/or business days ("normal business days" shall mean weekdays and shall exclude Saturdays, Sundays and holidays).

(d) *Council shall provide for another public hearing to be held within five regular business days after the Mayor has resubmitted the budget.*

Five normal City work and/or business days ("normal business days" shall mean weekdays and shall exclude Saturdays, Sundays and holidays).

(6) Adoption.

(a) Section 905 of the Charter states:

§ 905 (c) Adoption. Council must adopt an annual budget by no later than December 15 of the fiscal year currently ending. If Council fails to adopt a budget by December 15, then the Mayor's original proposed balanced budget shall become the official budget of the City for the ensuing fiscal year.

(b) The Council must adopt an annual budget by no later than December 15 of the fiscal year currently ending. If Council fails to adopt an annual budget by that date, the Mayor's original proposed balanced budget shall become the official budget of the City for the ensuing fiscal year.

(c) Within 30 days after the adoption of a budget ordinance, the Administrative Services Director shall file a copy of the budget with the appropriate state agency.

(7) Revised budget.

(a) Section 906 of the Charter provides:

§ 906. Revised budget. Notwithstanding any other provisions of this article, when the fiscal year of the City is the calendar year, in any year following a municipal election year the Council may, within 45 days after the start of the fiscal year, revise the budget and tax levies adopted by the previous Council. The procedures for adopting a revised budget shall be in accordance with §§ 905, 906, with the time periods adjusted to 45 days after the start of the fiscal year. Ordinances adopting a revised budget shall be effective as of the start of the fiscal year and shall rescind and replace the budget ordinance of the previous Council. It is the intent of this

Charter that a new Council, in the year following a municipal election, shall have the power to revise the budget and tax levies adopted by the previous Council.

(b) Within 15 days after the adoption of an amended budget ordinance, the Administrative Services Director shall file a copy with the appropriate state agency.

(8) Amendments after adoption.

(a) Section 908 of the Charter provides:

§ 908. Amendments after adoption.

1. Emergency appropriations may be made by the Council to meet a public emergency posing a sudden, clear and present danger to life or property. Such appropriations may be made by emergency ordinance in accordance with the provisions of § 220 of this Charter.

2. Supplemental appropriations may be made by the Council by ordinance upon certification by the Mayor that there are available for appropriation revenues in excess of those estimated in the budget.

3. Transfer of appropriations may be made in accordance with provision of the Administrative Code.

Editor's Note: Section 220 of the Charter provides:

§ 220. Emergency ordinance.

An emergency ordinance may be adopted to meet a public emergency posing a sudden, clear and present danger to life or property. An emergency ordinance shall be introduced in the form and manner prescribed for ordinance generally, except that it shall be plainly designated as an emergency ordinance and shall describe in clear and specific terms the nature of the emergency. Every emergency ordinance shall automatically stand repealed as of the 91st day following the date on which it was adopted, but this shall not prevent reenactment of the ordinance if the emergency still exists.

(b) Transfer of appropriations may be made in accordance with the provision of the Administrative and Fiscal Codes in accordance with the provisions of § 908 of the Charter.

B. Capital Program
[Amended 10-22-2012 by Ord. No. 98-2012]

(1) Definitions.

(a) Capital improvement program (CIP). A five-year plan that shall contain eligible capital projects listed in order of priority for funding during the five-year period.

(b) Capital project. Any project funded or proposed to be funded by public monies in part or whole to build, restore, retain, rehabilitate, purchase or repurchase any equipment, property, facility, infrastructure, vehicle, hardware for information technology, park facility, or building that is to be used for the public benefit or is a public asset, and has minimum total value of $50,000.

(c) Capital program budget. An annual budget that shall identify the total funding and source of funding for each capital project adopted in the capital improvement plan that to be executed during the fiscal year.

(d) Capital purchase. Any purchase of a vehicle or other motorized equipment.

(e) Capital expenditure. An allocation from the capital budget for an approved capital project.

C. Capital priorities. Each year in the first week of May, the Mayor shall provide an annual statement of CIP priorities to the Council and to the departments funded by the CIP. The statement of priorities shall indicate substantive outcomes that the City is seeking to achieve through projects funded through the CIP and operational goals.

(1) Project and purchase proposals.

(a) Each year in the first week of June, the Administrative Services Department (ASD) shall issue a formal request to each City department for capital project proposals. The request shall be via a standard format set by the ASD

that includes an estimate of the aggregate size, in dollar figures, of the proposed capital budget for the fiscal year.

(b) Each capital project and purchase proposal shall be submitted to the ASD by the first week of July and shall include the following:

[1] For projects:

[a] A description of the geographic location of each proposed capital project. If a capital expenditure is for a general citywide project, the description shall list anticipated locations, but note that the list may not be exhaustive;

[b] An estimated timeline for the completion of the capital project;

[c] An estimated total budget for the capital project;

[d] Any potential impact the capital project may have on the City's operating budget;

[e] The estimated useful life of the capital project;

[f] For capital projects related to the general maintenance of infrastructure, the total projected funds required to improve or rehabilitate the infrastructure type citywide to an acceptable state of function of repair;

[g] The departmental priority for each capital project submitted;

[h] A statement of whether the capital project will impact public safety or public health;

[i] A statement of whether the project is CDBG eligible;

[j] A proposed source of financing;

[k] A statement of whether the capital project is consistent with the City Comprehensive Plan.

[2] For purchases:

[a] A description of the proposed vehicle's use;

[b] A description of the condition of the vehicle being replaced including mileage and age;

[c] The inventory of vehicles used by the department with a statement of primary purpose and frequency of use;

[d] An estimated total budget for the capital purchases.

(c) Charter § 911 (b) (6) states that *All Capital Projects must be included in the Capital Program Budget.*

(2) Capital Improvement Program Committee, the CIPC.

(a) The Capital Improvement Program Committee (CIPC) shall advise the Mayor and City Council on the selection and prioritization of all capital projects and ensure that the CIP is properly administered. The membership of the CIPC shall consist of the following nine ***seven*** members:

[1] Director of Administrative Services;

[2] Director of Community Development;

[3] Director of Public Works;

[4] Chief of the Fire Department;

[5] Chief of the Police Department;

[6] City Auditor;

[7] One Member of City Council, appointed by the President of City Council.

(b) The Chair or assignee of the CIPC shall provide a complete listing of all capital project proposals for the CIPC members to review and analyze prior to the meeting on the proposed projects.

(c) The Chair or assignee of the CIPC shall produce a report on the findings of the committee.

(3) Contents of the CIPC Report.

(a) Each year the CIPC shall produce a report, as required by Section 911(d) ***(1)*** of the Home Rule Charter, Preliminary feasibility study that details the following:

[1] A clear general summary of its contents;

[2] Cost estimates and recommended time schedules for each improvement of other capital expenditure;

[3] Method of financing, upon which each capital expenditure is to be reliant;

[4] The annual cost of operating and maintaining the project to be constructed or acquired.

[5] The percentage of total funds to be allocated to capital purchases versus capital projects.

Charter § 911 (b) (2) also requires a *list of all capital improvements and other capital expenditures which are proposed to be undertaken during the five fiscal years next ensuing, with appropriate supporting information as to the necessity for each;*

(b) Each capital project proposal shall be ranked by the CIPC according to the following criteria:

[1] Projects that will resolve an imminent threat to public or employee safety or health;

[2] Achieve compliance with federal or state statutory mandates;

[3] Reduce expenditures in the operating budget;

[4] Improve efficiency or effectiveness of service delivery;

[5] Comply with the City's Comprehensive Plan;

[6] Achieve community or economic revitalization;

[7] Any other criteria as determined by the Committee.

(c) The CIPC shall also evaluate the five-year CIP and propose any changes that are necessary to ensure that the plan is consistent with the City's capital needs.

(d) The CIPC Report shall be provided to the Mayor by no later than the first week of September of each year, and the Chair of the Committee or assignee shall draft the report.

(4) Submission and approval.

(a) The Mayor shall prepare and submit to the City Council a five-year capital program no later than the final date for submission of the budget. The capital program shall include a capital budget. The proposed five-year capital program and budget shall be posted on the City's website for public review on the date the budget is submitted to Council.

(b) The Mayor, with the assistance of the Managing Director, Administrative Services Director and the Director of Community Development and in accordance with the provision of the Municipalities Planning Code (53 P.S. § 10209.1), the Managing Director shall be responsible for developing administering the capital budget. The Mayor shall prepare and submit to the City Council a five-year capital program no later than the final date for submission of the budget.

(c) The Council approval of capital projects in this preliminary feasibility study will require a simple majority vote in order to move on to a final approval and funding acceptance.

(5) Final proposal and financing Charter §911 (d).

(a) The final capital project proposal and financing shall include:

[1] A clear general summary of its purpose and justification.

[2] The cost estimates and time schedule for the capital project, including the cost of the post-project-completion audit.

[3] The method of financing and sources upon which this capital project is reliant.

[4] The annual cost of operating and maintaining the project to be constructed or acquired.

[5] This final capital project proposal will be published and made available for the public to review (use notice and hearing notice, Charter § 912). Capital project replaces capital program.

[6] The final Council approval of capital projects will require five votes to approve.

(b) The contracts for capital projects shall be subject to the procurement process established by the Charter and the Code.

(6) City Council action on the capital improvement program (Charter § 912)

(a) Notice and hearing. Council shall publish in one or more newspapers of general circulation in the municipality the general summary of the capital program with a notice stating:

[1] The times and places where copies of the capital program message and capital program document are available for inspection by the public.

[2] The time, place, and date, not less than 15 days or more than 30 days after such publication, for a public hearing on the capital program. The public hearing shall not be on the date of a regular Council meeting or on hearing date of the operating budget.

[3] The proposed capital program shall be available for public inspection at City Hall and copies shall be available for the public at a reasonable fee to be set by the Council.

(7) *Adoption. [Charter § 912(3)(b)] Council must adopt an annual capital program by no later than December 15 of the fiscal year currently ending. If Council fails to adopt a capital*

program by December 15, then the Mayor's original capital program shall become the official capital program of the City for the ensuing year.

(8) Capital project execution. [Charter § 911 (d) (3), Capital project reporting.]

(a) *Current projects. All capital projects in process must be reported on a quarterly basis and provide an update on cost, completion date, and estimated revised operating costs. This information is to be supplied by the Administrative Services Director and the Project Manager to the City Council in such a form that it is available to the public.*

(b) Quarterly report. The quarterly report on all capital projects approved for the current budget year shall be distributed to Council by the last day of each fiscal quarters. The report shall include the following:

[1] A clear general summary of its purpose and justification.

[2] A statement of each project's status as of the date of the report.

[3] A statement of whether the project is 50% more or less completed.

[4] The cost estimates and time schedule for each capital project, including the cost of the post project completion audit.

[5] The method of financing and sources upon which this capital project is reliant.

[6] The annual cost of operating and maintaining the project to be constructed or acquired.

Also refer to Charter §911 (d)(3)(a)

Current projects. All Capital Projects in process must be reported on a quarterly basis and provide an update on cost, completion date, and estimated revised operating costs. This information is to be supplied by the Finance Manager and the Project Manager to the City Council in such a form that it is available to the public.

(c) Extended projects. If commencement of a capital project does not begin by end of the fiscal year following the year in which final approval is obtained,

the project must go through § 911(d)(1) and (2) of and as required by the Charter § 911(d)(3), and Subsection K(1), (2) and (3) of this section in the subsequent year.

(d) Post-project-completion audit. (Charter § 914911(d)(4)) *Following completion of the capital project, a complete and detailed audit must be published and made available to the public. This post audit is to be completed by an independent auditor appointed by the Council. The purpose of the post audit is to confirm the estimates of costs and explain any deviation between actual and estimated costs.*

Section 808 – Reserved

Section 809 – Purchasing Policy and Procedure – relocate existing text located in Part RE3117-OO5a-Ex A as amended in 2016

Section 810 - Reserved

§ 5-~~807~~. *811* Department of Public Works.

Section 812 - Reserved

§ 5-~~808~~. *813* Economic Development Manager. [Amended 10-11-2004 by Ord. No. 42-2004; 6-12-2006 by Ord. No. 46-2006; 2-12-2007 by Ord. No. 13-2007]

Section 814 - Reserved

§ 5-~~809~~. *815* Department of Police. [Amended 11-13-2001 by Ord. No. 39-2011; 12-28-2009 by Ord. No. 73-2009]

§ 5-~~810~~. *816* Department of Fire and Rescue Services. [Amended 9-23-1996 by Ord. No. 30-1996; 5-29-2001 by Ord. No. 14-2001; 2-12-2007 by Ord. No. 12-2007]

§ 5-~~811~~. *817* Department of Law. [Amended 6-22-1998 by Ord. No. 22-1998]

§ 5-~~812~~. *818* Planning Division of the Department of Community Development.12 [Amended 5-29-2001 by Ord. No. 14-2001]

AGENDA MEMO

FINANCE DEPARTMENT

TO: City Council
FROM: Glenn Steckman, Managing Director Josephina Encarnacion, Acting Administrative Services Director
PREPARED BY: Donald Pottiger, Controller
MEETING DATE: July 11, 2016
AGENDA MEMO DATE: July 8, 2016
RECOMMENDED ACTION: Council approval of use of cash reserves to pay off the 2010 Series C General Obligation Bonds.

RECOMMENDATION:

The Administration recommends Council approval of the use of cash reserves in the General Fund and amending the 2016 General Fund operating budget to allocate funds for the payoff of the principal balance of $6,570,000 remaining outstanding on the unfunded debt General Obligation Bonds 2010 Series C.

BACKGROUND:

The Administration identified the potential savings of interest and the resulting improvement of future years' cash flows which will arise from the early payoff of this unfunded bond issue. This bond series was issued with an interest rate of 5.625%In order to finalize this transaction, the administration is asking the council to approve the use of general fund cash reserves and fund balance to allocate funds for the payoff of the bond series.

BUDGETARY IMPACT:
These amendments would reduce the 2016 General budgeted surplus by $5,940,000. The net effect would be to reduce the budgeted 2016 Shade Tree Fund balance by $5,940,000.

PREVIOUS ACTION:
This action has been previously discussed with City Council, Gordon Mann and the City's financial advisors.

SUBSEQUENT ACTION:
The budget amendment must be approved by Council.

RECOMMENDED BY:
The Managing Director, Acting Director of Administrative Services, and Controller.

RECOMMENDED MOTION:
Approve/Deny the amendments to the approved 2016 budget as presented.

Drafted by Managing Director's Office
Sponsored by/Referred by Managing Director
Introduced on July 11, 2016
Advertised on

BILL NO. ____2016

AN ORDINANCE

AUTHORIZING USE OF GENERAL FUND CASH TO PAY OFF EXISTING UNFUNDED GENERAL FUND DEBT IN THE AMOUNT OF $6,570,000.

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

Section One: Council hereby authorizes the payment from the General Fund cash account in the amount of $6,570,000.00 from Fund Balance (01-00-00-2990-000) to Principal Series 2010 C General Obligation Bonds (01-14-91-4868) and amends the 2016 General Fund operating budget to allocate funds to pay off the 2010 Series C General Obligation Bonds.

Section Two: This Ordinance shall become effective ten (10) days after its adoption in accordance with 219 and 221 of the Home Rule Charter of the City of Reading.

ENACTED _____, 2016

_____

President of Council

ATTEST:

_____

City Clerk

Submitted to Mayor by: _____
Date Submitted: _____
Received in Mayor's Office by: _____
Date Received: _____
Approved by Mayor: _____
Date Approved: _____

Vetoed by Mayor: _____
Date Vetoed: _____

CITY OF READING

BERKS COUNTY, PENNSYLVANIA

GENERAL OBLIGATION BONDS, SERIES C OF 2010

OUTSTANDING DEBT SERVICE REQUIREMENTS

DATE	PRINCIPAL	RATE	INTEREST	DEBT SERVICE	FISCAL YEAR DEBT SERVICE
15-Nov-15					
15-May-16			184,781.25	184,781.25	
15-Nov-16	630,000.00	5.625%	184,781.25	814,781.25	999,562.50
15-May-17			167,062.50	167,062.50	
15-Nov-17	1,270,000.00	5.625%	167,062.50	1,437,062.50	1,604,125.00
15-May-18			131,343.75	131,343.75	
15-Nov-18	1,400,000.00	5.625%	131,343.75	1,531,343.75	1,662,687.50
15-May-19			91,968.75	91,968.75	
15-Nov-19	1,605,000.00	5.625%	91,968.75	1,696,968.75	1,788,937.50
15-May-20			46,828.13	46,828.13	
15-Nov-20	1,665,000.00	5.625%	46,828.13	1,711,828.13	1,758,656.26
	6,570,000.00		**1,243,968.76**	**7,813,968.76**	**7,813,968.76**

TO:	City Council
FROM:	Glenn Steckman, Managing Director Josephina Encarnacion, Acting Admin. Services Director Ralph Johnson, Public Works Director
PREPARED BY:	Josephina Encarnacion, Acting Admin. Services Director
MEETING DATE:	June 27, 2016
AGENDA MEMO DATE:	June 20, 2016
RECOMMENDED ACTION:	Council approval of payment for equipment through use of shade tree fund balance.

RECOMMENDATION:
Administration recommends Council approval of the transfer of cash reserves in the Shade Tree Fund and amending the 2016 Shade Tree Fund operating budget to allocate funds for the purchase of a bucket truck, previously approved at the May 11, 2015 regular meeting.

BACKGROUND:
The need for a bucket truck was discussed and cash was identified as available funds to pay for this equipment. Bill No. 21-2015 was approved on May 11, 2015 authorizing the transfer of cash reserves to purchase the truck. The truck purchase was delayed until 2016, but was not re-budgeted in the 2016 Shade Tree Fund budget. In order to finalize the purchase of this equipment, the administration is asking the council to approve the use of shade tree fund balance to allocate funds for the purchase of a bucket truck.

BUDGETARY IMPACT:

These amendments would reduce the 2016 Shade Tree Fund budgeted surplus by $186,574. The net effect would be to reduce the budgeted 2016 Shade Tree Fund balance from $322,535 to $135,961.

PREVIOUS ACTION:
The proposed amendment was discussed at the Finance Committee meeting of June 20, 2016. The original bill was approved at the May 11, 2015 regular meeting.

SUBSEQUENT ACTION:
The budget amendment must be approved by Council.

RECOMMENDED BY:
The Managing Director, Acting Director of Administrative Services, and Director of Public Works.

RECOMMENDED MOTION:

Approve/Deny the amendments to the approved 2016 budget as presented.

Drafted by	Managing Director's Office
Sponsored by/Referred by	Public Works Director
Introduced on	July 11, 2016
Advertised on	

BILL NO. ____2016

AN ORDINANCE

AUTHORIZING AN APPROPRIATIONS TRANSFER WITHIN THE SHADE TREE FUND IN THE AMOUNT OF $186,574.00 FOR PURCHASE OF CAPITAL EQUIPMENT.

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

Section One: Council hereby authorizes the transfer of cash reserves in the Shade Tree Fund in the amount of $186,574.00 from Fund Balance (20-00-00-2990-000) to Minor Capital (20-07-02-4525) and amends the 2016 Shade Tree Fund operating budget to allocate funds for a bucket truck, which was previously approved in the 2015 budget.

Section Two: This Ordinance shall become effective ten (10) days after its adoption in accordance with 219 and 221 of the Home Rule Charter of the City of Reading.

ENACTED _____, 2016

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President of Council

ATTEST:

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City Clerk