



COMMITTEE of the WHOLE

CITY COUNCIL

Committee of the Whole
Monday, December 29, 2008
Council Office
Meeting Report

Attendance: V. Spencer, J. Waltman, M. Baez, S. Marmarou, M. Goodman-Hinnershitz, S. Fuhs, D. Sterner, D. Cituk, R. Hottenstein, L. Kelleher

Agenda Review

Full Time Position Ordinance

Mr. Spencer announced the need to add one resolution to tonight's agenda which will authorize the Reading School District to reissue the 2009 tax bills to Reading property owners. He noted the error made when calculating the new tax rate required by the Homestead referendum approved by city voters.

Mr. Hottenstein also noted the need to amend the Full Time Position Ordinance to add the position funded by the Joyce Foundation. Ms. Kelleher suggested that Council consider introducing this ordinance at the first meeting in January as a copy of the ordinance was not forwarded to the Council Office. She also noted the record keeping problems associated with carrying legislation over into the new year. Council members agreed to delay the introduction of this ordinance until the first meeting in January.

Mr. Spencer asked Mr. Hottenstein how many positions will be left unfilled. Mr. Hottenstein stated that 33 positions will not be filled. Only the manager of the Office of Neighborhood Development (OND) will be laid off. No other employees will be affected.

Mr. Spencer inquired about the number of unfilled positions that will be carried over from 2008 and how many will be eliminated through attrition. Mr. Hottenstein stated that 32 unfilled positions will be carried over from 2008. He again stated that only the OND manager will be displaced.

Mr. Spencer stated that Mr. Hottenstein had promised to provide a listing of management salaries by position at this meeting. Mr. Hottenstein stated that the list has not been prepared.

Mr. Spencer noted Council's repeated request to have management salaries attached to the Full Time Position Ordinance. He explained that this would allow some control over the Administration providing increases beyond that included in the budget. Mr. Hottenstein noted the Administrations reluctance to begin this practice again.

Ms. Kelleher inquired which positions will be left vacant. She stated that the Full Time Position Ordinance does not reflect which positions will be left open. Mr. Hottenstein replied that the vacant positions will not be eliminated, just unfilled.

Mr. Spencer noted that leaving the positions on the books allows the Administration to fill them at their discretion. Mr. Waltman noted that this also implies that the positions are funded. Ms. Goodman-Hinnershitz noted the need for the Administration to make a public statement about which positions will be filled and unfilled, subject to the availability of funding.

Mr. Hottenstein stated that he would provide the listing of management salaries at the January 5th Finance meeting and will provide the ordinance to add the Joyce Foundation position to the staff in the Mayor's office.

Tax Ordinances

Mr. Spencer announced that he requested an Advisory Opinion from the Charter Board regarding Council's ability to change the tax levies after the budget is approved. He stated that the opinion will not be available until mid-January.

Mr. Waltman expressed the belief that the tax levies cannot be changed after the budget is approved as that change would require an amendment to the budget, which is prohibited by the Charter with three exceptions. He added that the Mayor is setting improper precedence by making this request after the budget is approved.

Ms. Goodman-Hinnershitz noted several questions about the process used to adopt the 2009 budget and questioned some of the revenue line items, such as the \$1.4 million from the Parking Authority that will not be realized.

Mr. Waltman stated that this part-time Council did its best to adopt the budget by December 15th and make the adjustments required after the body decided not to enact the tax levies proposed by the Mayor. He noted that the Mayor's proposed budget included the \$1.4 million contribution from the Parking Authority.

Mr. Fuhs inquired why tax ordinances cannot be enacted after December 15th.

Mr. Waltman explained that Council overrode the Mayor's veto of the budget that was amended and approved by Council on December 15th, as required by the Charter. The adopted budget contained revenue line items set by the tax ordinances that were also

approved before December 15th. The Charter requires that the budget shall show in detail all estimated income, indicating the existing and proposed tax levies, as well as other assessments, fees and charges. Council approved a budget that reflected the 2009 tax levies enacted. If Council approves new tax ordinances the tax revenues in the budget will no longer be correct. He explained why tax ordinances need to be considered with the proposed budget.

Mr. Spencer agreed noting that the approved budget set the 2009 tax rates at their current level.

Mr. Waltman further explained that the Mayor's veto of the increased property tax rate required Council to make final adjustments to the 2009 budget before enacting it on December 4th. He stated that over past years Council has had to make final adjustments before enacting the budget ordinance. Solicitors in the past have allowed these adjustments as long as they did not place an increased burden on the City taxpayers.

Mr. Waltman recapped that the budget presented by the Mayor included a 23% property tax increase. Council rejected this hike and asked the Administration to make adjustments that would keep the property tax increase no higher than the 5% allowed by the Charter. The Administration refused to make these adjustments; therefore, Council made adjustments decreasing the property tax revenue to that equal to a 5% increase, decreasing the EIT revenue to its current amount and making 4% reductions to expenditures.

Mr. Cituk inquired how the increases approved tonight will affect the budget approved on December 15th. Mr. Waltman restated that the budget approved by Council set the property tax and EIT revenues at the rates equal to that approved by ordinance. Adopting new rates will require an amendment to the property tax and EIT revenue line items.

Mr. Cituk and Mr. Marmarou expressed the belief that the budget can be amended after it is approved. Mr. Waltman and Ms. Kelleher stated that Charter Section 908 states that budget amendments can only be made as follows:

- 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 appropriate revenues in excess of those estimated in the budget.*
- 3. Transfer of appropriations may be made in accordance with provision of the Administrative Code [Chapter 1, Part 1].*

Mr. Spencer stated that the EIT is deducted by the employer and remitted to the municipality or tax collector where the business is located. The municipality or tax collector then remits this

payment to the City quarterly. Mr. Cituk stated that in 2011 each municipality in the County will be required to use the same EIT collector.

As no further business was brought forward the meeting was adjourned.

Respectfully submitted by City Clerk Linda A. Kelleher