

**City of Reading
City Council
Work Session
Monday, July 20, 2009**

Councilors Attending: V. Spencer, S. Fuhs, M. Goodman-Hinnershitz, D. Sterner, M. Baez, J. Waltman

Others Attending: L. Kelleher, C. Younger, R. Hottenstein, C. Weidel, E. Overly, J. Oehler, W. Rehr, W. Heim, B. Pease, C. Heminitz, F. Reddig, M. Kelly

Mr. Spencer called the work session to order at 7p.m.

Managing Director's Report

Mr. Hottenstein reviewed the report distributed to Council at the meeting covering the following:

- Update on Council Complaints.
- Sunday music in Centre Park
- Update on Bandshell Concerts

Ms. Goodman-Hinnershitz thanked Mr. Hottenstein for his follow-up on the use of ATV's on Neversink Mountain.

Mr. Fuhs thanked the Administration and Land Display employees for their work on the neighborhood complaints concerning the billboard at Route 10 and Lancaster Avenue.

Act 47

Fred Reddig from the DCED stated that he began working for the DCED in the mid-1980s under the former Mayor Karen Miller. He stated that Act 47 was established in 1987 and was assigned to him.

Mr. Reddig stated that prior to entering Act 47 cities must first enter the early intervention program (EIP). He stated that upon entering into this initial stage, distressed cities are assisted with developing a curative plan. He stated that Act 47 is in place for cities who cannot correct their deficiencies through the EIP process. He explained that Act 47 was developed to:

- Assist with providing for the health, safety, and welfare of residents
- Pay principle and interest debt, this with creditor obligations
- Implement proper accounting, budget, and tax collection practices

Mr. Reddig explained that distressed cities usually fall in one of the following three categories:

- A sudden economic downturn or natural catastrophe
- Long turn economic decline, population loss which may be combined with large legacy costs.
- Management deficiencies and lack of adequate management systems.

Mr. Reddig stated that cities must meet at minimum one of the following criteria, such as:

- Maintain the deficit over a three (3) year period, with a deficit of 1% or more in each of the previous fiscal years.
- Expenditures have exceeded revenues for a period of three (3) years or more.
- Default in payments of principal or interest on bonds or notes or in payment of rentals due any authority.
- Miss payroll for 30 days
- Fail to make required payments to creditors
- Experience a decrease in the quantified level of municipal service in a fiscal year, which has resulted from municipality reaching its legal limit in levying real estate taxes.

Mr. Fuhs inquired about the definition of revenue. Mr. Reddig replied that the definition of revenue can be found in the Act. Revenue is defined as additions to fund equity other than from inter fund transfers, proceeds of debt, and proceeds of disposition of general fund assets.

Mr. Reddig stated that of the 24 Pennsylvania municipalities who have entered Act 47, only West Fall Township has entered into Chapter 9 bankruptcy. Mr. Reddig stated that the following have standing to request a determination of municipal financial distress from the secretary of the DCED:

- DCED
- The governing body of the municipality
- The chief executive officer (Mayor) of the municipality
- A creditor with a mature claim, who's owed \$10K or more
- 10% of number of electors who voted at the last municipal election
- 10% or more of the beneficiaries of a pension fund

- 10% of the employees of the municipality
- Elected Auditor

Mr. Reddig stated that the petition must, at a minimum, set out and document at least one of the 11 triggers. Following the petition DCED will then review to validate the presence of the criteria by the requestor. The DCED will next hold a public hearing at the municipality to allow for input of the stake holders. The secretary will then make a decision on the acceptance or the rejection of the Act 47 petition. Should the petition be accepted, the secretary of the DCED will appoint a coordinator, usually a consultant hired by the DCED, to assist with the development of a multi-year fiscal recovery plan. This plan must be adopted by the municipality. Should the municipality fail to adopt the plan prepared by the coordinator, the municipality must prepare and adopt its own plan.

Mr. Reddig stated that Act 47 is not a takeover or a bailout. He stated that a recovery plan generally takes five (5) months to develop. After the development of the financial recovery plan a second public hearing is held to obtain more input from the municipalities' stakeholders. He noted that the plan can be modified after the hearing. He noted that any municipal recovery plan must be approved by the secretary of the DCED.

Mayor McMahon arrived at the meeting.

Mr. Reddig stated that the recovery plan is developed as a triage to stabilize and address issues faced by the municipalities and develop a long-term economic development/community development strategy. He noted that the process works best with good cooperation and leadership.

Mr. Reddig stated that since 1987, 24 municipalities have entered into Act 47; however only six (6) municipalities were successfully recovered.

Mr. Reddig stated that the upside of Act 47 is the availability of emergency loans at zero percent (0%) interest. He stressed that these loans need to be repaid. He noted that Act 47 does not alter existed collective bargaining agreements. He stated that Act 47 works to contain costs, identify new revenue resources, and improve revenue collection.

Mr. Reddig stated that some of the key provisions of Act 47 are:

- Expansion of taxing authority
- Prohibiting new bargaining agreements that violate provisions of the plan

- (several public decisions have upheld the plans parameters in collective bargaining negotiations and litigations)
- Priority placement for economic and community development funding

Mr. Reddig stated that the some of the challenges with Act 47 are as follows:

- Uncertain recovery time
- Difficulties affecting collective bargaining agreement contract changes
- Obtaining participation by the school district
- Unwillingness of adjacent municipalities to cooperate

Mr. Reddig noted that the 24 municipalities who have entered into Act 47 represent only one percent (1%) of all municipalities in Pennsylvania.

Mr. Spencer thanked Mr. Reddig for agreeing to come and speak to City Council about the Act 47 process. He noted the importance of educating the body of Council, employees, and the public. He noted that he asked Ms. Kelleher to invite Mr. Reddig to the July Work Session to educate Council in June.

Mr. Cituk inquired about the availability of applying a wage tax on non-city residents. Mr. Reddig explained that with the super-imposition of Act 47 onto of the Act 511 regulations, the City can impose a higher rate for non-city residents, if court approval is received. However the rate applied must be lower than the rate municipality is charging for to its residents.

Mayor McMahon inquired if EIP phases one and two have increased the filing of Act 47. Mr. Reddig stated that only two (2) municipalities who have entered the EIP process have filed Act 47; Nanticoke and New Castle.

Mr. Waltman expressed the belief that Act 47 is reactive as it does not require municipality to do what it needs to do. He stated that municipalities could use some leverage to take the right steps.

Mr. Spencer requested that if members of Council have questions those questions can be passed through to Mr. Reddig through the Council office. Mr. Spencer again thanked Mr. Reddig and Ms. Kelly for their tutorial on Act 47.

Mayor McMahon left the meeting.

Animal Control Ordinance

Mr. Spencer introduced Barrie Pease, representing the Animal Control Board and the Animal Rescue League. He stated that the amendment before Council includes adding aggressive dog language that is non-breed specific, adding regulations on the number of pets per household, adding a permit fee for exotic pets, and adding clarifying language concerning reporting of dog bites and quarantine.

Mr. Fuhs inquired how the Animal Control Board arrived at six (6) pets per household. Mr. Pease stated that the Animal Control Board studied ordinances used by other cities. He stated that the majority are more restrictive and allow less animals per household. He stated that the Animal Control Board decided to provide a less restrictive process, use a six (6) animal limit, and provide for a permit process, which will allow responsible owners to keep more than six (6) animals.

Mr. Fuhs handed out a document noting a Pennsylvania Supreme Court decision in mid-1990's that calls restricting the number of animals per household unconstitutional in Pennsylvania. He requested that this ordinance be returned to the Public Safety Committee for further review.

Mr. Pease noted that in Pennsylvania households can have up to 25 dogs. Households that own more than 26 dogs must have a kennel license. He expressed the belief that this responsible amendment to the local ordinance is focused on safety and welfare of neighboring properties and the animals themselves. He stated that as the majority of City homes are smaller row homes they can be negatively impacted by properties that house too many animals. Mr. Fuhs expressed the belief that this ordinance goes too far and recommended that another approach be identified.

Mr. Sterner noted that this ordinance does not limit the number of animals per household but regulates the number of animals per household. He stated that if the property owner can show his ability to properly care and maintain a larger number of animals a permit can be obtained.

Mr. Fuhs expressed the belief that this approach is arrogant.

Ms. Goodman-Hinnershitz agreed with the need to protect the health and welfare of neighboring properties while preserving the rights of others.

Mr. Fuhs asked Mr. Pease to consider handling animal issues through the City's noise and health regulations. He inquired why the ordinance does not specify limitations to only larger pets such as dogs and cats. Mr. Pease replied that the state constitution will not allow specificity against certain animals. He stated that the law has to apply to all animals. He explained the difficulties the animal control agent has enforcing health and noise regulations singularly.

Mr. Waltman expressed the belief that a better approach could be identified. Ms. Goodman-Hinnershitz noted that addition to regulation on pets, this amended ordinance also covers aggressive dogs, quarantine, and bite reporting. She asked that these issues not be held up over the regulation of pets.

Mr. Pease also noted that the amendment covers the addition of a permit fee. He stated that the existing animal control ordinance requires an exotic animal permit; however a fee is not in place. He noted that there is some opposition to the addition of an exotic animal permit fee. He stated that it was almost unheard of to have a permit without a fee to cover the administrative expenses of processing the permit.

Mr. Kelleher asked Council to consider the preventive approach the amendment to regulate the number of animals per household takes.

Mr. Spencer thanked Mr. Fuhs for assisting on the debate on this ordinance. He stated that the ordinance will again be discussed at the Public Safety Committee in August.

Update on Rental Housing

Ms. Overly and Ms. Oehler distributed a handout on the housing permit process. From a Codes perspective Ms. Overly stated that 1,520 properties are not in compliance (incomplete housing permit applications). She stated that Codes has issued to date 2,562 housing permits. She stated that 179 rental properties are awaiting zoning approval. She noted that 525 rental properties do not have a local agent assigned. She stated that to date 7,270 rental properties are in the permitting process. She stated that failure to rectify an incomplete housing permit will result in the warning sticker process whereby a yellow sticker will be placarded on the building and the property owner will have a few days to provide the Codes office with the additional information required.

From a Zoning perspective, Ms. Oehler stated that Zoning was issued 2,900 single family rental properties. Mr. Waltman expressed concern with the

application of a fast track process without proper monitoring. He requested clarification.

Ms. Oehler explained one staff member checks to see if the property meets the proper criteria for the fast tracked housing process. If the criteria are met, the property is forwarded for Administrative Housing Officer (AHO) approval.

Ms. Oehler stated that 2,172 multi unit properties have received zoning approval. She explained that some properties applied to correct their zoning record, which includes a property maintenance inspection.

Ms. Goodman-Hinnershitz thanked Ms. Overly and Ms. Oehler for their work on the housing permit process. She inquired about the length of time it takes to conduct an inspection after the application is sent to Codes from Zone. Ms. Overly explained that the Codes office publishes an inspection list monthly. She stated that this includes scheduled inspections (at least one every five years) and additional inspections (Zoning correction and complaint).

Mr. Waltman suggested cranking up the penalty as many property owners are evading the process because the penalty is not stiff enough.

Ms. Overly stated that, to date, the Codes department has placarded 925 properties. These 925 properties are a combination of rental properties identified by Codes inspectors, properties identified by the Council office, and properties identified through complaints. Ms. Oehler noted the belief that word has begun to circulate that the City is cracking down on these properties. She stated that realtors are now researching prior to purchase and conducting inquiries before taking action.

Mr. Waltman noted that this process is 90 times better than what the City was doing three (3) years ago.

Ms. Overly stated that as the business privilege license requirement was eliminated to clear the back log the Codes office is now passing rental property information over to the Tax office.

The group next discussed the differing info from the Census data, the County's data book, and actuals.

City Council thanked Codes and Zoning for their work on the housing issue.

Mr. Spencer requested that this review of the housing permit process occur monthly.

Fee Recommendations

Planning Fees

Ms. Kelleher stated that there was some questions regarding the planning fee for parking lot review every 10 over 50. The ordinance introduced lists the new fee at \$900.00. After review by the Planning Department and Maximus, the fee was adjusted to \$85 for every 10 over 50.

Zoning Fees

Ms. Kelleher stated that the Council office has not yet received the recommendations from the Administration.

Review of Business Privilege Tax Ordinance

Mr. Waltman stated that he is seeking the revocation of a business license as a tool to close certain businesses that lose their required licensing. He requested that Mr. Younger review this issue and report back.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk

FOLLOW-UP ISSUES

- Amendment to the Prop. Maintenance Code to allow ticketing system
- Update on the rental housing issue (Codes and Zoning)
- Business Privilege Tax Revocation
- Fee Increase Review (Maximus)
 - Codes
 - Recreation
 - Zoning
- Copy of DEP report on WWTP