



# *CITY COUNCIL*

## ***Finance Committee***

### **Meeting Report Monday, June 21, 2010**

**Committee Members Attending:** F. Acosta, Chair; D. Reed, J. Waltman

**Others Attending:** V. Spencer, D. Robinson, T. McMahon, J. Scott, D. Cieniewicz, C. Geffken, H. Tangredi, L. Kelleher, D. Cituk, M. Mayfield, M. Reese

#### **Finance Report**

The finance statements were distributed electronically on Monday, June 21<sup>st</sup> and hard copied at the meeting.

Mr. Geffken explained that the current upgrade to Hansen to the USL component will allow the Finance Department to begin cash reporting. The new software is in its testing phase. He reported that the City ended May in a cash positive position.

Mr. Acosta questioned the 80% collection rate in real estate taxes. Mr. Cituk stated that he is preparing a report to be issued at the first meeting in July.

There was next a discussion on actual versus projected expenditures and revenues.

Ms. Kelleher inquired if the Tax Division is still processing earned income tax forms. Mr. Geffken stated that Tax is handling returns requiring payment first. Ms. Kelleher reported getting calls inquiring about un-cashed earned income tax checks submitted to the City before the deadline. Mr. Geffken stated that he would check into the matter further.

Ms. Cieniewicz explained how the Tax and Treasury offices prioritize by using a "first in, first out" methodology. She stated that income tax forms requiring payment submissions use a goldenrod colored envelope. Those envelopes are removed and processed first. She stated that all incoming checks are cashed prior to the examination of the return.

### **Un-programmed CDBG Funds**

Mr. Robinson distributed a report showing allocations versus expenditures in the CDBG budget and the listing of Section 108 loans outstanding. He explained that \$650K is currently un-programmed. He stated that he now reviews reports bi-weekly to determine the amount of un-programmed or leftover funding. These reports will be shared with the Mayor and Council on a monthly basis. He noted that historically the City has been slow in spending CDBG dollars but not deficient.

There was next a discussion on the relationship and the coordination of the IDIS federal system to the City accounting system. There was also discussion on the function of the CD Fiscal Officer.

Mr. Robinson explained that the cost to pave one City block is approximately \$50K. The amount approved at the Council meeting on Tuesday, June 15<sup>th</sup> will allow the repaving of 20-30 City blocks. He stated that the 20-30 City blocks were selected on a City-wide basis.

Ms. Reed stated that at the session last Tuesday, Council members were told that there were funds discovered or found, she inquired how CD staff identifies unspent funds. Mr. Robinson explained the misuse of the word "found" in relation to the float loan discussion that occurred last week.

### **IT Update**

The IT report was distributed electronically Tuesday, June 15<sup>th</sup> and with the Finance agenda on Wednesday, June 16<sup>th</sup>. Hardcopy is provided with the agenda materials.

Mr. Tangredi highlighted the report distributed to the Committee. He explained that currently projects have been slowed down to allow IT staff to address Act 47 issues.

Mr. Waltman noted the need to resume the data cleansing initiative. Mr. Tangredi stated that meetings with specific City officials are being held to define standards that will create a backbone for the project to determine if specialized software is needed.

### **Linebarger Update: Collection of Delinquent Fines and Fees**

Mr. Geffken distributed a report showing the Linebarger Update for the collection of per capita, EIT, and Local Services tax. He stated that approximately \$1.2M in per capita delinquencies were turned over. Of the \$400K, which would be collectible for the City, the anticipated collection rate is 50%-60%. He explained that of the total amount collected (50%60% of \$1.2M) the School District would be entitled to \$10 and the City \$5.

Mr. Geffken stated that the EIT data was turned over to Linebarger on June 4<sup>th</sup> based

on those who have filed in the past. Ms. Reed and Mr. Waltman noted the need to discover those who are currently outside the system. Ms. Reed noted that certain employers pay their employees as subcontractors and the employee is then required to remit the City withholding either quarterly or annually.

There was a discussion on the start of an amnesty program to allow those who are currently out of the system to voluntarily come forward without penalties.

There was next a discussion on the need to improve overall tax collection. Mr. Geffken stated that the Administration is considering dropping the per capita Tax Collection. Ms. Kelleher inquired why the City is unable to collect per capita at a rate similar to Allentown, Harrisburg, and Lancaster.

Mr. Geffken stated that there are currently no delinquent LST fees. He stated that the City detects delinquencies through the audit process. Mr. Acosta noted the need to check LST collected against businesses that have City business licenses and businesses that have zoning permits.

#### **Reduction in Contract Threshold Level for Council Approval**

Mr. Waltman introduced the topic suggesting that the current threshold level of \$50K for contract approval be reduced to \$10K.

Mr. Acosta agreed with the need to change past practices.

Mr. McMahon expressed the belief that Act 47 controls will provide the proper changes. Mr. Waltman stated that while Act 47 will bring good tools to the table, the City will need to build additional structure to support proper financial management.

#### **Snow Management Plan**

Mr. Geffken requested that the issue be deferred until September.

#### **Tax Abatement Program**

Mr. Robinson introduced the reestablishment of the LERTA and ReTAP (Residential Tax Abatement Program). Ms. Mayfield stated that the version prepared will offer a ten (10) year abatement for owner occupied properties and a five (5) year abatement for non-owner occupied or rental properties.

Mr. Acosta suggested applying the ten (10) year abatement to all residential properties.

The group next discussed the program and the possibility that it could encourage rather than discourage the expansion of rental properties.

Mr. Waltman noted that while the initial program makes sense, he requested further plans and initiatives that will support the overall economic development project.

Mr. Robinson stated the abatement program was requested by several investors. He stated that the proposed abatement programs are similar to those used in other cities.

Mr. Waltman noted the beauty and success of downtown Lancaster and suggested that the City develop a whole plan that emulates the success of Lancaster.

Mr. McMahon noted that Act 47 requires the creation of a coordinated plan for economic development. Mr. Becker encouraged Council to enact the plan as it would allow him to create upscale apartments in abandoned warehouses.

Mr. Robinson noted the need to also have the abatement program approved by the County and School District.

Mr. Waltman noted the need for a full plan to support the rehabilitation of City neighborhoods.

Mr. Acosta expressed the belief that this jumpstart is needed. He noted his belief in the need to take positive steps towards beautifying the City gateways.

Mr. McMahon expressed the belief that the abatement program will stimulate economic development and redevelopment.

Mr. Waltman again noted the need for a full plan that will leverage all aspects and create a positive economic development tool. He noted the loss occurring with the improper approval of 2K+ rental units through the AHO process. He used this as an example of the need to develop a full plan for initiation rather than using a piecemeal approach.

Mr. Scott also encouraged Council to enact the abatement program, as it will stimulate economic development and redevelopment.

Ms. Reed stated that she would like some guarantee from the City's economic development partners that they would improve their marketing of the City as marketing of the City has lacked when compared to marketing of County properties.

Mr. Scott stated that while he has no control over the independent economic development agencies, he would do his best to coordinate the marketing effort.

As no further business was brought forward the Finance Committee adjourned at

approximately 7:10pm

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

**FOLLOW-UP REQUIRED**

- IT data cleansing update
- Collections report from Linebarger (EIT, housing permits, BPT, LST, Per Capita, etc)
- Contract threshold for Council approval
- Finance reports, including cash management reports to be included in agenda when distributed electronically
- Monthly CDBG Budget reports including unprogrammed funds, UDAG payments and Section 108 Loans
- Report from committee to review and update City Snow Management Plan – Sept.
- Tax Abatement Plan – 10 year abatement for owner occupied and 5 year abatement for non-owner occupied.
- Update from economic development partners re improved marketing of City properties and development initiatives