



CITY COUNCIL

Finance Committee

Meeting Report Wednesday, September 29, 2011

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

Others Attending: D. Sterner, V. Spencer, L. Kelleher, D. Robinson, D. Wright, C. Zale, C. Younger, F. Denbowski, H. Tangredi, M. Goodman-Hinnershitz, C. Geffken, M. Reese, D. Cituk

Mr. Acosta, Chair, called the meeting to order at 5:05 pm.

2011 Capital Project Audits – Update from City Auditor

- **Fire Escrow Audit**

Mr. Cituk distributed a list of fire escrow payments from 1994-2010 and highlighted the funds still remaining in escrow. Fire escrow funds are received from insurance companies when properties are damaged by fire. However, no escrow is received when a property is uninsured. The City holds the money in escrow until the property owner legally rehabs the property. If the property owner fails to rehab, the City can recover some of its demolition costs from the fire escrow fund.

Ms. Kelleher noted the need for the property to be rehabbed with building permits from the City's Trades Office. She stated that the Building Inspector's final inspection would trigger the release of the fire escrow funds to the property owner.

Mr. Haver noted that fire escrow funds can also be retained by the City if a property has unpaid taxes, water charges, etc.

Mr. Cituk stated that he will follow-up with Fire about the remaining Fire Escrow funds held by the City.

- **Tax Exempt Property Analysis**

Mr. Cituk distributed a handout showing all exempt properties by category. He noted that approximately one half of the exempt assessments belong to government (City, County, State, Federal entities). He described the Act 47 Recovery Initiative to increase the PILOT (Payments In Lieu of Taxes). He stated that he will provide a report on the PILOT payments made in 2010 and 2011.

Mr. Spencer stated that he and the Mayor introduced the initiative to increase PILOTs with the hospitals and area colleges by sending letters and then scheduling appointments to further discuss the issue. The last meetings occurred at the beginning of August. He stated that RACC is interested in making a SILOT (Service in Lieu of Taxes) rather than making a financial contribution. Alvernia is interested in making a small increase in their financial contribution and is also considering a SILOT. Albright is willing to discuss a SILOT but is unwilling to make any financial contribution.

Several people present questioned the City's payment for Albright gymnasium fees and the fees paid for the current Supervisory Training for various Administrative employees. Mr. Geffken noted that the individual employee pays the gymnasium fee, not the City.

Ms. Goodman-Hinnershitz noted that the YMCA is not listed. Mr. Cituk stated that the YMCA may be covered in the "Other" category and offered to check further.

Ms. Reed suggested challenging organizations that do not provide a PILOT and she used the current situation between Wyomissing School District with Reading Hospital as an example.

Ms. Goodman-Hinnershitz recalled the lawsuit and resulting settlement agreement in the early 1990s when she was on the Reading School Board. She stated that the required payments were to continue. Mr. Cituk recalled that some agreements had sunshine expiration clauses. Ms. Goodman-Hinnershitz stated that those with sunshine expiration clauses should have been renegotiated before they expired.

- **SW Fire Station Audit**

Mr. Cituk reported that this audit was just started.

- **City Park Audit**

Mr. Cituk stated that this audit has not started.

- **Pagoda Improvement Audit**

Mr. Cituk stated that this audit has not started

- **External Audit Findings**

Mr. Geffken stated that a report will be provided on October 5th.

Finance Reports

Mr. Zale stated that the budgeted sewer fund transfer of \$3M was booked in August. He noted that the State Pension Aide payment will result in a \$1.9 surplus, which will allow a reduction in the City's contribution for 2011.

Mr. Geffken stated that he learned from other municipal managers that the State Aide payment will resume to normal levels next year.

Mr. Zale stated that the "Due To/Due From" transfers of approximately \$9M should be finalized in early October, using August 31st as the cut off date. He explained that these transfers relate to indirect costs from solid waste, CDBG, sewer, etc that were never converted to cash. He stated that the issue dates back from 2010 to 2001.

Mr. Geffken stated that there are approximately 3500 transactions resulting in the General Fund being owed approximately \$9M.

IT Report

Mr. Tangredi reviewed the report and noted that the trainings during the month of August were poorly attended. He suggested that the low turnout was due to vacations.

Collection Report

Mr. Geffken stated that Linebarger was sent the 30 day notice to terminate the contract. He described the problems experienced with this firm and described the effort to correct faulty practices. He stated that the City is waiting for Linebarger's response. He stated that the City intends to issue a new RFP to seek collection services for delinquent Per Capita charges and other delinquent City fees. He noted that a local firm is interested in responding.

CD Report

Ms. Kelleher distributed the report issued by Mr. Robinson earlier that day.

Ms. Kelleher inquired about the remaining BPRC funds. She stated that she was told in August that the 2009 BRPC balance was depleted. Mr. Haver clarified that \$45K remains.

Ms. Kelleher inquired about the \$187K remaining in the 2009 Emergency Demolition line item. Mr. Haver noted the need to recheck that entry as those funds were to cover the demolition of the old factory building in the 200 block of Reed Street. He stated that \$147K remains in 2011 Emergency Demolition which will cover the demolition of 124 N 4th Street (the old Millennium Club).

Mr. Acosta inquired about spending \$127K on playground improvements at Reading Iron.

Ms. Goodman-Hinnershitz inquired why the Pandora rehabilitation stopped with the installation of a new baseball backstop. She noted the need to date entries to provide clarity about when projects were completed or started.

Mr. Spencer inquired about the oversight of CDBG funds. Mr. Haver explained that he oversees the HOME fund, Mr. Nemeth oversees the CDBG fund and Mr. Wright oversees the ESG fund.

As no other business was brought to the table the meeting adjourned at approximately 6:05 pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk