



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
August 26, 2013
5:00 P.M.

COUNCIL MEMBERS PRESENT:

D. Sterner, D. Reed, R. Corcoran, F. Acosta, S. Marmarou, M. Goodman-Hinnershitz, J. Waltman

OTHERS PRESENT:

L. Kelleher, C. Younger, D. Hoag, R. Johnson, D. Cituk, V. Spencer

The Committee of the Whole meeting was called to order at 5:09 pm by Council President Acosta.

I. Resolution re RRA receivable re demolition expenses associated with the Sovereign Plaza

Mr. Bembenick stated that the agenda memo attached with the resolution provides background and an explanation about this transaction request. He stated that the transaction will clean up a series of accounts and operatives.

Mr. Bembenick explained that in 2002 the Reading Redevelopment Authority (RRA) was a component of the City administration and was funded by the General Fund. He stated the need to demolish the Waco, Whitner's, Mumma's and Farr's buildings became an issue around 2002 when these properties were titled to Greater Berks Development. Our City Reading (OCR) agreed to become the developer on this project.

At the time the RRA, as a component of the administration, received a BEDI Grant for the demolition of these properties and they also had a "set aside" of \$800K for economic development at the Buttonwood Gateway.

When the 5th and Penn properties were assigned to OCR as the developer, they received a loan for \$709K to fund the demolition. Mr. Cituk explained that the General Fund "loaned" \$709K to Capital Reserve Fund 10, which was used to cover part of the demolition expenses. OCR was to repay this loan. Mr. Bembenick stated that it appears that the loan was made via a verbal agreement, as documentation cannot be located. He stated that rather than using the

BEDI Grant to fund the demolition, the General Fund loan was used. This mistake was uncovered in 2007 by Finance staff. He noted that the OCR loan is listed on the ledger with a value of \$715K, not \$709K.

Mr. Bembenick stated that OCR began making loan payments in the amount of \$47,000 annually to the RRA two (2) years ago. He suggested assigning this loan to the RRA to clear it from the City's books which would allow the RRA to use the \$47,000 annual payment to fund economic development projects. He stated that he reviewed this suggested transaction with Herbein and they stated that the transaction can occur if a note is placed on the 2012 financial records. He explained that there is nothing improper or illegal about this transaction, past and present, as it is just an operations error.

Mr. Waltman recalled that a \$1M grant from former Senator Santorum was also available for the demolition. He stated that this issue sets off several red flags and suggested further evaluation before Council votes on the resolution. He also questioned the impropriety of using a verbal loan for a \$1M project.

Mr. Bembenick explained that he was unable to uncover any supporting documentation about this transaction, other than a few old emails.

Mr. Cituk explained that the originally a loan from Capital Reserve Fund 10 was given to Greater Berks Development to maintain and market the properties. Ms. Kelleher stated that Greater Berks was in default of the terms of the agreement.

Mr. Bembenick explained that after the RRA became separated from the City, the City provided the RRA with an annual contribution of \$120K annually. This annual contribution ended when the City's financial constraints grew.

Mr. Bembenick stated that as the BEDI Grant was tied specifically to the demolition of the Penn Street properties it was eventually returned unused.

Council expressed concern that the issue was identified in 2007 and ignored until now. They also expressed concern about the RRA's shoddy record keeping and procedures to prevent these types of repeated incidents. They also questioned why the issue was not brought forward by RRA when they began receiving payments from OCR. In 2001-02 Jeffrey White was the Managing Director and Tammi Kipp was the Finance Director. When the issue was identified in 2007, Ryan Hottenstein was Managing Director.

The Mayor's staff and Mr. Bembenick were asked to arrange a meeting with the RRA to further discuss this issue. Council also requested documentation for the demolition of the Penn St properties. Ms. Goodman-Hinnershitz asked Council members to provide questions and concerns to Ms. Kelleher so they can be shared in advance with the RRA and the Administration.

III. Agenda Review

Consent Agenda Legislation

A. Resolution – to authorize a Sewage Plan Revision for Kutz Factory LP’s Kutztown Road Retail, on William Road, as the proposed connection does comply with the allocations and other aspects of the provision of Chapter 94 of State Statutes. **(Bus Analyst/Utilities)**

Ms. Hoag explained that this new connection to the wastewater treatment plant requires a Sewage Planning Module as per DEP regulations.

B. Resolution – to authorize the disposition of digital data and electronic transaction records created, obtained or derived prior to January 1, 2007 for the Department of Administrative Services, as per Records Retention Policy and Document Retention Schedule **(Bus Analyst)**

Ms. Snyder stated that the records referenced are Hansen and customer records prior to 2007. She stated that disposing of these records will free up server space. Ms. Kelleher requested that the Administration provide more descriptive language in the resolution when requesting dispositions.

C. Award of Contract – for the Angelica Creek Bridge Remediation to Professional Construction Contractors, Inc., 4220 Myriah Court, Bethlehem, PA who is the low bidder with total bid price of \$206,959.00 **(Purchasing/Pub Works)**

Mr. Johnson stated that this bridge provides access to several businesses off of Route 10 to and the Thus Trails. The bridge also holds piping associated with the sewer system. He stated that this bridge is not located on Route 10, aka the Morgantown Road. He stated that repairs to the bridge were made after the tropical storm in the early 2000’s and that this repair of the buttresses is a planned project.

D. Resolution – clarifies that payments for a receivable assumed by Our City Reading related to the development of Sovereign Plaza shall be assigned to the Reading Redevelopment Authority. (Bus Analyst/Dir of Admin Services)

Mr. Acosta stated that this resolution will be removed from the agenda for further discussion.

ORDINANCES FOR FINAL PASSAGE

A. Bill No. 35-2013 - approving, adopting and enacting substantive changes to the existing city ordinances in conjunction with the adoption of the Code of the City of Reading **(City Clerk/Law)**
Advertised July 1st and August 19th

B. Bill No. 36-2013 - approving the codification of a complete body of legislation for the City of Reading, County of Berks, Commonwealth of Pennsylvania, as revised, codified and consolidated into titles, chapters and sections by General Code, and consisting of Chapters 1 through 600, together with an Appendix, are hereby approved, adopted, ordained and enacted as a single ordinance of the City of

Reading, which shall be known and is hereby designated as the “Code of the City of Reading,” hereinafter referred to as the “Code.” **(City Clerk/Law)** *Advertised July 1st and August 19th*

Ms. Kelleher stated that these ordinances pertain to the recodification of the city’s ordinances. She stated that the project has taken almost a full year. She stated that Attorney Thomas Coleman from the Law Department assisted with this project to update the City’s ordinances. She stated that General Code, the publisher, provided a binder of questions regarding a variety of issues from nomenclature and conflict to outdated legislation. She stated that she and Attorney Coleman assigned some of the questions and issues out to various departments and the remaining issues were handled by them. She stated that none of the changes made were substantive. She stated that this project should occur every 7-10 years.

C. Bill No. 37-2013 – amending the 2013 Position Ordinance by transferring two Equipment Operator II positions in the Streets Division of the Department of Public Works to the Solid Waste and Recycling Division of the Department of Public Works. **(Bus Analyst)**

This issue requires executive session discussion.

D. Bill No. 39-2013 – authorizing the execution of the Intergovernmental Cooperation Agreement between the City and the Reading School District for the recycling collection service as well as any and all other required documents to facilitate and effectuate said recycling collection service. **(Law)**

Ms. Snyder explained that this is an extension of the two (2) year pilot recycling program within the School District.

E. Bill No. 40-2013 – vacating a portion of Moss Street, as described in Exhibit A and removing this portion of Moss St from the City’s topographical map **(Law)** (PAGE 84) *Introduced at the 6-24 regular meeting; Required post enactment advertisement scheduled for September 2nd, 9th and 16th*

Mr. Younger explained that this vacation was requested in the RAWA lease modification approved last year. Ms. Hoag stated that the street connects the water authority property with the store yard. She stated that the roadway may have been a part of the street system at one time.

III Update on Penn Street Properties

Mr. Lloyd stated that the properties on the north side of the 400 block of Penn Street were acquired on August 15th. The two (2) tenants were contacted, both have current lease agreements. The buildings were toured by the Parking Authority, Redevelopment Authority and Water Authority, along with City staff. The majority of the properties are in decent condition; however, the building identified as Building 3 cannot be entered due to its condition. A developer will be sought.

Council went into executive session to discuss a personnel matter at 6:17 pm. The executive session adjourned at 6:35 pm.

The meeting adjourned at approximately 6:45 pm.

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