

**MARCH 17th FINANCE COMMITTEE MEETING
EXECUTIVE SUMMARY**

Agenda Item	Action
Review Procurement Policy Amendment	Drafts from Mr. Bembenick and Ms. Kelleher. Further review required. Audit Committee review suggested.
2014 Priorities	To be discussed at the agenda meeting on 3-10-14 w/ Ms. Snyder
Auditor's Report	External Audit to begin first week in April
WWTP	Follow-up with John Miravich regarding Black and Veatch changed to be recouped
Budget Amendment re Solid Waste and Recycling	Recoup of indirect costs – to be introduced at 3-24 regular meeting



CITY COUNCIL

Finance Committee

Meeting Report Monday, April 21, 2014

Committee Members Attending: J. Waltman, D. Reed.

Others Attending: F. Acosta, D. Cituk, C. Younger, C. Zale, L. Kelleher, D. Kersley, E. Lloyd, B. Rivera.

Mr. Waltman called the Finance Committee meeting to order at approximately 5:00 pm.

I. Legislative Review

- *Draft Procurement Policy*

Ms. Kelleher stated re-write of the purchasing policies was requested in early 2013 and she has recently been working together with Mr. Bembenick on the first draft he submitted in early 2014. She stated that PFM provided a document outlining purchasing policies used in other PA 3rd Class Cities. She stated that she has been working with Mr. Bembenick on additional changes. She stated that PFM reviewed Mr. Bembenick's second draft distributed about two weeks ago. She distributed a memo outlining the remaining changes that include PFM's comments and require the Committee's review and consideration.

In item 1 of the handout, Ms. Kelleher suggested that the word "users" be utilized in place of "Department Directors" and "Division Managers". Also, she recommended replacing "Departments and Divisions" with all "Departments, Offices and Agencies". She explained that in various areas of the draft and the current purchasing policies language states that the policies apply to all offices. Making this change would provide consistency throughout the document. Also, Council recently enacted a purchasing policy

amendment adding this language.

Mr. Waltman asked if the Solicitor was agreeable to this suggested change.

Mr. Younger replied that he did not have an issue with it. Mr. Acosta also stated that he was fine with the change.

Ms. Kelleher continued with item 2 of the handout regarding Contract Approval Authority. She stated that Mr. Bembenick suggests that contracts up to \$34,999 are approved by the Mayor and purchases and contracts of \$35,000 and more must be approved by City Council.

Ms. Kelleher suggested that the Committee either replace the Mayor with the Managing Director in the version recommended by Mr. Bembenick OR (B) retaining the Mayor's approval for contracts and lowering the value to \$10,000 or less.

Mr. Acosta stated he was agreeable to option A. Mr. Waltman also stated he was in agreement.

Ms. Kelleher continued explaining the changes in item 3 of the handout regarding the exclusion of agreements between the City and non-profit or governmental agencies from the bidding process. She stated that PFM disagreed with this exclusion. Mr. Waltman and Mr. Acosta agreed with the recommendation to strike this language.

Ms. Kelleher stated that item 4 covers Managing Director's broad discretion to waive the formal bidding process. PFM suggests that we consider adopting a policy applied in other cities that reduced the ability to avoid the bidding process. Ms. Kelleher suggested applying the policy used by Scranton where the bidding process can only be set aside during a declared emergency. Mr. Waltman and Mr. Acosta agreed.

Ms. Kelleher stated that in reference to the bidding of professional services in (5) of the handout, both PFM and Council staff recommend requiring bidding on all professional services unless they are patented or copyrighted; however, if Finance Committee elects to approve the Administrative Services Director's recommendation, an added reference to the Code of Ethics is required. Ms. Kelleher noted that PFM stated that other municipalities also use this language.

Ms. Kelleher stated that the language in Sections 6 and 13 are essentially the same and recommends that one section should be eliminated to avoid redundancy.

Ms. Kelleher stated that in item 7 of the handout the composition of the Purchasing

Committee is referenced. She suggested that “the department director in question” be replaced with the Solicitor and if the Solicitor or the Administrative Services Director requested the bid, then the City Clerk will stand-in.

Both Mr. Waltman and Mr. Acosta agreed to the recommended changes.

II. Priority Finance Topics in 2014

Mr. Waltman stated that main issue, the 2015 budget is already being worked on.

III. Review Finance Reports

The report was distributed and Mr. Zale stated that March’s numbers indicate a surplus of \$700,000 (pre MMO) and he stated that he anticipates the City will remain “on plan” for the remainder of the year. He stated that Fire and Police consume almost 70% of the expenditures and that due to the numerous winter storms Public Works overtime numbers will present a challenge as they are double what was budgeted; however, the surplus in our Liquid Fuels Fund will aid in meeting the overtime expenses and salt expenses.

At this time, Ms. Reed arrived.

Mr. Zale stated that our Contingency Fund consists of “unspecified” funds and “specific to recycling” funds, both of which total \$2.1M. Our cash flow of \$15-\$16M presently is good; however, we must be cautious with our bond rating due to upcoming change in regulations. The total employee head count is slightly below budget.

There was some discussion on the amount of cash in the reserve. Mr. Zale stated that there is approximately \$11M. Mr. Cituk explained that the \$18.9M figure quoted last week from the DCED report contains cash and non-cash revenue such as receivables not yet collected. The group compared cash reporting to accruals.

IV. Update from Auditor

Mr. Cituk stated that he is still working on data to conclude a full report. Currently there is a \$300,000 litigation matter involving the Shade Tree Commission that he will report on as information becomes available.

V. Collection Report on Delinquencies

Mr. Kersley distributed a handout that outlines what has been collected for the first quarter of 2014. There has been an RFP for Delinquent Receivables was awarded to National Recovery Agency (NCR) and NCR is working with Property Maintenance, IT and other City offices. The predicted budget for delinquent receivables is approximately \$738,000 which Mr. Kersley feels confident will be met.

Mr. Kersley asked members of Council if they would prefer a report such as this one every month. Mr. Waltman responded that he would suggest quarterly reports instead of monthly.

VI. Fire Overtime

Mr. Kersley stated that overall having the SAFER employees working in the Fire Department has reduced overtime by approximately 45%; however, due to the winter storms and the need to hold employees over the overall savings fell to 5%.

The agenda for the meeting with the PUC regarding UGI gas meters was briefly discussed along with the agenda for the Wednesday Committee of the Whole session.

Mr. Waltman adjourned the meeting at approximately 5:45pm.

*Respectfully submitted by
Linda A. Kelleher CMC, City Clerk
Bea Rivera, Legislative Aide*