

**MAY 19<sup>th</sup> FINANCE COMMITTEE MEETING  
EXECUTIVE SUMMARY**

<b>Agenda Item</b>	<b>Action</b>
Review Procurement Policy Amendment	Draft pending legal review; enactment scheduled for May 27 <sup>th</sup> .
2014 Priorities	To be discussed at the agenda meeting on 3-10-14 w/ Ms. Snyder
Auditor's Report	2013 Transfers reviewed. All were authorized by Council
RAWA Billing & Service Charges	Ms. Kelleher to invite RAWA to future meeting for clarification
Recovery Plan Amendment	Amendment of Plan to begin at the end of 2014; a short term amendment to extend the Commuter Tax will be filed by October.



# *CITY COUNCIL*

## ***Finance Committee***

### **Meeting Report Monday, May 19, 2014**

**Committee Members Attending:** M. Goodman-Hinnershitz, J. Waltman, D. Reed

**Others Attending:** F. Acosta, D. Cituk, C. Younger, C. Zale, L. Kelleher, D. Kersley, V. Spencer, C. Snyder, M. Bembenick, G. Mann (via telephone), B. Rivera

Ms. Goodman-Hinnershitz called the Finance Committee meeting to order at approximately 5:09 pm.

#### **I. Legislative Review**

- Act 47 Amendment – 1 year/5 year proposal

Ms. Goodman-Hinnershitz and Mr. Waltman stated that Council and the Administration need to do a short term amendment to the Recovery Plan due to Act 73 and the impasse between the mayor and Council on the water lease issue. They suggested waiting to amend the full Plan until the water issue has been completed.

Mr. Mann, via conference call, stated that a short term amendment differs from a full Plan amendment. The full Plan amendment must follow the timelines mandated in Act 47. He stated that the full Plan amendment is done by an ordinance adopted by Council and he stated that the mayor is required to sign the ordinance. He stated that under Act 47, Council can reject the first Plan. Although Council cannot reject the amendment to the Plan, Council can work with the Act 47 Coordinator to revise the proposed amendment.

Mr. Mann stated that it generally takes 4-5 months to prepare a full amendment. He stated that PFM is currently working on various issues that will go into the amended Plan. He stated that in addition to the water issue, he also needs updated actuarial information from the City's three (3) pension boards.

Mr. Mann explained that a short term Plan amendment needs to be a bridge to some reasonable expected outcome. He stated that the Commuter EIT can be extended through a short term amendment or a full Plan amendment.

Mr. Mann explained that the adoption of HB 1773 would force the City into a three year exit plan, rather than a full five (5) year amendment, which would force the City into ending the Commuter EIT and make other harsh changes quickly. He noted that he has recently heard that Act 1773 is not expected to be adopted by the State legislators. He suggested that local elected officials have conversations with the local State legislators about the pros/cons of this bill.

Mr. Waltman noted that the Act 73 combined with the water monetization initiative listed in the Act 47 Recovery Plan are issues that would allow a one year bridge amendment. He suggested that Council work with the State officials to encourage the amendment of Act 111 and pension reform, which creates annual budget problems.

Mr. Spencer stated that the Chamber's Sustainability Committee worked to address Act 111; however, the intervention of the IAFF and the FOP organizations has slowed the progress of that committee.

Mr. Waltman inquired when PFM will begin working on the full Plan amendment. Mr. Mann stated that work on the full amendment will begin around the end of 2014. He explained that the short term amendment of the Recovery Plan to continue the Commuter EIT needs to be approved by the Court of Common Pleas before the DCED's December 15<sup>th</sup> deadline. All agreed that having the amendment approved before the end of October is preferable due to the budget.

Mr. Mann, via conference call, discussed the proposed amendment of the Act 47 Recovery Plan. He stated that the structure of Act 47 will change if HB 1773 is adopted by the State legislators. HB 1773 will create limits on how long cities can remain in Act 47. This will force the City to become more aggressive in exiting the commuter tax. A longer term plan should be in progress.

Ms. Goodman-Hinnershitz asked Mr. Spencer when Council could expect a proposed budget by the administration. Mr. Spencer responded that the administration will have the budget prepared to be presented to Council by the October 1<sup>st</sup> Charter deadline.

- *Proposed Procurement Policy*

Ms. Snyder stated that a comparison was made with Mr. Bembenick's version and the current version. She met with Mr. Bembenick and Mr. Lloyd and came up with a list of items which they reviewed with the Mayor. She then met with the City Clerk and worked

together to understand the language changes and make some modification to satisfy the mayor's office. The list of change requests was distributed.

Ms. Snyder stated that in Section 2, clarification is suggested to say purchases of \$10K to \$34,999 require at least three (3) written quotes and that purchases up to \$34,999 be approved by both the Mayor and the Managing Director.

Ms. Kelleher noted her concern with having both the Mayor and the Managing Director approval stating that it may put the Managing Director in a compromising position at times and that it may create an impasse if the two have differing opinions.

Ms. Reed voiced her disapproval of increasing the amount Council is required to approve up to \$35,000. She believes that figure should be lower.

Ms. Snyder stated that in the next section the exclusion pertaining to procurement, sale, transfer, etc. between governmental entities and non-profits has been eliminated. The policy will allow the Administration to do "one time" contracts with various agencies and organizations to provide services such as plowing or debris removal, etc. in undeclared emergency situations.

Ms. Snyder continued outlining the changes proposed to the remaining sections. She then pointed out a "General" area where clarification is needed. She questioned if "Offices and Agencies" will apply to Boards, Commissions, etc.?

Ms. Goodman-Hinnershitz agreed with providing clarification because there are inconsistencies in the Boards, Authorities and Commissions. She suggests educating these groups so that there will be cohesion moving forward.

Ms. Snyder stated that the proposed policy will need to be reviewed by the City Solicitor.

Mr. Waltman stated he has no problems with the proposed changes including the amounts proposed requiring both the Mayor's and Managing Director's approvals.

Ms. Reed again reiterated her disapproval of increasing the amount where Council approval is required. She expressed the belief that the amount should be reduced lower than the current amount.

Ms. Goodman-Hinnershitz stated she was agreeable to the proposed changes as did Mr. Acosta and Mr. Waltman.

- Review Act 73

Mr. Waltman requested a written legal opinion on the application of Act 73 to the meter surcharge.

Mr. Murin arrived.

Ms. Goodman-Hinnershitz stated that the public is very confused about the charges in the "Other Services" area of the bill, as these fees seem to continue to rise.

Mr. Waltman suggested that we invite RAWA to attend a meeting to provide clarification on the service surcharges.

Ms. Kelleher will contact RAWA to attend a meeting to discuss the concerns on the meter charges.

- Proposed Resolution – MOU with RAWA

Ms. Snyder stated that a draft resolution has not yet been prepared for review. She stated that the Administration is seeking Council's authorization to allow RAWA to bill and collect the City's curbside collection program fees.

Mr. Acosta stated that he would like an explanation as to why this matter was not brought to Council's attention earlier. He stated that he issued a memo in April asking for an explanation.

Mr. Spencer responded that the Law Department opined that because billing and collection of the curbside collection program was included in the budget, Council approval was not required.

Ms. Snyder noted that RAWA's Articles of Incorporation require Council to approve the authority's non-water related projects and that this activity clearly requires Council's approval.

Mr. Waltman expressed disgust that the administration would believe that Council's approval of something in a budget would automatically authorize them to take specific actions. He noted that if this were the case that Council would need to footnote every line item in the budget. He also suggested that the MOU contain a penalty or collection rate. He stated that the administration cannot make these "leaps" over City Council. He noted the variety of other assets where Council authorization was and is required.

Mr. Waltman noted that since RAWA moved out of City Hall, they have become less responsive to the City's requests and that the City has lost various indirect costs and

“due tos/due froms”.

Ms. Goodman-Hinnershitz noted her concern that this may open the City to more liability issues. She is vexed with this situation and she questioned how something that has already been done incorrectly can be corrected. She questioned the City’s standing if the billing and collection of these fees is challenged.

Ms. Snyder stated that the City was able to reduce expenditures by outsourcing this function. She stated that taking the billing and collection back would require the addition of employees and the re-purchase of various licenses and equipment. She stated that the administration will address Council’s questions through presentations by Mr. Johnson, Mr. Denbowski and Mr. Kersley.

## **II. Review Finance Reports**

- Review Revenues, Expenditures, Overtime and Cash flow

Mr. Zale distributed his reports and stated that three full months of data is currently available for 2014. The year-to-date figures project a surplus of \$4.9M which does not include the Pension MMO of \$9.9M; nor does it include the State Pension contribution of \$3.1M.

Mr. Zale stated that since police and fire consume 68% of the General Fund, our expenditures should be closely monitored. He also added that the extensive winter weather expenses would be a challenge.

Mr. Zale stated that there are two contingency items still intact totaling \$2.1M (\$1.8M is dedicated to recycling) and this year’s cash position is \$20.2M compared to last year’s \$13.5M. The General Fund has provided loans to Trash and Recycling but the money will be fully reimbursed by the end of year as it is being repaid in monthly installments.

Mr. Zale indicated that there has been no change on the bond rating and that the headcount is 13 less than the 2014 Position Ordinance for full time employees and 34 less for part time employees.

Mr. Waltman asked what the City’s “net balance” is and how much of the fund balance is considered cash.

Mr. Bembenick stated that he can offer a one-time snap shot of the figure in the future.

Ms. Snyder asked for clarification on what Mr. Waltman is asking for. She asked if he is inquiring about the cash at year-end.

Mr. Waltman explained that he needs the amount of available cash accumulated from year-end surpluses that has accumulated as the reserve. Ms. Snyder stated that she will work with Mr. Bembenick to provide this figure.

### **III. Update from Auditor**

Mr. Cituk distributed his report and stated that the report is based on appropriation transfers that occurred in 2013.

Mr. Cituk stated that there were 73 appropriation transfers of which three (3) were above \$25,000. The three that required Council approval were enacted. There was a transfer in the amount of \$20,000 to fund the 2013 Charter Review Commission. He stated that there were 54 transfers from the General Fund, 13 from Recycling/Trash, two from Shade Tree and three from Sewer. All transfers were approved by Council.

Mr. Spencer stated that he just spoke with RAWA about the service charge. He was told that the charge has to do mainly with an increase in the sewer rate.

Mr. Waltman stated that he would still like a more-detailed explanation and hopes that these charges will be made more transparent once that meeting has occurred.

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