

**JULY 21, 2014 FINANCE COMMITTEE MEETING
EXECUTIVE SUMMARY**

Agenda Item	Action
UGI Meters	Managing Director to prepare position paper on relocation of UGI Meters. Additional Community Meetings for educational purposes required.
Recycling Fund Escrow	Adm Services Director to work with Law to define policy in writing – review at August meeting.
Recovery Plan Amendment	Discussion delayed until Mr. Mann has the actuarial reports



CITY COUNCIL

Finance Committee

Meeting Report Monday, July 21, 2014

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

Others Attending: F. Acosta, D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Bembenick, V. Spencer, C. Snyder, B. Rivera

Before the start of the Finance Meeting, Council entered an executive session as per Sunshine Act §708.3 re the purchase or lease of property at 5:10 pm. The session concluded at 5:57 pm.

Ms. Goodman-Hinnershitz called the Finance Committee meeting to order at approximately 6 pm.

I. Legislative Review

- Act 47 Amendment – 1year/5year

Ms. Kelleher stated that Mr. Mann was still working on this and should have an update by our August Finance Committee.

- RAWA Recycling Escrow

Mr. Waltman stated that he would like to have a brief discussion on this as he doesn't feel there is a need for the City to escrow funds.

Mr. Bembenick stated that RAWA is escrowing their own funds and that the City is not currently escrowing recycling fees paid to the City. Mr. Spencer reiterated that RAWA is remitting monies to the City and escrowing their own funds.

Mr. Acosta expressed the belief that the City should be escrowing recycling funds as citizens paying the recycling fees while the current litigation proceeds should feel that the City can return the money if the court case is successful.

Ms. Goodman-Hinnershitz suggested that perhaps something be put in writing to accommodate Mr. Acosta's concern.

Mr. Bembenick stated that he will speak with the Solicitor regarding this matter to establish something concrete in written form.

- Charter Board

Mr. Waltman expressed his concern with the manner in which the Charter Board is spending money. He expressed the belief that the Charter Board should be told to stop proceeding with litigation as they have expended their 2014 allocation.

Mr. Acosta expressed agreement with Mr. Waltman that the legal fees have become exorbitant.

Ms. Kelleher stated that the Charter Board's budget for 2014 is \$100,000. They have used their 2014 allocation and predicted that they will require \$95,000 more for current litigation purposes.

Mr. Waltman reiterated that the Charter Board needs to be told to stop this kind of spending and asked that a letter be drafted to that effect. Mr. Younger stated that he drafted a letter in 2013 about this matter. A copy will be distributed to Council.

Mr. Spencer reminded Council that the Charter amendment approved by the electorate requires Council to fund the Charter Board. Mr. Younger responded affirmatively, however, he believes spending should be within reasonable limits.

Ms. Kelleher read a portion of the Home Rule Charter Amendment which states that Council indeed shall fund the Charter Board expenses. She also read the paragraph covering the jurisdiction of the Charter Board (Copied in below)

b.) **Jurisdiction.** The Charter Board shall hear and decide all cases alleging violations of the Charter or Administrative Code, except that its jurisdiction shall not extend to any case arising under the Ethics Code or the Personnel Code. Insofar as permitted by state law the Board shall issue binding opinions, impose penalties and administrative fines, refer cases for prosecution, and conduct investigations on its own initiative and on referral or complaint. City Council shall appropriate sufficient funds to enable the Board to perform the duties assigned to it, including expenses for independent counsel and other necessary staff.

Mr. Waltman questioned the Charter Board's ability to file appeals and hire appellate legal counsel.

- UGI Meters

Mr. Waltman expressed his dissatisfaction with how UGI has installed meters not only along Cotton Street but also on North and South 9th Street. He stated that eventually the entire City will have these unsightly meters. He feels that a complaint should be filed for each and every one installed as they appear unsightly to any area of the City. He stated that the regulations may be adequate for suburban-like locations such as the College Heights area but the majority of urban properties do not have setbacks or frontage that allows the relocated meters to be screened and protected.

Ms. Goodman-Hinnershitz agreed further stating that UGI did not *need* to use this type of meter. Additionally, pavements have been dug up and not repaved to date leaving residents the burden of having to foot their own bills for proper paving of their sidewalks to cure the public safety hazards; however, many residents do not have the funds to do so.

Ms. Snyder stated that it has been established that the regulator must be on the outside but the meter does not unless it poses a safety concern under the newly adopted PUC rules and regulations. She stated that if residents request that their meter be placed indoors, their requests may be honored. She stated that there has been some discussion regarding meter painting which was productive; however, there are still issues with curb cutting and street cutting issues and the related repairs.

Mr. Waltman stated that if we are going to have the City looking this unattractive, we should just own it. We have not done anything to hold UGI accountable.

Ms. Goodman-Hinnershitz expressed her concern that in the end, the resident will get the QoL violation for improper paving and not UGI. With that being said, she believes another meeting to address the UGI situation is necessary. Additionally, the public is somewhat confused regarding the safety aspect of these meters and that should also be addressed through additional community meetings.

Ms. Snyder agreed and stated she can put together a comprehensive position document outlining all information we know regarding the meter situation so as to keep the public fully informed.

II. RAWA External Audits

Mr. Cituk stated that the drafts were reviewed and that the financials are normalized. He asked Council if they would like a report of previous years prior to 2013.

Ms. Goodman-Hinnershitz replied affirmatively stating that knowing some history would

be beneficial to understanding the present numbers.

III. Financial Reports

Ms. Kelleher distributed Mr. Zale's financial reports and he stated that the Charter Board has already spent their 2014 allocation. He stated that the Trash loan is totally paid off, \$200,000 of the Recycling loan has been paid off, there has been no usage from the Contingency Fund, our bond rating remains unchanged and the head count is 22 less employees than that authorized by the 2014 position ordinance.

Mr. Zale stated that at the midyear point the City has collected \$30M in revenues, compared to \$23M at midyear 2013. He stated that 2014 is trending to show a \$13M surplus at year end, without considering the expected \$3M MMO payment.

Mr. Zale stated that RAWA made an overpayment in their annual lease payment of approximately \$300K and a refund will need to be arranged.

Mr. Bembenick added that departments are beginning to present their budget submissions. He stated that he will be calling a Revenue Estimating Committee meeting around August 11. The Revenue Estimating Committee is covered in RE07 of the Recovery Plan and is composed of the Managing Director, the Administrative Services Director, the Council President, the Finance Committee Chair and a rep from PFM or their designees.

Mr. Cituk reported that the Real Estate tax continues to trend at an 85% collection rate, compared to a 96% collection rate when the City was using Portnoff. He stated that the number of delinquent payments is increasing. He suggested restoring the payment plan option with the County Treasurer. He expressed the belief that the "late payers" are a combination of those who formerly used the payment plan and those who intentionally pay late for some unknown reason.

IV. Update from City Auditor re: Internal Audits

Mr. Cituk stated that there are no capital projects pending. He stated that he will have the six (6) month capital report for the WWTP project next month.

He stated that his is still working on a 2011/2012/2013 three (3) year pension audit. Regarding the MMO/5-Year projection, he will need to meet and review with Mr. Mann.

There was a brief discussion on police and firemen pensions and the need to lobby the State legislators for significant changes. While the City can create a defined pension

program for the O & E area, police and fire pensions will remain. By 2015 the annual pension payment will be approximately \$15M annually, which is approximately ¼ of the annual budget. The continued increases in pension and other legacy costs make it difficult to fund basic public services.

Mr. Spencer stated that the Chamber and PML continue to push this issue; however, the strong lobbying by the FOP and IAFF causes the legislation to stall out. It was noted that Police and Fire Pensions are a much larger financial burden than the O & E Pensions. Changes made now will not affect current retirees, but new employees who will not retire for approximately 25-40 years.

The meeting was adjourned at 7:05 pm.

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