

**September 15, 2014 FINANCE COMMITTEE MEETING
EXECUTIVE SUMMARY**

Agenda Item	Action
Recovery Plan Amendment	Suggest adding these issues to the new Recovery Plan <ol style="list-style-type: none">1. Consider the outsourcing of various functions2. Benchmarking of Property Maintenance functions3. Remodeling of the Recycling Program
Expenditure Reductions	Develop policy on limiting expenditures in specific line items such as those for outside legal counsel
Pension Reform	Seek reform of State municipal requirements
Legal Expenditures	Request breakdown of all litigation expenses 2012-present by attorney
Prioritization of Services	Prioritize services to be funded in the 2015 budget



CITY COUNCIL

Finance Committee

Meeting Report Monday, September 15, 2014

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

Others Attending: D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Bembenick, C. Snyder, B. Rivera, D. Pottiger

Ms. Goodman-Hinnershitz called the Finance Committee meeting to order at approximately 6:25 pm. at the close of the review of the 2013 External Audit.

I. Recovery Plan Amendments

Mr. Waltman stated that he emailed Council and Mr. Mann three topics to add to the new recovery plan:

4. Consider the outsourcing of various functions
5. Benchmarking of Property Maintenance functions
6. Remodeling of the Recycling Program

Mr. Waltman stated that the administration should also benchmark other public service functions and activities.

The Committee reviewed the list of Recovery Plan initiatives from Mr Mann, as follows:

1. Public Safety – policing differently
2. Zoning – developing a defined zoning strategy that will not allow an inappropriate use to fill an empty space
3. Parking – defining improvements to existing parking regulations to make them more user and business friendly
4. DID – define the DID mission and how to measure DID's performance

Ms. Reed and Ms. Goodman-Hinnershitz questioned the meaning of “policing differently”, as

the police already adjust their operations based on the staffing and the level of crime.

Ms. Goodman-Hinnershitz agreed with developing and implementing a zoning strategy that will prevent inappropriate uses to fill empty spaces.

Mr. Waltman expressed the belief that the City has a burdensome share of residents who receive unearned income in the form of benefits funded through tax dollars. He stated that these residents are centered in cities and the cities are expected to provide services paid for by its taxpayers, which in effect creates a type of double taxation as the taxpayer must pay for the services his family consumes and the services for those receiving unearned income.

The Committee agreed that the federal and state governments should provide municipalities with funding to care for those who receive federal and state benefits.

Ms. Snyder noted the need to define the tipping point; at what point is the burden too great for the middle class to bear.

Ms. Goodman-Hinnershitz stated that it is imperative that the issue of spending be addressed and the appropriate policies put into place. She suggested drafting a policy that defines limits and values. She agreed that the City needs to improve its collection of revenue, establish control of expenses, and develop the correct balance between expenditure reductions and revenue resources.

Mr. Waltman agreed and added that the high earned income rate is driving the middle class away from the City.

Ms. Goodman-Hinnershitz expressed the belief that the City needs stronger "spending" policies and limits on spending money allocated in various line items such as the line item for outside legal counsel.

Mr. Bembenick responded that anything above \$10,000 already requires council approval.

Mr. Waltman stated that if pension laws do not change, Reading's financial distress will undoubtedly continue.

Ms. Goodman-Hinnershitz suggested that Council prioritize public service expenditures during the consideration of the 2015 budget.

Ms. Snyder stated that the City will go to court for the Commuter Tax after the Recovery Plan is adopted. She stated that she hopes to reduce the commuter tax to .02%

Ms. Reed suggested that we look at our fixed assets and greatly reduce them, if not, eliminate them. Ms. Snyder stated that PFM is currently reviewing the list of City assets.

Mr. Waltman and Ms. Goodman-Hinnershitz suggested developing policy for the development of the annual budget and the five (5) year plan.

Ms. Goodman-Hinnershitz suggested that each Councilor look at their district for City owned areas that could be sold or transferred away from the City. Ms. Snyder responded that PFM is reviewing the list of City owned properties and a designated sustainability person will submit follow up on this.

Mr. Bembenick stated that the Revenue Estimating Committee will need to meet again to develop a plan to close the budget gap and provide feedback on ideas for revenue options. After some discussion, the group agreed to meet after the September 18th Act 47 meeting in the Penn Room.

Mr. Bembenick stated that he would like to introduce the budget on Tuesday, September 30th in a Special Meeting.

Ms. Reed and Ms. Goodman-Hinnershitz expressed the belief that the meeting should occur on the 5th Monday, September 29th.

Ms. Kelleher reminded Mr. Bembenick that she needs to obtain the budget numbers to run the Charter required public hearing ads a few days in advance. She stated that she will review the budget calendar and provide advice tomorrow on when the ad must run.

Ms. Kelleher noted the need to define the budget review schedule. Mr. Waltman asked Ms. Kelleher to draft a tentative schedule that can be reviewed and discussed at the September 22nd COW.

II. Budget Amendments

- *Charter Board*

Ms. Reed requested a breakdown of Charter Board and mayor's legal fees, line item by line item. Ms. Goodman-Hinnershitz agreed stating a "pie chart" would be most beneficial in reviewing these expenses. She would like to see which lawyers get paid for which cases.

Ms. Reed requested that the invoices from March of 2012 to the present be submitted.

Ms. Snyder asked Mr. Younger if he can provide these legal fees for Council. He responded that he will obtain that information.

Mr. Cituk stated that all invoices are already delineated which will be beneficial in Council's request.

- *Public Works*

Ms. Snyder stated that a transfer within the Public Works Department will be made to repair sidewalks.

- *Forestry Management*

Ms. Goodman-Hinnershitz inquired about this topic. Ms. Snyder stated that this was actually to be put on the Standards of Living Agenda as Mr. Denbowski would be making the presentation.

Ms. Goodman-Hinnershitz adjourned the meeting at approximately 7:15 pm.

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